

**BEFORE THE QUEENSTOWN LAKES DISTRICT COUNCIL HEARINGS PANEL**

**UNDER** the Resource Management Act 1991

**IN THE MATTER** of the review of parts of the Queenstown Lakes District Council's District Plan under the First Schedule of the Act

**AND**

**IN THE MATTER** of submissions and further submissions by **REMARKABLES PARK LIMITED AND QUEENSTOWN PARK LIMITED**

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**SUMMARY OF EVIDENCE OF JOHN STACEY BALLINGALL ON BEHALF OF  
REMARKABLES PARK LIMITED AND QUEENSTOWN PARK LIMITED**

**(ECONOMICS)**

**STREAM 13 REZONING HEARINGS**

**4 September 2017**

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LAWYERS**

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## **1. INTRODUCTION**

- 1.1 My name is John Stacey Ballingall and I am the Deputy Chief Executive of the New Zealand Institute of Economic Research. I have been engaged by Remarkables Park Limited (**RPL**) and Queenstown Park Limited (**QPL**) to estimate the impacts of the proposed gondola on the Queenstown regional economy.

## **2. WE USE A CONSERVATIVE ECONOMIC IMPACT MODELLING APPROACH**

- 2.1 I used a Computable General Equilibrium (**CGE**) model of the Queenstown regional economy to estimate the gondola's economic impact. Our CGE model portrays the Queenstown economy in 2016, spanning 106 industries.
- 2.2 CGE models generate more conservative economic impacts than other modelling approaches, such as multiplier analysis. This is because CGE models assume that resources (land, labour, capital) are fixed at any given period in time. Therefore, an expansion of one part of the Queenstown economy (e.g. tourism) will draw resources away from other types of economic production (e.g. agriculture, manufacturing).

## **3. KEY ASSUMPTIONS USED IN MODELLING SCENARIOS**

- 3.1 Gondola and visitor accommodation construction costs and visitor number estimates were provided by QPL.
- 3.2 We assume that all out of town visitors stay an extra day in the Queenstown region to enjoy the gondola. Some of this extra day's stay will be spent enjoying non-gondola tourism activities in the region, generating wider spillovers beyond the gondola.
- 3.3 Per day visitor spending data was sourced from Statistics New Zealand. We split this per day spending between gondola tickets and on other tourism activities.
- 3.4 To maintain our conservative approach, we scale additional non-gondola spending down by 50% for international and domestic tourists. We also assume that only 50% of the spending on gondola tickets is additional (i.e. that tourists would have spent half of that amount in the region if the gondola weren't present).

## **4. KEY RESULTS: THE GONDOLA WOULD GENERATE SIGNIFICANT ECONOMIC BENEFITS FOR THE QUEENSTOWN ECONOMY**

- 4.1 During the gondola construction phase, the Queenstown economy expands by \$29.9 million. Economywide employment grows by 148 full time jobs. The industries that directly benefit the most are non-residential construction, construction services, rental

and hiring businesses, metal manufacturing, non-metallic mineral manufacturing, fuel and transport support services. As the regional economy grows and incomes and spending rise, other parts of the economy benefit through spillovers (e.g. accommodation, real estate services, retailing).

- 4.2 Once fully operational, the gondola generates substantial new tourism activity. By 2026, QPL expects it to attract 779,555 passengers. The total injection of additional tourism spending in 2026 due to the gondola's presence is \$109.0 million. The present value of this is \$55.4 million in 2016 prices.
- 4.3 Construction of visitor accommodation in 2026 adds a further \$7.4 million of spending (present value).
- 4.4 This new tourism and construction activity lifts GDP \$20.4 million above what it would otherwise have been in 2026. This creates an additional 177 jobs economywide.
- 4.5 Accommodation, sport and recreation services, travel agency and tour arrangement services, heritage and artistic activities, retailing, food and beverage services, and gambling activities are the main winners.
- 4.6 I conclude that the proposed gondola and visitor accommodation construction would generate substantial additional economic activity in the Queenstown regional economy, create hundreds of new jobs, and lift household incomes. It will therefore support improvements in regional living standards.

## **5. AREAS OF DISAGREEMENT ARE MINOR AND RELATE TO COSTS**

- 5.1 Mr Osborne, on behalf of QDLC, noted that "At a general level I agree with the approach undertaken in assessing the potential benefits in terms of economic activity"<sup>1</sup>. The methodology, assumptions and scenarios were not questioned.
- 5.2 Mr Osborne also noted that costs as well as benefits should be considered when analysing the gondola's impacts. In my Supplementary Statement dated 28 August 2017, I concurred with this statement and noted that our modelling results indicate that some sectors contract as resources are instead directed towards the more profitable non-residential construction- and tourism-related sectors.
- 5.3 Given the significant economic benefits I have estimated, for the proposed gondola to have a net negative impact on the Queenstown community's wellbeing, its economic,

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<sup>1</sup> Paragraph 5.1 of his Rebuttal Statement of 7 July 2017.

social, environmental or cultural costs would need to be enormous. I have seen no evidence to suggest that this would be the case.

John Stacey Ballingall

**4 September 2017**