

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

of a submission on Stage 3 of the Proposed District Plan relating to the notified General Industrial zone and associated variations

BY

**Tussock Rise Ltd (#3128)**

**Bright Sky Land Limited (#3130)**

**Alpine Estates Ltd (#3161)**

TO

**Queenstown Lakes District Council**

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**SUMMARY STATEMENT OF JOHN STACEY BALLINGALL**

**DATED 11 AUGUST 2020**

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## **PURPOSE**

1. My full name is John Stacey Ballingall. I am a Partner at Sense Partners Limited, an independent economic consultancy. My qualifications and experience are in my Evidence in Chief of 14 May 2020.
2. This note summarises my Evidence in Chief of 14 May 2020 and addresses rebuttal evidence from Ms. Natalie Hampson of 12 June 2020.

## **KEY POINTS**

3. There is more than enough industrial-zoned land available in Wanaka to meet demand for the next 30 years, even under the rosiest demand projections.
4. Tussock Rise is not required to service this industrial demand. It could be more productively employed to generate jobs, incomes and wellbeing under BMU zoning.
5. Leaving industrial-zoned land idle due to a lack of demand makes no economic sense. It works counter to the RMA's purpose, decreasing economic wellbeing.
6. The Wanaka economy is facing the most severe recession in a century. Innovation and business development will be stifled if restrictive industrial zoning is maintained, despite an acknowledged lack of demand.

## **THERE IS NO EVIDENCE OF AN INDUSTRIAL LAND SHORTAGE IN WANAKA**

7. According to the BDCA20, there is no shortage of industrial-zoned land in Wanaka to 2048. Demand is expected to be 12.3ha. Industrial land capacity is 27.1ha, leaving a 14.8ha surplus of redundant industrial-zoned land based on existing zoning.
8. Rezoning 5.3ha at Tussock Rise from General Industrial Zone to Business Mixed Use (BMU) or a blend of BMU and Low Density Suburban Residential (LDSR) would still leave a surplus of 9.5ha.
9. If Tussock Rise were to be rezoned, industrial land demand could be 75% higher than projected in the BDCA20 to 2048 and still not exhaust the available industrial land supply. That is an ample buffer to deal with any industrial land demand uncertainties, in my opinion.
10. This was not challenged by Ms. Hampson in her rebuttal evidence, although she notes (para 3.5) that the scale of any surplus will not be known until all GIZ zoning decisions under Stage 3 are made.
11. As an additional 'backstop' in case of unexpectedly strong industrial land demand, the Panel has before it submissions seeking to identify new industrial land further out from Wanaka town centre. For example, I understand the Universal Developments Ltd submission seeks to create an industrial area adjoining Hawea township of 7.2ha net.

## **LEAVING TUSSOCK RISE ZONED GIZ WILL REDUCE WANAKA'S ECONOMIC WELLBEING**

12. The Wanaka economy has limited resources (land, labour, capital). To support economic growth, jobs and wellbeing these resources need to be used efficiently.
13. For example, as a society, we rightly support getting unemployed workers back into jobs. We seek to avoid a situation where many unemployed people have skills that no one demands. Such a scenario depresses these workers' wellbeing and reduces the incomes and opportunities the economy can produce. Retraining schemes seek to help displaced workers develop skills in sectors or occupations where there is strong demand. This helps the labour market adjust, improving efficiency and wellbeing.
14. The same thinking can apply to land. Land is not being used efficiently if it sits idle, due to being zoned for a type of economic activity for which there is evidentially little demand. This also reduces the productive capacity of the economy – it could be put to better use.

15. Ms. Hampson refers to Tussock Rise's "strategic value" for industrial activity (rebuttal para 3.12). I am not sure what this means. In my view, it's an odd strategy that relies on retaining restrictive zoning in the hope that a certain type of economic activity will eventuate despite there being no evidence to suggest it will.

**MARKETS ARE THE WORST WAY TO ALLOCATE RESOURCES, APART FROM ALL THE OTHER APPROACHES THAT HAVE BEEN TRIED <sup>1</sup>**

16. Ms. Hampson disagrees (rebuttal evidence, para 3.32) with my view that markets are "generally much better at determining an efficient allocation of resources than planners". She would be in a minority of economists with such a contrary view.
17. My view is not borne of some rabid free market ideology. The RMA (s7(b)) requires decision-makers to "have particular regard to... the efficient use and development of natural and physical resources".
18. Clearly markets are not perfect. But they do tend to be much more efficient than alternative ways of allocating resources.
19. It is possible to believe both of these things at the same time, as I do.
20. Ms. Hampson correctly notes in her rebuttal (paras 3.25 to 3.38) that where negative externalities exist, the market will not deliver socially optimal outcomes and regulatory interventions (e.g. zoning) may be necessary.
21. But Ms. Hampson does not explore in any detail the negative externalities in relation to the Tussock Rise site that might support her view that its use should not be left to the market.
22. The only positive externality mentioned is "the Wanaka community benefits from having industrial and service activities and employment and in accessible locations within the urban area" (rebuttal, para 3.27). But you could replace "industrial and service" with "commercial and retail" or "BMUZ-enabled" and the sentence would still be true – any such externality is not specific to industrial activity.
23. Further, I would suggest there are more negative externalities associated with industrial activities than those enabled under a BMUZ, such as noise, pollution, heavy vehicles, etc. It is not clear to me why Council would want to locate industrial activities near city centres if there are alternatives further out from the township.

**LAND PRICES BALANCE DEMAND AND SUPPLY FOR DIFFERENT LAND USES: THEY PROVIDE HELPFUL INFORMATION TO DECISION-MAKERS AROUND SCARCITY**

24. Ms. Hampson argues against flexible zoning on the basis that industrial land values might rise, squeezing out some traditional industrial activities in favour of higher-value retail or commercial operations. Rising industrial land values are not a market failure, as stated repeatedly in Ms. Hampson's EIC.
25. That is the market working exactly as it is supposed to, signalling to businesses and Council decision-makers that alternative activities could deliver better returns to the community (more jobs, higher incomes, improved wellbeing) on the land.
26. This would seem to me to be a positive outcome for Wanaka.
27. I take Ms. Hampson's point (rebuttal, 3.14) that a District Plan can only do so much to manage short-term cyclical downturns.
28. However, I would argue that as Wanaka faces the most severe recession in a century<sup>2</sup>, the effects of which will last much longer than 1-2 years in my opinion, the more Council can do through flexible zoning practices to support businesses wanting to start up or expand, the better.

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<sup>1</sup> With apologies to Winston Churchill.

<sup>2</sup> GDP is forecast to fall by 23% or \$633 million in the year to March 2021, with almost 8,000 jobs lost, according to Infometrics (<https://www.qldc.govt.nz/media/hk4jmuhn/impact-of-covid19-on-queenstown-lakes-economy-v7.pdf>).