



Final Report: 1 July 2021

Economic Assessment of Proposed Plan Change for the Pegasus Golf Resort

Prepared for:
Sports and Education Corporation Limited

Authorship

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1. Executive Summary

Sports and Education Corporation Limited (SECL) owns a 79-hectare tract of land in the Waimakariri district, which is centred on the existing 18-hole Pegasus championship golf course. To help create a comprehensive, integrated tourism facility with mass appeal that makes full use of the site's potential, the land needs to be rezoned. To assist, this report assesses the likely economic effects of, and rationale for, the proposed rezoning and associated development.

The assessment begins by identifying the subject land, and describing its current zoning and general receiving environment. Then, it briefly describes the proposed rezoning and presents the latest indicative masterplan enabled by it. This includes up to 500 visitor accommodation units, hot pools, and supporting retail, entertainment, and commercial services providers.

Having set the scene, we then explain the economic rationale for the proposal, which not only seeks to capitalise on the site's excellent accessibility and championship golf course, but to also boost the district's tourism capacity and strengthen its employment self-sufficiency. This is supported by a range of data, which show that the district's current level of tourism activity, and employment self-sufficiency, are lower than most other territorial authorities in New Zealand.

Next, we assess the likely commercial feasibility of the proposed development's visitor accommodation elements. For context, we first benchmark the district's current commercial accommodation provision per capita against other territorial authorities, and calculate that 182 units could be added to today to bring the district up to the national average. Further, we show that up to 750 units could be added in total by 2043 to maintain that national average as the district's population grows over time. In other words, given its relatively low starting point, the district has a significant opportunity to bolster its stock of accommodation units in a commercially feasible manner without risk of market saturation. Furthermore, the site's highly accessible location, the large pool of city residents just to the south, the comprehensive nature of the proposed resort, and its proximity to the emerging Ravenswood commercial area all further underscore the likely commercial viability of the proposal's visitor accommodation components.

Our assessment also estimates the likely one-off and ongoing economic impacts of constructing and operating the various accommodation and commercial elements that comprise the proposal using a technique called multiplier analysis. It uses detailed supply chain matrices to capture both the direct effects of construction and operations, plus their flow-on effects.

The estimated one-off and ongoing annual impacts are both significant. For example, our analysis suggests that the process of planning for, designing, constructing, and fitting out the various accommodation units and associated retail/commercial spaces could:

- a. Generate a one-time boost in regional GDP of \$74 million;
- b. Create employment for 860 FTE-years; and
- c. Boost household incomes by \$38 million.

Further, at maturity, the ongoing annual economic impacts of spending by overnight guests of the resort could sustain:

- Regional GDP of \$70 million;
- Employment for 1,310 FTEs; and
- Household incomes by \$36 million.

Next, we consider possible adverse effects of the proposal's planned retail and commercial services elements on the health and vitality of the district's three existing and emerging key activity centres (KACs). We identify and briefly describe each KAC, before estimating the likely scale and nature of onsite retail and commercial services activities. Overall, we consider that up to 5,000m² of these activities could be supported at full build-out (across all parts of the resort). This is significantly smaller than the existing or proposed sizes of the three main commercial areas, and hence is unlikely to have any material impact on them. However, to ensure that no unintended adverse effects do arise, a suite of controls on total GFA and individual tenancy sizes is also proposed.

Finally, we consider various likely wider economic benefits of the proposal, which include:

- Enabling the subject site to be put to its highest and best use;
- Improved district self-sufficiency and economic resilience;
- Support for the New Zealand golf tourism strategy;
- Support for year-round tourism activity; and
- Synergies with the emerging Ravenswood commercial area.

Overall, our assessment shows that the proposed rezoning and associated development will deliver a significant and enduring stream of economic benefits without any material risk of adverse effects. Accordingly, we support the proposal on economic grounds.

2. Introduction

2.1. Context and Purpose of Report

Sports and Education Corporation Limited (SECL) owns a 79-hectare tract of land in the Waimakariri district, which is centred on the existing 18-hole Pegasus championship golf course. To help create a comprehensive, integrated tourism facility with mass appeal that makes full use of the site's potential, the land needs to be rezoned. To assist, this report assesses the likely economic effects of, and rationale for, the proposed rezoning and associated development.

2.2. Key Issues to Address

While the proposed plan change may have a range of economic effects, this assessment focuses on the most substantive ones. They are the:

1. Overall economic rationale for the proposal.
2. Commercial viability of the proposed visitor accommodation (VA) components.
3. One-off and ongoing annual economic impacts of constructing and operating the various elements that comprise the proposal.
4. Impacts of the proposal's commercial parts on district key activity centres; and
5. Wider economic benefits of the proposal.

2.3. Comments on the Impacts of Covid-19

At the time of writing, the Covid-19 pandemic continued to spread across the globe. While we acknowledge that this will have significant effects on the local and national economies over the short to medium term, the proposed development analysed in this report will occur over a longer timeframe of at least 10 to 15 years. Accordingly, while the pandemic may affect the likely timing of the development in its early stages, it does not affect the overall economic merits of the proposal, nor its long-term viability. Accordingly, we do not consider the potential short-term effects of the pandemic any further in this assessment and maintain our focus on the longer-term economic costs and benefits of the proposed rezoning and associated development.

2.4. Structure of Report

The remainder of this report is structured as follows:

- **Section 3** identifies the subject site's location, and briefly describes its current zoning, outline development plan, existing uses, and general receiving environment.
- **Section 4** identifies the proposed rezoning and illustrates the indicative masterplan development enabled by it.
- **Section 5** explains the economic rationale for the development, particularly the desire to improve district tourism capacity and bolster district employment self-sufficiency.

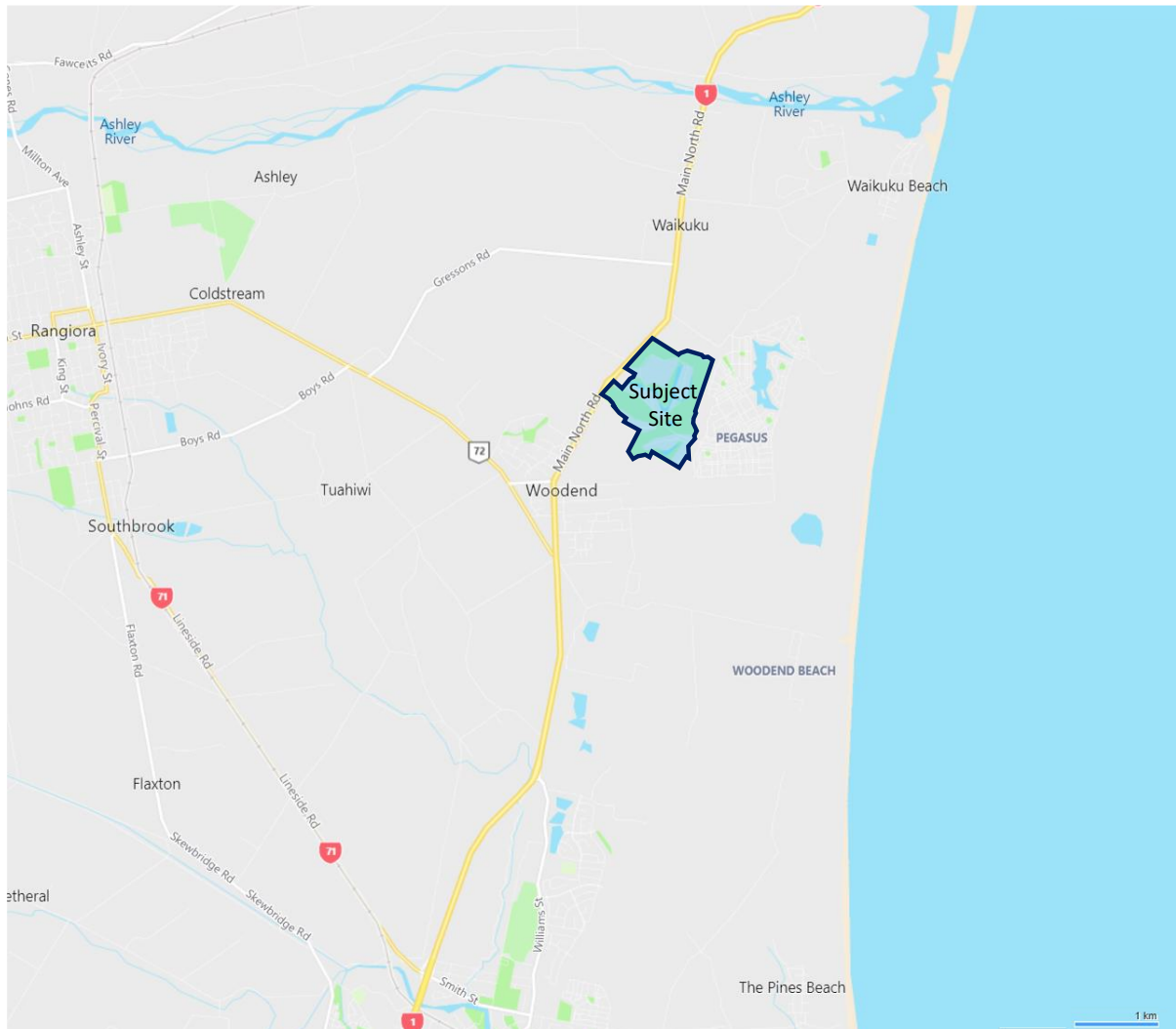
- **Section 6** assesses the likely commercial viability of the proposed development's visitor accommodation elements.
- **Section 7** estimates the likely one-off economic impacts of constructing the various buildings that comprise the proposal.
- **Section 8** estimates the ongoing annual economic impacts of tourism activity facilitated by the proposal.
- **Section 9** assesses potential adverse effects of the proposal's future retail and commercial services elements on the roles and functions of the district's three key activity centres.
- **Section 10** briefly identifies likely wider economic benefits associated with the proposal.

3. About the Subject Site and Location

3.1. Site Location & Description

The subject site is located adjacent to the Pegasus Township in the Waimakariri District, as illustrated by the blue shaded area in the map below. It is bound by rural land to the north and south, Main North Road (SH1) to the west and the Pegasus Township to the east. The site itself spans approximately 79 hectares and has a relatively flat contour.

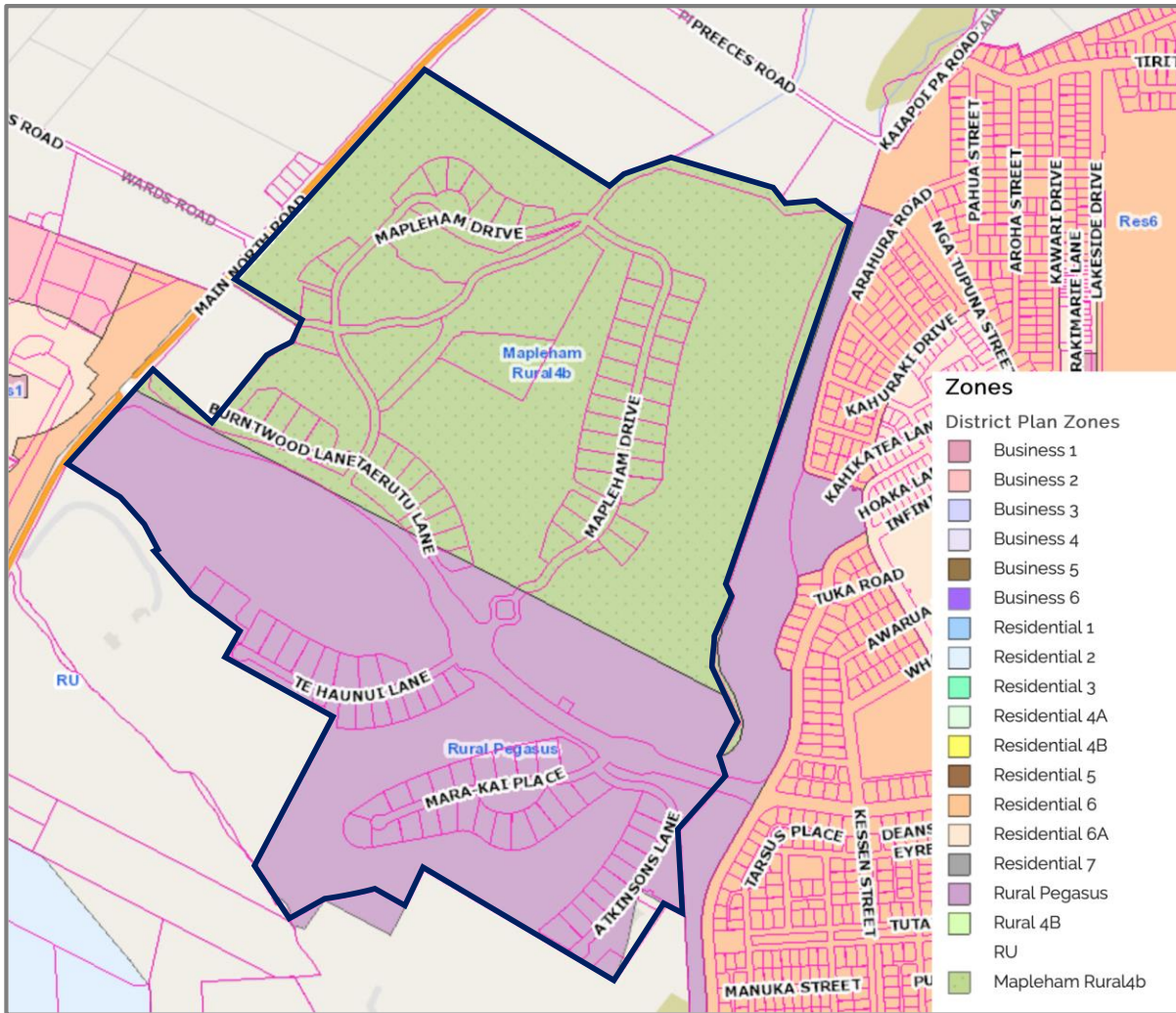
Figure 1: Location of the Subject Site



3.2. Outline Development Plan & Zoning

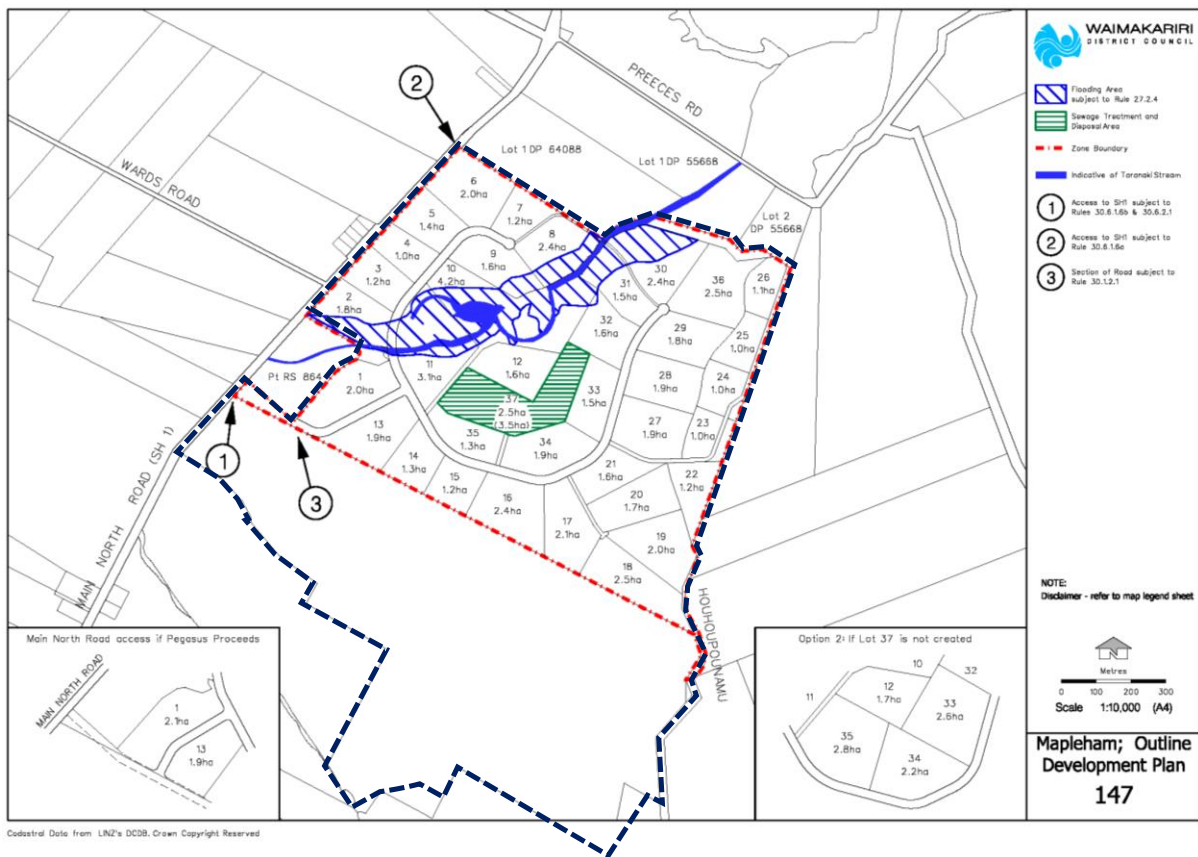
Under the Waimakariri District Council Operative District Plan, the southern section of the subject site is zoned Rural Pegasus, while the northern portion is zoned Mapleham Rural 4b, as shown in the map below.

Figure 2: Current Zoning



Development of the Mapleham Rural 4b area is provided for in the Waimakariri District Plan via Outline Development Plan (ODP 147) which is reproduced in Figure 3. The underlying zoning enables an intensive rural development with restrictions on some land uses, a minimum lot size of one hectare, a minimum average allotment area of 1.5 hectare, and a maximum of 35 lots in the zone.

Figure 3: Mapleham Outline Development Plan 147



3.3. Existing Uses and Receiving Environment

Figure 4 illustrates existing land uses in and around the subject site. These include the existing golf course and tennis courts, and the Bunker Café & Bar. To the west of the site is the Ravenswood development, which includes a significant amount of residential development and a master-planned commercial area slated to become the district’s third Key Activity Centre (KAC). Also pictured are the Pegasus and Woodend townships, which are located east and west of the subject site, respectively. Finally, we note that there are a few stand-alone dwellings dotted along established roads that weave through and beside the golf course within the subject site.

These existing uses define the immediate receiving environment for the proposed plan change and associated future development. In addition, they also form part of the baseline against which the impacts of the proposed plan change are assessed.

Figure 4: Existing and Consented Land Uses in and Around Subject Site



4. Description of the Proposal

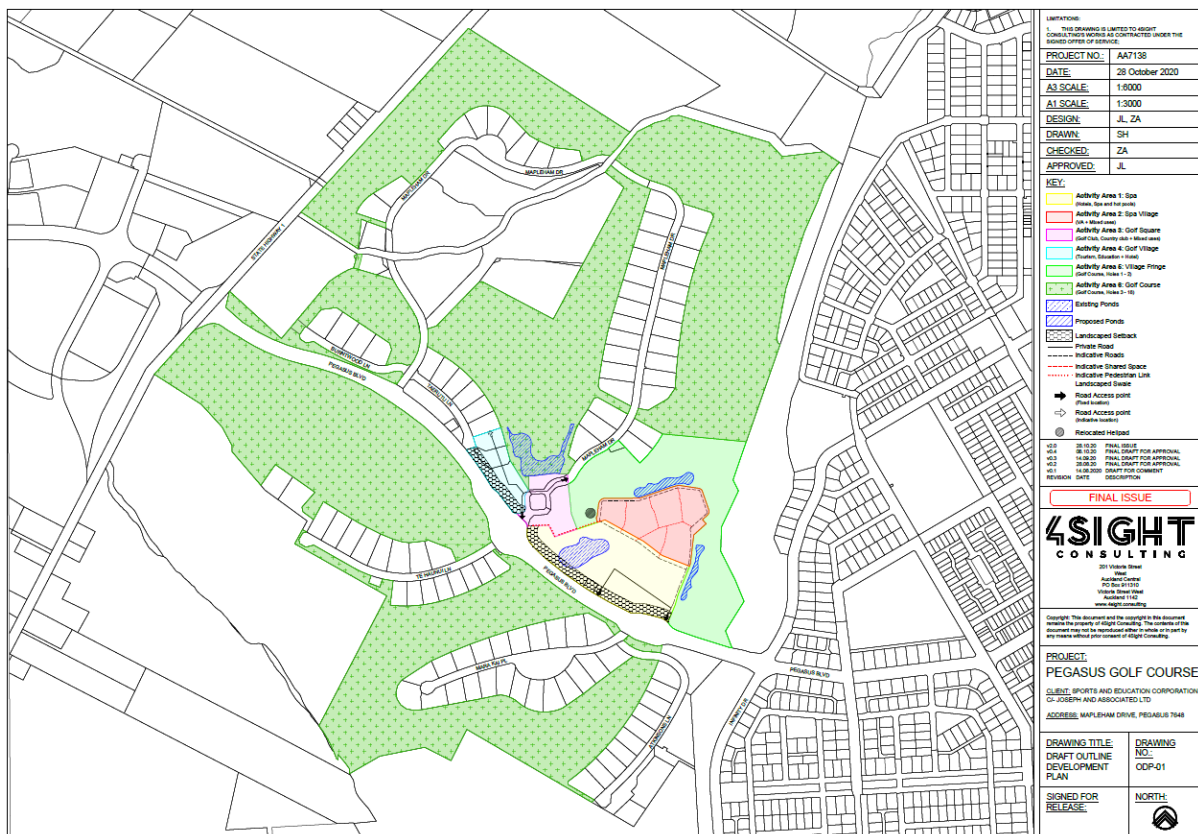
This section identifies the proposed rezoning and describes the enabled masterplan development.

4.1. Proposed Zoning

The proposed rezoning is shown below. It comprises several “activity areas”, namely a:

- golf course area;
- spa and spa village areas;
- golf square;
- golf village area enabling buildings of up to 15 metres height; and
- village fringe area enabling buildings of up to 8 metres height.

Figure 5: Proposed Rezoning



Under the proposed rezoning, the site’s area is split: 14 hectares of special purpose zone (activity areas 1 to 5), and 65 hectares of golf course (activity area 6).

4.2. Indicative Masterplan Development

While the development’s masterplan continues to undergo refinement, the image below shows a recent iteration of the indicative development enabled by the proposed rezoning.

Figure 6: Indicative Masterplan Development Enabled by the Proposed Rezoning



The enabled development is a comprehensive, regionally-significant tourist destination with mass appeal anchored by the existing golf course. It is also expected to incorporate:

- A hotel of up to 180 units;
- A visitor accommodation (VA) complex of up to 320 units;
- Hot pools, plus a spa and wellbeing centre; and
- Associated small-scale recreational, retail, and commercial services activities.

5. Economic Rationale for Proposal

5.1. Overview

The proposed development seeks to capitalise on its highly accessible location and the presence of an established championship golf course to create a comprehensive, integrated tourism facility with mass appeal. In addition, the proposal represents a significant boost in the district’s tourism capacity, while also providing an opportunity to gradually bolster the district’s employment self-sufficiency. To gauge the importance of these changes, we benchmarked the district’s tourism activity – and employment self-sufficiency – against all other territorial authorities (TAs) in New Zealand to better understand the economic rationale for the proposal.

5.2. District Tourism Capacity/Activity

To assess current district tourism activity, we used Stats NZ data to calculate the proportion of each TAs employment that is in the accommodation sector. Then, we divided it by the equivalent national figure to produce ‘location quotients’ for each TA. These location quotients reveal the relative importance of each sector as a source of employment compared to the national average.

For example, if a certain sector comprises 20% of district employment but only 10% of national employment, its location quotient is 2. In other words, that sector is twice as important to TA employment as the national average. With that definition in mind, Figure 7 below presents the accommodation location quotients for each TA in 2019.

Figure 7: Accommodation Location Quotients - 2019

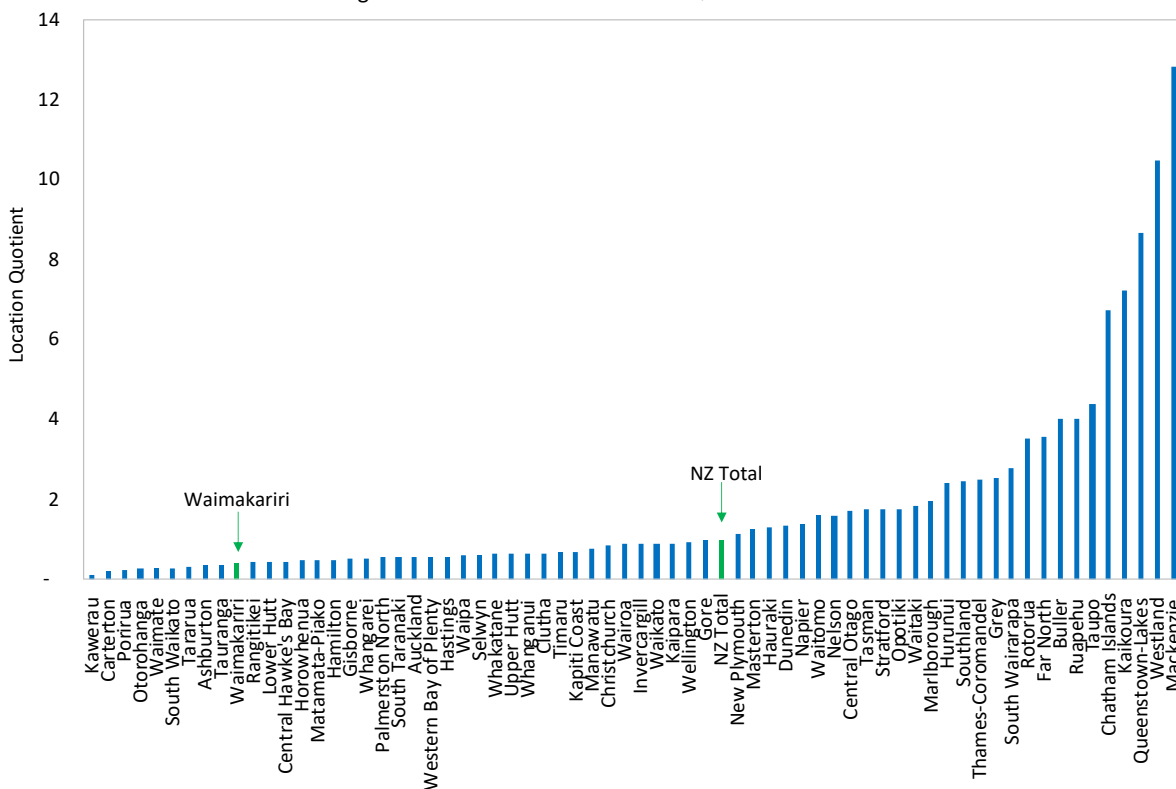


Figure 7 shows that the Waimakariri District has a low accommodation location quotient compared to other TAs. In fact, with a value of only 0.4, the district's location quotient shows that accommodation is 60% less important to the Waimakariri district as a source of employment than the national average.

To verify this finding, we next used data published by the Ministry of Business, Innovation and Employment (MBIE) to compare the proportion of each TA's GDP that is contributed by the accommodation sector. Figure 8 plots the results for 2017 – the most recent year for which data are available.

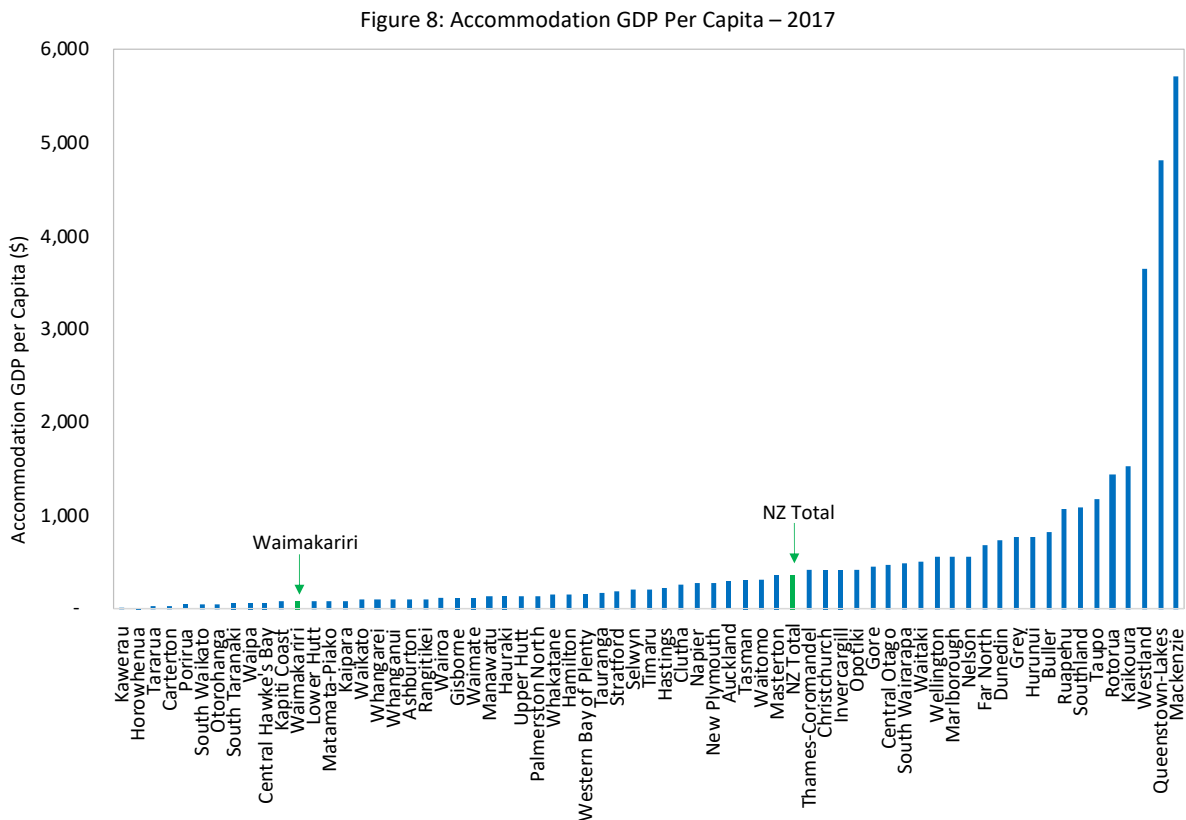
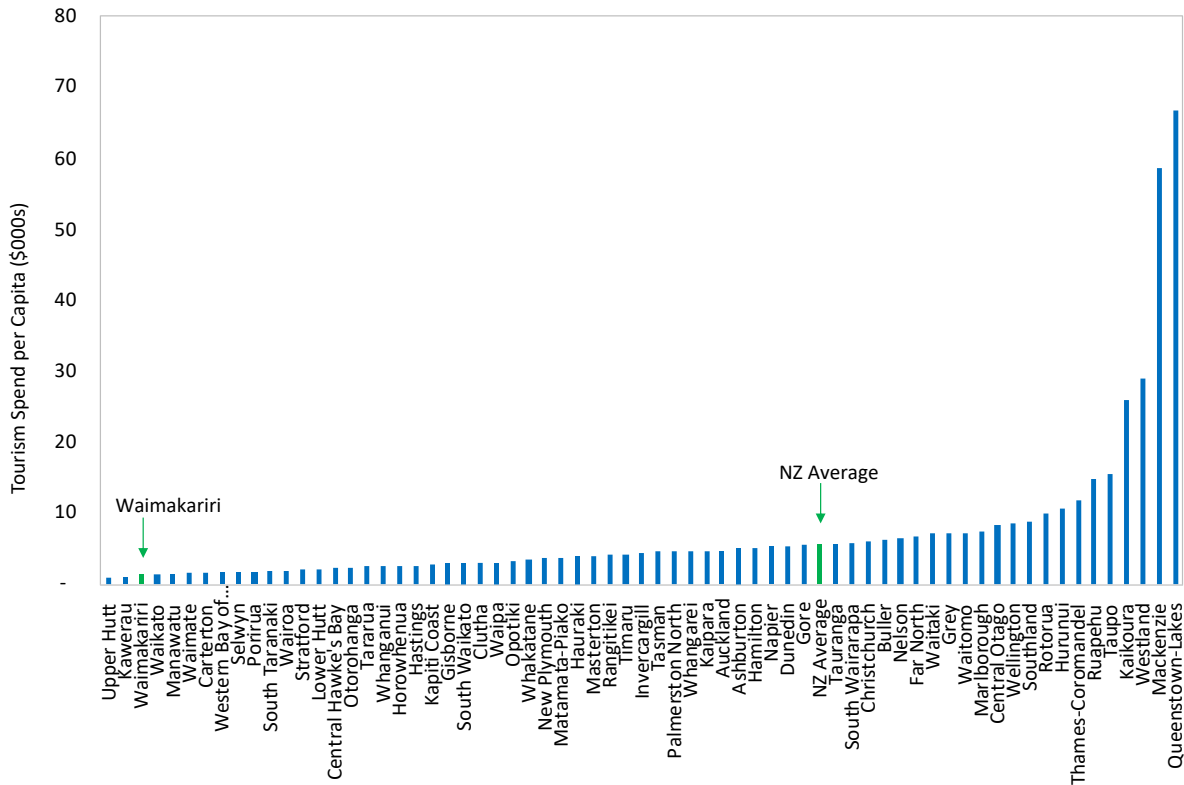


Figure 8 confirms that accommodation is indeed a relatively small component of the district's economy, contributing only \$85 of GDP per capita compared to a national average of \$366.

Finally, we used another MBIE dataset called Monthly Regional Tourism Estimates (MRTE) to compare tourism spend per capita across TAs. The results are shown in Figure 9 below.

Figure 9: Tourism Spend per Capita – Year Ending April 2020



Consistent with the other comparisons above, Waimakariri also has one of the lowest levels of tourism spend, at approximately \$1,400 per capita. This is nearly four times lower than the national average of approximately \$5,500 per capita, and more than seven times lower than in various tourism hotspots (which exceed \$10,000 per capita).

Not only does the district have only limited tourism activity, as confirmed by the comparisons above, but its tourism activity is also highly seasonal. This is demonstrated in the figure below, which uses Stats NZ’s Accommodation Survey to express the number of monthly guest nights each month as a proportion of the January value. The light blue bars represent Waimakariri district, while the dark blue bars are the New Zealand average. The greater the variation in bar height, the more seasonal is tourism, and vice versa.

Figure 10: Commercial Guest Night Seasonality - 2018

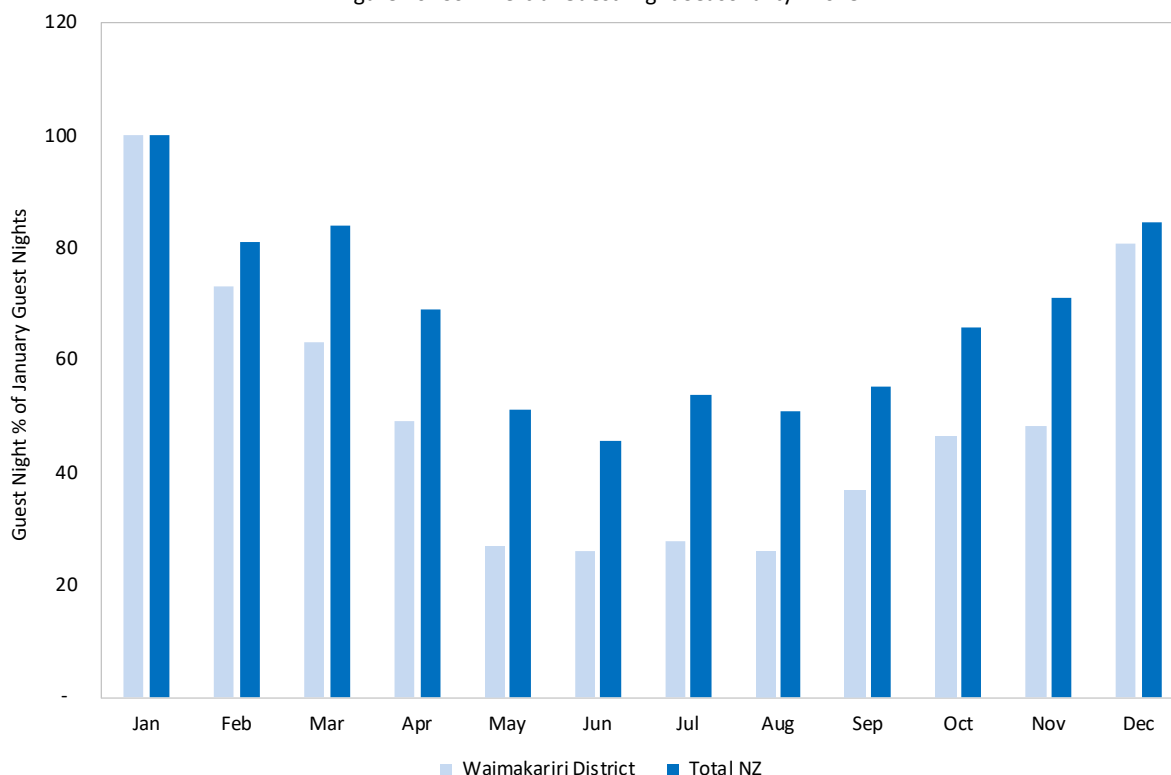


Figure 10 shows that district guest nights between May and August are only about 25% of the January peak, while the corresponding national values are between 40 and 50%. This means that the district experiences much greater variation (or seasonality) in guest nights during the year than the national average. This is generally a poor outcome, because it means that summer visitation places significant pressure on district infrastructure networks, which are then relatively underutilised by tourists for the rest of the year. A smoother annual profile is therefore preferred because it helps attenuate the impacts of visitors on infrastructure which, by definition, are designed to cater for peak (summertime) demand.

5.3. Employment Self Sufficiency

Having determined that tourism is only a minor – but highly seasonal – component of the district’s economy, we next used Statistics New Zealand’s Business Demography data to assess its current employment self-sufficiency. Specifically, we compared the number of employees per 1000 working age residents in 2019 against all TAs in New Zealand.¹ The chart below plots the results.

¹ To adjust for “sole trader” businesses who do not register in standard employment counts, we defined employment to also include the total number of businesses in each territorial authority.

Figure 11: District Employees per 1000 Working Age Population - 2019

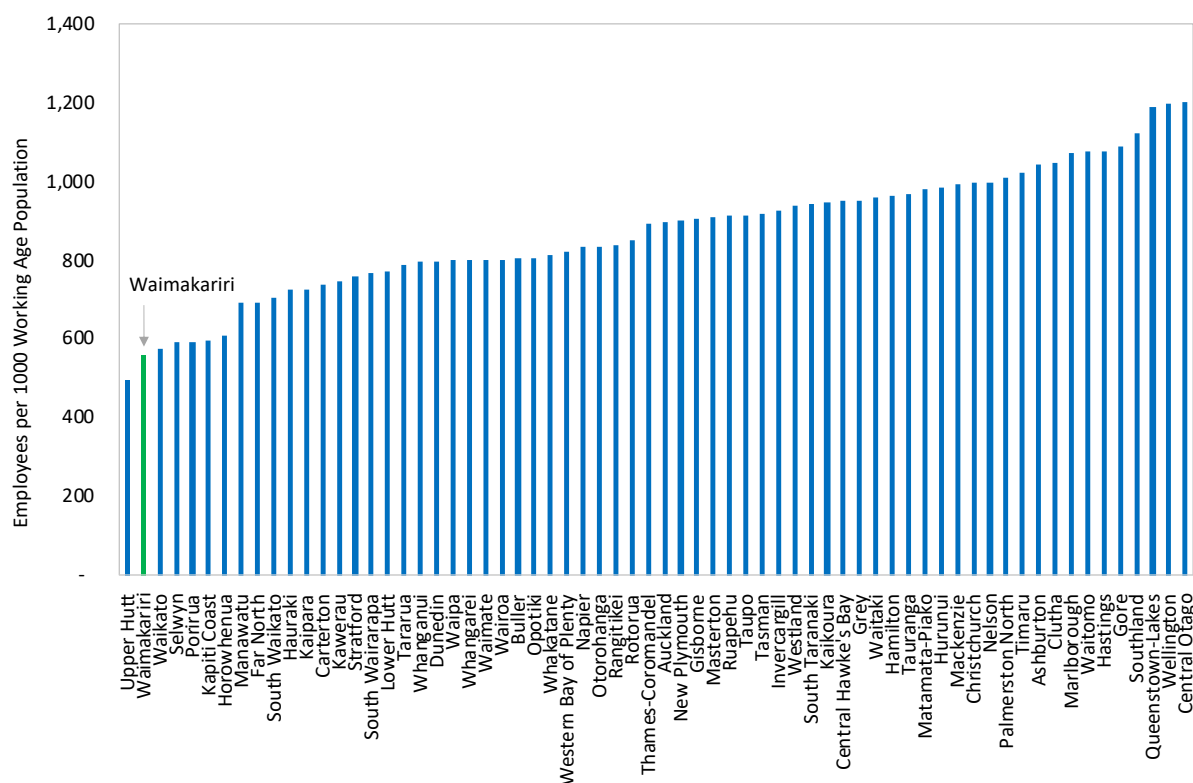


Figure 11 shows that the Waimakariri district’s employment self-sufficiency was the second lowest in New Zealand in 2019. It had 561 jobs per 1000 working age residents, compared to a national average of 898. This low rate of local jobs per local worker is why so many district residents commute for work. In fact, 2013 census data showed that 40% of all district workers commuted to Christchurch City for work – one of the highest rates of outflow in the country.

5.4. Summary and Conclusion

This section has benchmarked the district’s current levels of tourism activity and employment self-sufficiency against other TAs in New Zealand to help understand the economic rationale for the proposal. It has shown that not only is tourism a relatively minor component of the district’s economy, but that it is also highly seasonal. At the same time, the district has a very low level of employment self-sufficiency compared to its peers. The proposal will help to address both issues by providing a new source of local employment and bolstering tourism capacity, while also improving the district’s economic diversity and thus resilience.

6. Commercial Viability of Visitor Accommodation

This section reviews the likely commercial viability of the visitor accommodation units enabled by the proposed plan change.

6.1. Steps in the Analysis

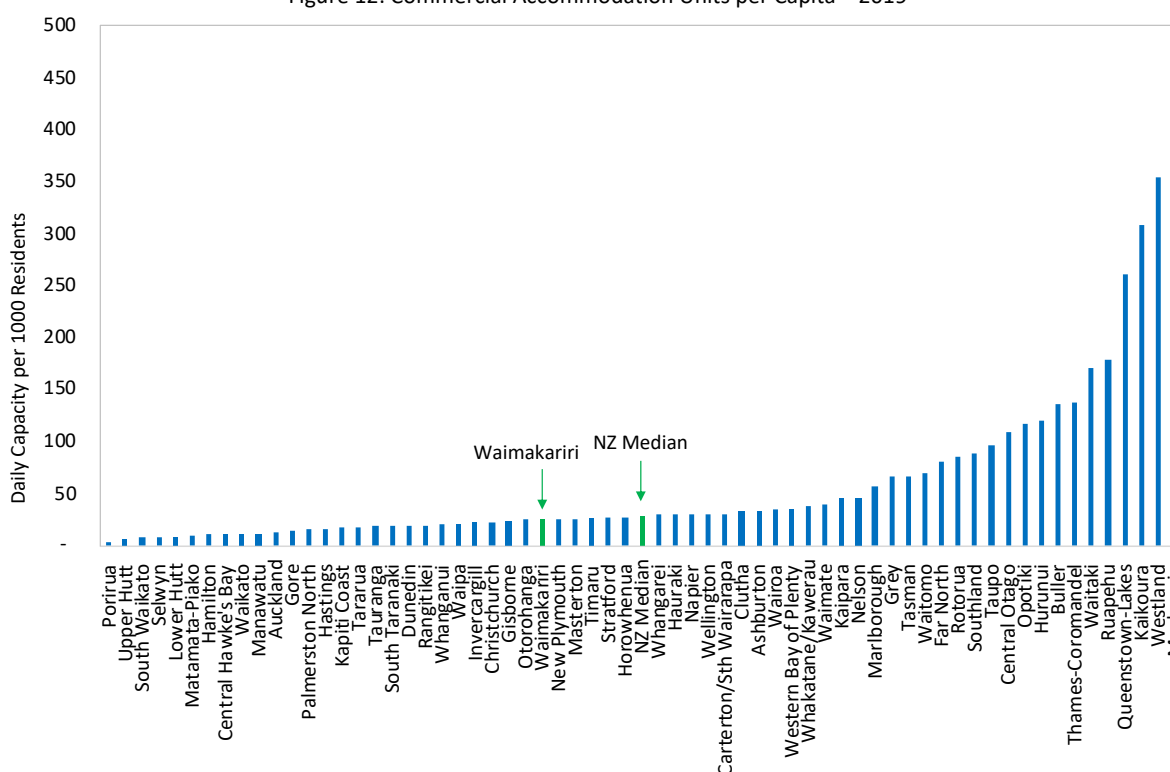
Following are the key steps in our analysis.

1. Benchmark the district's commercial accommodation provision against other TAs.
2. Identify the extra accommodation capacity required today to reach the national median provision on a per capita basis.
3. Project additional future accommodation capacity required to maintain that ratio as the district's population grows.
4. Reconcile those figures with the accommodation capacity enabled by the proposal.
5. Consider other factors that might affect commercial viability.
6. Summarise and conclude.

6.2. Benchmarking of Current District Accommodation Capacity

The first step in our analysis was to benchmark the district's current level of commercial accommodation provision per capita against all other territorial authorities in New Zealand. This was done by dividing commercial accommodation capacity (i.e. stay units) from the latest Stats NZ Accommodation Survey by June 2019 population estimates. Figure 12 presents the results.

Figure 12: Commercial Accommodation Units per Capita – 2019



As Figure 12 shows, the Waimakariri district has an commercial accommodation capacity of approximately 25 units per 1,000 residents. This is below the national median of 28 units per 1,000 residents, and well below the level provided in various tourism hotspots, such as Kaikoura (which has 309 units per 1,000 residents).

6.3. Capacity Required Today to Reach Median Provision

The next step was to calculate the additional capacity required today for the district’s commercial accommodation provision to reach the national median of 28 units per 1000 residents. Table 1 presents our workings.

Table 1: Target Capacity Required Today

Calculation Steps	Values
NZ median capacity per 1000 residents	28.1
Waimakariri district population in 2019	62,800
Target capacity (units)	1,767

According to Table 1, the district would need 1,767 commercial accommodation units today to match the national average provision on a per capita basis. However, as shown in the table below, the district currently has only 1585 units, so additional 182 units are required today to match the national average provision. This is just over one-third of the visitor accommodation capacity enabled by the proposed plan change.

Table 2: Extra Capacity Today to Reach National Median

Calculation Steps	Values
Target capacity today	1,767
Existing capacity today	1,585
Capacity required to reach median	182

6.4. Future Capacity Required to Maintain Median Provision

Waimakariri is growing at significant pace. Thus, to maintain the national average provision per capita, the stock of visitor accommodation units will need to grow in line with the district’s population. Figure 13 below illustrates this by showing the cumulative additional accommodation units required to maintain the national average provision per capita based on Stats NZ’s latest population projections (medium scenario).

Figure 13: Cumulative Additional Visitor Accommodation Capacity Required to Maintain Median Provision

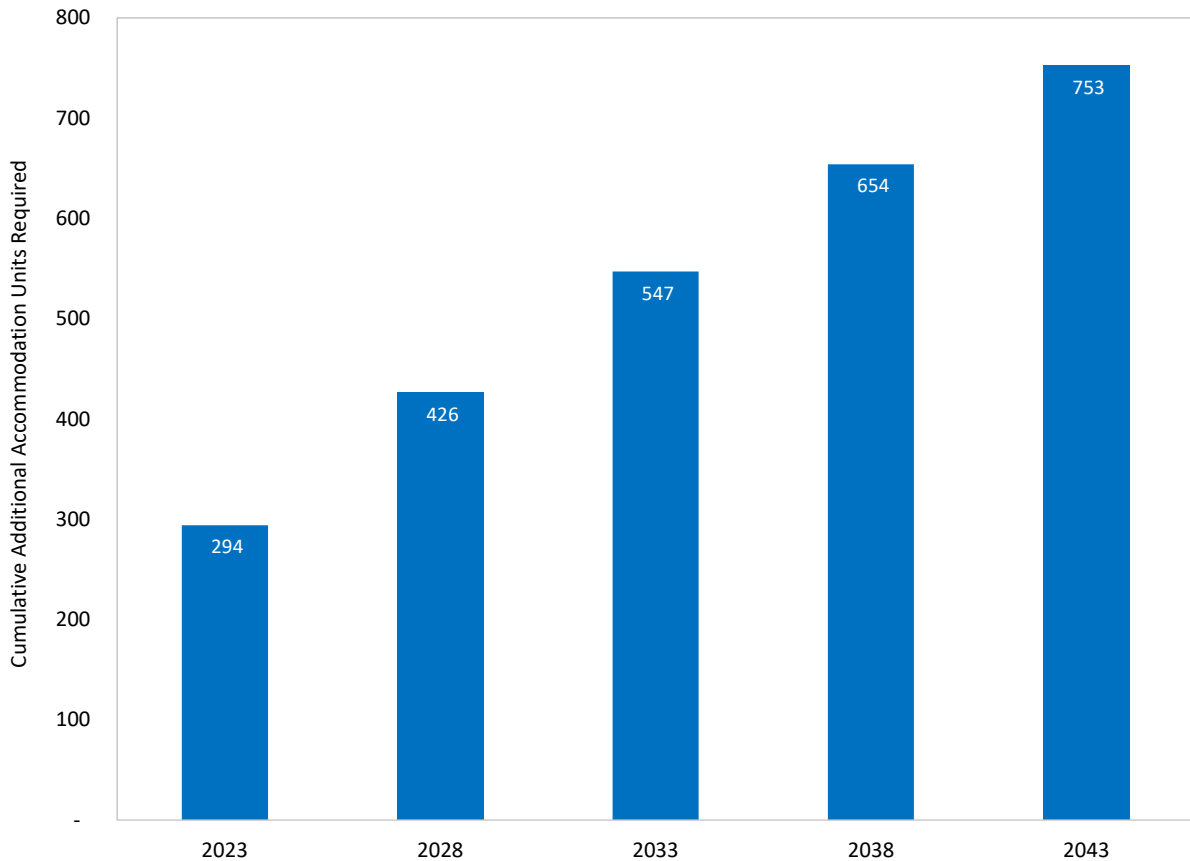


Figure 13 shows that, to maintain the national average ratio of commercial accommodation units per capita, an extra 294 units will be required by 2023, 426 by 2028, 547 by 2033 and so on. By 2043, more than 750 units will be required, which is more than the 500 enabled by the proposal.

6.5. Other Considerations

Given the relatively low level of visitor accommodation provision currently in the district, and noting the implied increases required to maintain the national average provision as the district’s population grows, the VA components of the proposal are likely to be commercially viable. In other words, given the relatively low starting point, there appears to be a significant opportunity to bolster the district’s stock of accommodation units in a commercially feasible manner without risk of market saturation. In addition, there are various other considerations that reinforce the likely commercial feasibility of the proposal’s visitor accommodation elements. These are briefly discussed below.

First, the site is ideally located adjacent to the state highway, as illustrated in Figure 1. This makes it readily accessible from both the north and the south. At just 35 minutes’ drive from Christchurch City, and about 25 minutes from Christchurch International Airport, it is a viable option for tourists from near and far. Moreover, NZTA has announced plans for a new four-lane bypass of SH1 to the east of Woodend between Pineacres and the entrance to Pegasus. This, along with the ongoing Christchurch Northern Corridor project, will further improve access to the site from the south.

Further, with a population of over 385,000 people, Christchurch City presents a substantial pool of local demand for the proposed visitor accommodation and other facilities. As an indication of the size of this local market, Canterbury residents spent an estimated \$2.1b on domestic tourism in the past year², with nearly 40% of that staying in the region³. Also, with its hot springs facilities, the proposed development will offer a closer alternative to the ever popular Hamner Springs, which is situated 90 minutes north of Christchurch and attracts over 500,000 visitors per year.⁴

Second, the gradual development of the Ravenswood commercial just to the west will help shift the district's economic centre of gravity towards the site (see Figure 4). As that area develops and becomes the district's third key activity centre, it will provide an attractive destination for future occupants of the proposal's visitor accommodation units, particularly the non-playing partners of future golf tourists. Indeed, once complete, the new Ravenswood commercial area will provide a wide range of shopping and entertainment opportunities in a master-planned environment that incorporates the latest thinking and urban design. As a result, it will be a compelling destination for future visitors of the proposed resort development.

Third, the proposed development is not starting from a blank canvas. Instead, it already features an 18-hole, parklands-style championship golf course that attracts thousands of visitors per annum. This creates a solid anchor around which to gradually develop the other key elements of the proposal. Further, once fully developed, the proposal will represent a comprehensive, integrated tourism facility with mass appeal. For example, in addition to the hot pools planned for the site, we also expect it to provide a wide range of services and facilities aimed at servicing future visitors. These other services and facilities are expected to include:

- Several restaurants, bars, and cafes;
- Art gallery;
- Gift/souvenir shops;
- Golf clothing, equipment, and accessories retailing;
- Grocery store/superette;
- Hair and beauty salons;
- Pharmacy; and
- Sports/swimwear apparel and accessories retailing.

As a result, the various elements of the proposal will work together as one cohesive whole to create a compelling tourism proposition that creates demand for its visitor accommodation units.

Finally, and perhaps most importantly, the proposed plan change only *enables* a certain amount of visitor accommodation development to occur in future, but it does not require it to occur, nor does it bind its future development to rigid timeframes. Instead, future development of the site

² 12 months to April 2020

³ Data source: Ministry of Business, Innovation and Employment's Monthly Regional Tourism Estimates (MRTE)

⁴ <https://hannersprings.co.nz/about/trade-and-media/>

will be purely market-led, responding to growth in demand as it arises. As a result, the development of the visitor accommodation units will naturally be staged over time, rather than occurring in one large chunk. Accordingly, we consider the proposed accommodation units to be commercially feasible overall.

7. Economic Impacts of Construction

This section estimates the likely regional economic impacts of constructing the various elements that comprise the proposal, excluding the hot pools.

7.1. Overview

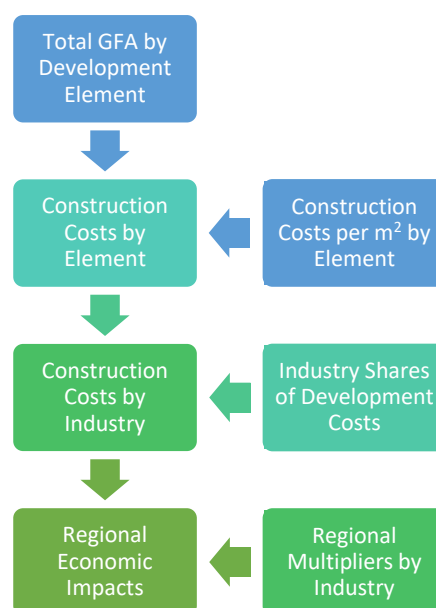
The economic impacts of the proposed development will comprise both one-off and ongoing impacts. One-off impacts reflect one-time increases in regional economic activity associated with the design and construction of the various development elements, while ongoing impacts capture the sustained economic stimulus of future economic activity on the site (which we estimate in the next section). For example, the process of planning for, designing, constructing, and fitting out the accommodation units and associated commercial spaces will draw in workers from many fields and hence create jobs and incomes for numerous workers. For example, the following workers would be required to complete the project, many of which would be district locals.

- Architects, planners, lawyers;
- Quantity surveyors;
- Civil and structural engineers;
- Site preparation workers;
- Building contractors and sub-contractors;
- Plumbers, electricians, glaziers; and so on.

7.2. Methodology

The diagram below illustrates the methodology that we used to estimate the one-off regional economic impacts of constructing the various buildings that comprise the proposal.

Figure 14: Methodology for Estimating One-Off Economic Impacts



In short, our methodology translates the total gross floor area of the proposal's various key elements into estimates of total construction costs based on estimates of average costs per square metre of floor area. Then, it splits those costs into various industries based on the various tasks involved in the construction process, such as land development, building development, infrastructure servicing, and so on. Finally, we overlay those costs estimates by industry with corresponding regional economic multipliers to derive the one-off impacts on regional GDP, incomes, and employment.

Also, because the development is large and will occur over a relatively long timeframe, its one-off impacts are estimated at two stages: mid-way, and full build-out. The former represents 50% completion of the built form ultimately enabled by the proposed rezoning, while the latter represents 100% completion.

7.3. Introduction to Multiplier Analysis

As indicated above, we quantified the likely one-off economic impacts of the proposal using regional economic multipliers. These multipliers are derived from detailed matrices called input-output tables, which describe the supply chains that comprise an economy. As a result, they enable the wider economic impacts of a change in different sectors to be traced throughout the economy to estimate the overall impacts, including flow-on effects. These impacts are typically measured in terms of changes in national GDP, household incomes, and employment.

Consider the following example. Suppose a local construction company wins a large, new building contract. In addition to extra labour requirements, the company will also need to source a range of additional building products from its suppliers to complete the job. Those suppliers, in turn, will need to source various inputs from their suppliers, and so on. The input-output table traces all these interdependencies so that the wider economic impact of the new building work can be estimated.

7.4. Multipliers Used in the Assessment

Insight Economics develops and sells customised input-output tables to dozens of public and private sector organisations across New Zealand. The impacts estimated in this report are based on Insight's proprietary 2017 national input output tables, which they derived in 2019 to replace Statistics New Zealand's current (2013) versions. More information about the tables is available here <https://www.insighteconomics.co.nz/input-output-tables/>.

7.5. Inputs and Assumptions

Table 3 shows the number of visitor accommodation units assumed to be developed at each stage, while Table 4 shows the assumed retail/commercial services GFA by stage. In addition, Table 5 shows our assumed construction costs per square metre of GFA, which reflect historical building consent data for the Canterbury region.

Table 3: Number of Visitor Accommodation Units by Development Stage

VA Elements	Midway	Full build-out
Hotel	75	150
Other VA Units	175	350
Totals	250	500

Table 4: Retail / Commercial Services GFA

Development Stage	GFA (m ²)
Midway	2,500
Full build-out	5,000

Table 5: Construction Costs per m² of GFA

Element	\$ per m ²
Hotel & VA Units	\$3,400
Retail/commercial services	\$2,200

7.6. Construction Impacts at Mid Build-Out

Table 6 presents our estimates of the development's one-off impacts at 50% completion based on the methodology and assumptions described above.

Table 6: One-Off Impacts of Construction at Mid Build

Accommodation Construction	Direct	Flow-on	Total
GDP \$m	\$17	\$17	\$34
Employment (FTE-years)	210	190	400
Household Incomes \$m	\$9	\$8	\$17
Commercial Construction	Direct	Flow-on	Total
GDP \$m	\$1	\$2	\$3
Employment (FTE-years)	8	22	30
Household Incomes \$m	\$1	\$1	\$2
Total One-Off Impacts	Direct	Flow-on	Total
GDP \$m	\$18	\$19	\$37
Employment (FTE-years)	220	210	430
Household Incomes \$m	\$10	\$9	\$19

To summarise: We estimate that, by the halfway point, the proposal could:

- d. Generate a one-time boost in regional GDP of \$37 million;
- e. Create employment for 430 FTE-years⁵; and
- f. Boost household incomes by \$19 million.

⁵ An FTE-year means one full-time equivalent employed for a full year. Hence, 100 FTE-years could mean 100 people employed for one year, 50 people employed for 2 years, and so on.

7.7. Construction Impacts at Full Build-Out

Table 7 shows the corresponding one-off impacts at full build out.

Table 7: One-Off Impacts of Construction at Full Build

Accommodation Construction	Direct	Flow-on	Total
GDP \$m	\$34	\$34	\$68
Employment (FTEs)	420	370	790
Household Incomes \$m	\$18	\$16	\$34
Commercial Construction	Direct	Flow-on	Total
GDP \$m	\$2	\$4	\$6
Employment (FTEs)	16	44	60
Household Incomes \$m	\$1	\$2	\$3
Total One-Off Impacts	Direct	Flow-on	Total
GDP \$m	\$36	\$38	\$74
Employment (FTEs)	440	420	860
Household Incomes \$m	\$20	\$18	\$38

By full build-out, we estimate that the masterplan development enabled by the proposal could:

- g. Generate a one-time boost in regional GDP of \$74 million;
- h. Create employment for 860 FTE-years; and
- i. Boost household incomes by \$38 million.

7.8. Summary and Conclusion

The estimated one-off economic impacts above suggest that the proposal will have a significant impact on the local and regional economies. For example, they show that future construction at full build-out could provide one-time boosts in employment for approximately 860 people-years, and generate household incomes of \$38 million. Assuming that the development is completed over (say) a 10-year period, this equates to permanent, full-time employment for 86 people, with annual household incomes of \$3.8 million.

8. Economic Impacts of Future Tourism Activity

This section estimates the likely future economic impacts of tourism facilitated by the proposal.

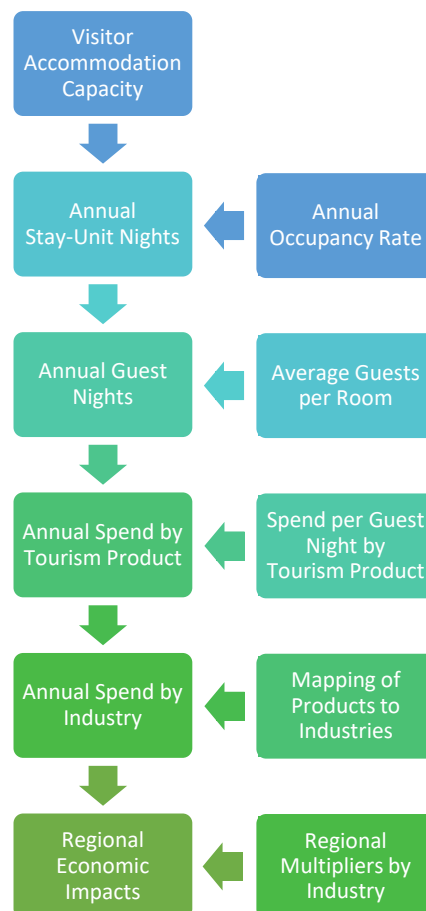
8.1. Overview

The previous section estimated the likely economic impacts of constructing the various elements that comprise the proposal. This section considers the corresponding ongoing economic impacts of its future operations. Broadly speaking, these comprise two parts: spending by people that stay at the proposal's visitor accommodation units, and day visitors. In this section, we estimate the likely impacts of spending only by future occupants of the proposal's VA units, which are expected to comprise the bulk of ongoing economic impacts. The impacts of future spending by day visitors have been excluded not just because there is limited information to support such an assessment, but also because many day visitors will be district residents (who would have likely spent funds elsewhere in district anyway).

8.2. Methodology

The diagram below illustrates the methodology that we used to estimate the regional economic impacts of spending by future occupants of the proposal's visitor accommodation units.

Figure 15: Methodology for Estimating Ongoing Economic Impacts



In short, our methodology translates the proposal's future VA capacity into estimates of annual stay unit nights based on an assumed average annual occupancy rate. These stay unit nights are then converted to estimates of annual guest nights based on the average number of occupants per unit. Next, we overlay estimates of spend per guest night (by tourism product) to determine likely future tourism spending by type of product, such as accommodation, food and beverage, transport, retail, and so on. Then, we convert these estimates by product to spend estimates by industry using a mapping of tourism products to industries of the regional economy. Finally, we overlay those spend estimates by industry with corresponding regional economic multipliers to derive the annual impacts on regional GDP, incomes, and employment.

8.3. Inputs and Assumptions

Our estimates of ongoing economic impacts rely on a range of inputs and assumptions, which have been based on official data wherever possible. For example, our estimates of the annual occupancy rate are based on occupancy trends in Stats NZ's *Accommodation Survey*, while the mapping of products to industries was sourced from Stats NZ's *Tourism Satellite Account*. Other parameters have been informed by data collated during recent work on a similar proposed development in Wanaka.

The most difficult parameter to estimate is the likely average spend per guest night by tourism product. Various estimates are available, but they are generally for visitor cohorts that may not accurately reflect future visitors to the proposed resort. For example, Stats NZ's *International Visitor Survey (IVS)* shows that holiday visitors to Christchurch spend about \$280 per person per night on average. However, this covers all international holiday visitors to Christchurch of all ages, origins, and travel types (package tours, independent travellers etc). Some of these will reflect future visitors to the resort, while others will not, and there is significant variation within that group.

Perhaps most importantly, golf tourists - who are expected to comprise a significant share of future guests - are exceptionally high spenders. They stay much longer than the average tourist (27 nights in New Zealand versus an average of 16), and they spend more per day. In fact, golfers are the highest spending of all visitor segments to New Zealand. These characteristics are well summarised in a brief of evidence (for the proposed Corbridge Estate golf resort in Wanaka) by Ryan Brandeburg, who is the Executive Director of Golf Tourism New Zealand.

According to Ryan's evidence, the average American visitor on a golf holiday to New Zealand spends NZ\$19,000, excluding international airfares. This is four or five times higher than average. And, critically, this spending extends far beyond the course. For example, recent studies incorporating data from MarketView and the IVS suggest that just 5% of a golfer's total spend occurs on the course. The remainder filters into the regional and national economy via expenditure on accommodation, hospitality, transport etc.

For this assessment, given the resort's orientation towards golf and hence golf tourism, we assume an average spend per guest night of \$350. This is significantly less than the actual average for golf visitors (of \$700 per night), and is designed to reflect the development's wide appeal to a range of future guests, not just golf tourists.

Table 8 shows the assumptions used to estimate the ongoing, annual economic impacts of spending by tourists who stay at the resort.

Table 8: Assumptions Used in the Assessment

General Assumptions	Values
Number of Units	500
Average Occupancy at Maturity	65%
Average Guests per Unit	2.00
Spend per Guest Night	
Accommodation	\$175
Food and beverage services	\$75
Passenger transport	\$75
Retail trade	\$25
Total	\$350

8.4. Estimated Annual Spending

Table 9 shows our estimates of annual spending by future overnight guests of the resort at maturity, which are expected to exceed \$80 million. Also shown is the percentage of each expenditure item expected to be spent onsite, and the resulting level of onsite sales, which are estimated at \$65 million per annum. Please note that these figures exclude spending at the golf course and associated facilities, which we have not modelled due to uncertainty over future green fees, the number of annual rounds, and the origins of future players. Instead, these figures focus only on the resort elements enabled by the proposed plan change itself.

Table 9: Estimated Annual Spending by Overnight Guests

Spend Categories	Annual Spend \$m	% Spent Onsite	Onsite Sales \$m
Accommodation	\$42	100%	\$42
Food and beverage services	\$18	67%	\$12
Retail trade	\$18	50%	\$9
Other tourism products	\$6	50%	\$3
Totals	\$83		\$65

8.5. Estimated Annual Impacts

Finally, Table 10 converts our estimates of annual (onsite and offsite) spend above to corresponding estimates of regional economic impacts.

Table 10: Estimated Ongoing Annual Impacts at Maturity

Total One-Off Impacts	Direct	Flow-on	Total
GDP \$m	\$42	\$28	\$70
Employment (FTEs)	1,010	300	1,310
Household Incomes \$m	\$25	\$11	\$36

To summarise: We estimate that the indicative masterplan development enabled by the proposal could have the following ongoing, annual impacts at maturity:

- Regional GDP of \$70 million;
- Employment for 1,310 FTEs; and
- Household incomes by \$36 million.

For example, once operational, the various accommodation units will require a large permanent workforce, comprising:

- Concierge and porters;
- Front desk staff;
- Chefs and kitchen hands;
- Waiters/waitresses;
- Housekeepers;
- Event planners;
- Management and back-office staff; and so on.

In addition, the associated cafes/restaurants/bars, retail, and commercial services organisations will also require a permanent workforce, again creating jobs and incomes for locals. Overall, these effects are expected to be significant and enduring.

9. Impacts on Other Commercial Areas

As noted earlier, the proposed plan change will enable a small amount of supporting retail and commercial services activity onsite. While this is not expected to pose any material risk of adverse effects to the district’s commercial areas, this section explicitly assesses that possibility.

9.1. Steps in the Analysis

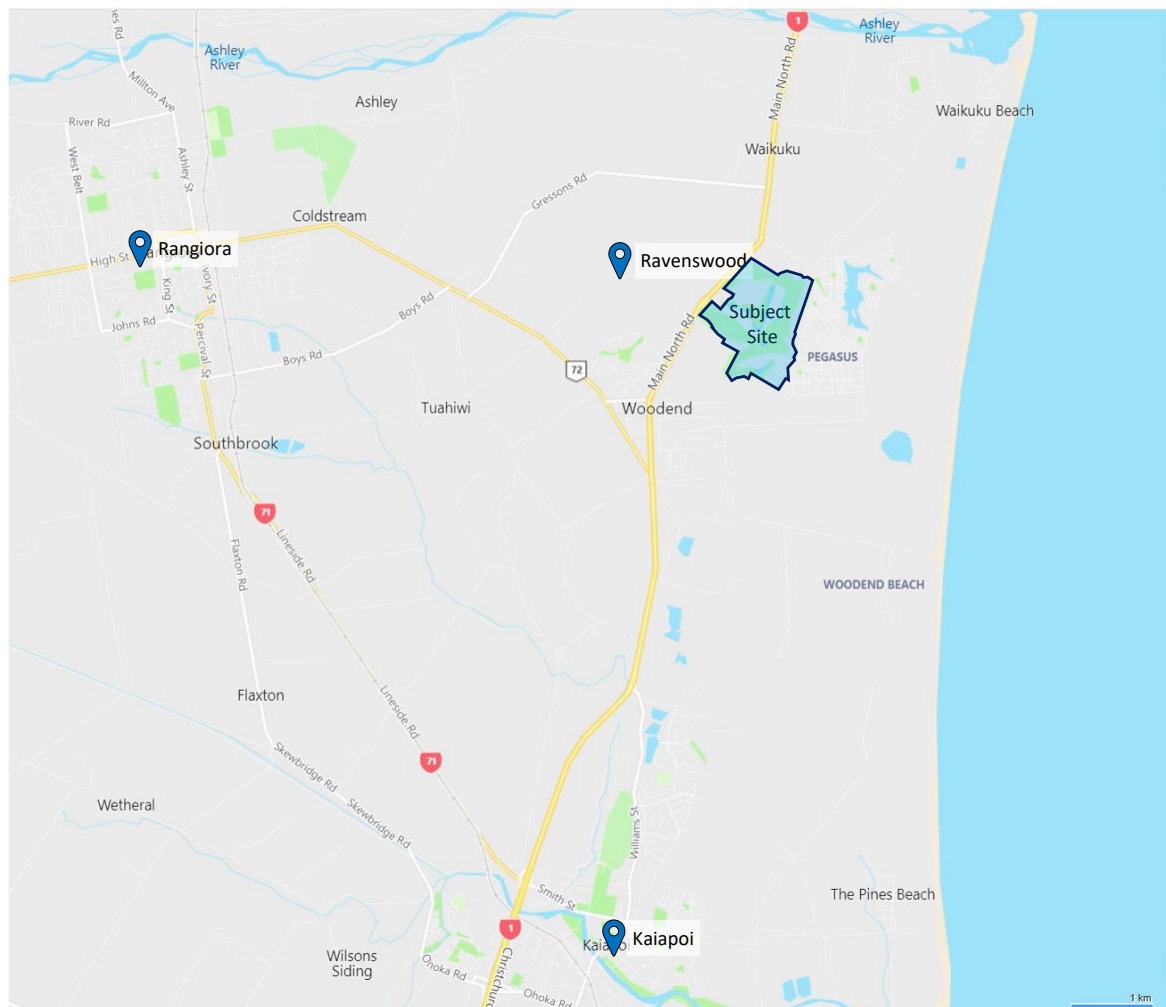
Following are the key steps in our analysis

- Identify and describe the district’s three (existing & emerging) key activity centres (KACs);
- Assess the likely nature and scale of future onsite commercial activity at maturity;
- Analyse potential impacts on the roles and functions of KACs;
- Consider the need for possible restrictions to mitigate or avoid adverse effects; and

9.2. Map of District Key Activity Centres

Figure 16 identifies the location of the district’s three existing and emerging KACs.

Figure 16: Location of KACs relative to the Subject Site



9.3. Rangiora

Rangiora is Waimakariri district's largest urban area and is the closest existing Key Activity Centre to the subject site. It has the most comprehensive mix of services and retail in the district, and is considered the local service centre for more than 60% of the district. Rangiora's commercial offering is made up of the Business 1-zoned Town Centre and immediately adjacent Business 2 zone, plus 153ha of Business 2-zoned land at Southbrook and a further 10ha at Newham Street.

The Town Centre is a compact hub, appreciated for its character and convenience. It acts as a community focal point, bringing together health and social services, entertainment, office space, hospitality and retail. The retail offering in the Town Centre includes national brand retailers such as Farmers and The Warehouse, as well as boutique stores.

Southbrook is a commercial precinct at the southern entrance to Rangiora. It is the focal point for new industrial activity in the area, including manufacturing, engineering and warehousing. It is also home to a PAK'nSAVE supermarket and Mitre10 Mega hardware store.

Spending in Rangiora increased dramatically following the February 2011 Canterbury earthquake, and has remained high.

9.4. Kaiapoi

Kaiapoi is Waimakariri district's second largest urban area and is situated approximately eight kilometres south of Ravenswood on the State Highway 1 (SH1). It is considered the local service centre for Kaiapoi, The Pines, Kairaki Beach and Clarkville. It is made up of the Business 1-zoned Town Centre and immediately adjacent Business 2 zone, plus two small Business 2 zones to the north. A further 7.5ha of land adjacent to the SH1 has been identified for a future business park.

The Town Centre straddles the Kaiapoi River, which acts as a focal point for the community. The Kaiapoi Marine Precinct provides opportunity for leisure activities, while the rebuilt Service Centre and Library occupies a key position in the town and also includes a museum. The retail offering caters primarily for day-to-day needs, and includes Countdown and New World supermarkets as well as the iconic Blackwell's Department Store.

Kaiapoi suffered extensive damage in the 2010 Canterbury earthquake, which had a significant impact on local business. It has since undergone significant redevelopment and revitalisation.

9.5. Ravenswood

Ravenswood is a fast-growing master-planned development located directly adjacent the subject site across State Highway 1. It is expected to include approximately 1,000 new dwellings at full build out, and be home to the district's third key activity centre. While planning for its commercial elements is still underway, we understand that it is expected to cater for more than 50,000m² of retail, commercial services, office, and entertainment floorspace at completion.

9.6. Likely Scope and Scale of Future Commercial Activities

In section 8.4, we estimated that future onsite spending could reach about \$65 million per annum, including \$42 million on accommodation. This leaves around \$23 million per annum spent onsite at proposed ancillary retail and commercial services providers. Assuming an indicative sales rate of around \$5,000 per square metre, this translates to support for about 4,600m² of onsite retail and commercial services provision. However, of course, overnight guests will not be the only source of onsite spending, with some also provided by day visitors too. Once that is accounted for, we expect there to be support for at least 5,000m² of onsite retail and commercial services activity.

9.7. Assessment of Impacts on District Centres

We now consider the likely impacts of onsite retail and commercial services activity on the roles, functions, health, and vitality of the district's three KACs. To begin, Figure 17 compares the level of onsite retail and commercial services activity expected at full maturity with the existing or expected floorspace of the three KACs.

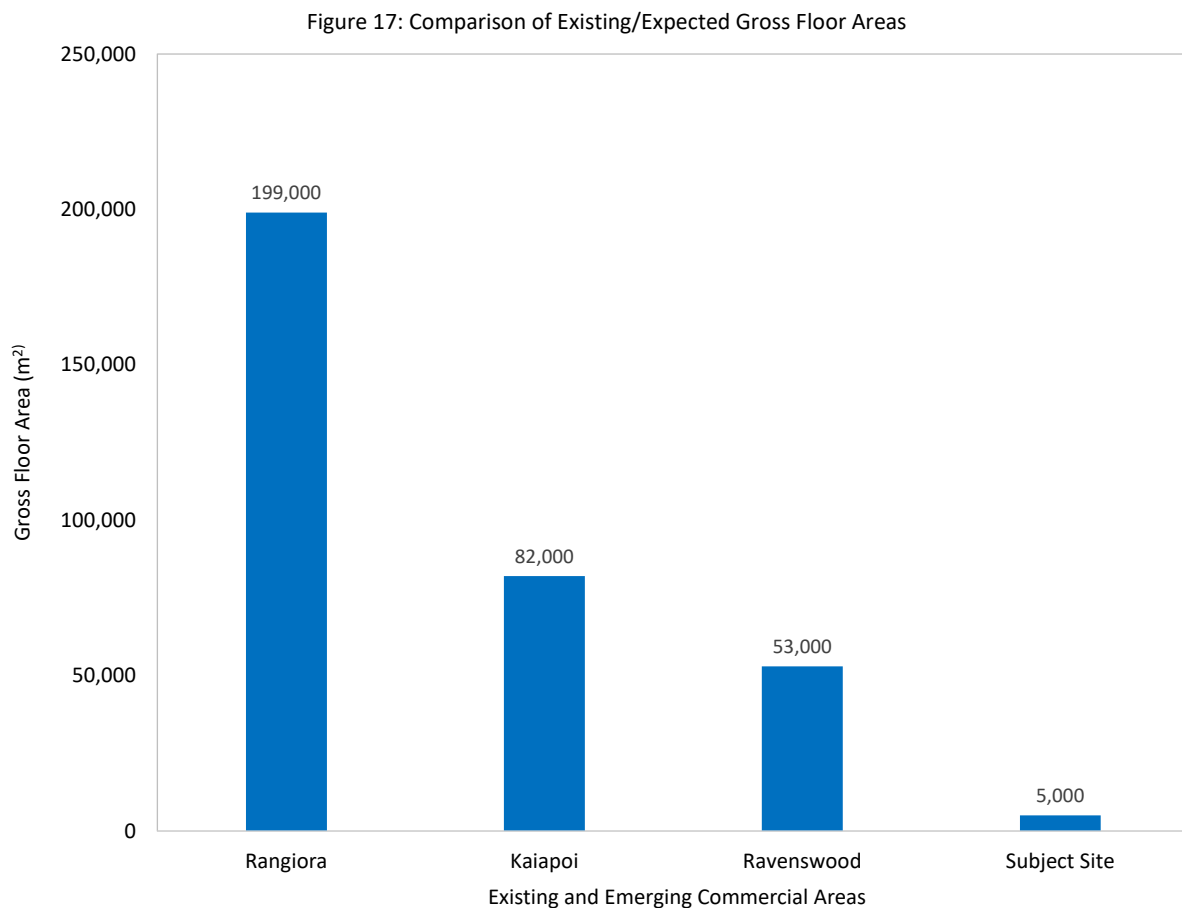


Figure 17 shows that the amount of retail and commercial services activity envisaged for the subject site is minor compared to the amount that already exists or is expected at the three KACs. Accordingly, we consider it unlikely that the proposal will have any material impact on the roles, functions, health, or vitality of those commercial areas. This conclusion is reinforced by the following additional observations:

- Development of the subject site, including its retail and commercial services elements, is expected to occur gradually over a long period of time. Accordingly, any impacts on other commercial areas will occur in a slow and gradual fashion.
- Moreover, development of the site's retail and commercial elements are expected to occur gradually in line with growth in onsite demand, so that a balance between supply and demand is ensured over time. This makes sense, because providing too much retail/commercial services ahead of onsite demand would undermine viability and hence be a poor financial outcome. Prospective tenants will be aware of that risk, and invariably require a significant amount of onsite activity to occur before they are willing to establish.
- The proposal's readily accessible location will draw customers from far afield, thereby spreading any trade impacts across a large and diverse range of stores and centres (rather than being shouldered just by one or two centres).
- District retail sales are expected to continue growing rapidly in future due to population growth, so any trade impacts experienced by other stores and centres will be relatively short-lived as their turnovers recover alongside increases in district spending.
- As a result, we consider it highly unlikely that any district stores will close, which significantly curtails the scope for adverse flow-on (retail distribution) effects to occur.

9.8. Need for Rules to Control Future Commercial Activities

Our analysis to this point has shown that there is likely to be sufficient onsite demand to support about 5,000m² of retail and commercial services at maturity, which is significant smaller than the existing or expected size of the district's three KACs. In addition, it has identified various other reasons why the proposal is unlikely to have any material adverse effects on the roles, functions, health, or vitality of those commercial areas.

We also understand that the proposed plan change provisions include caps on the total quantum of retail and commercial services GFA provided in the Commercial Golf Resort Activity area, which are designed to protect the health and vitality of other centres. Specifically, the proposed provisions include a cap of 2,500m² on total retail and commercial services GFA in that activity area, with a cap of 200m² on individual tenancy sizes. Further, breaches of these proposed caps will be non-complying activities.

In our view, these proposed floorspace limits will prevent any adverse effects occurring on other centres while enabling the proposed development to grow in line with demand over time. Accordingly, we do not perceive the need for any additional controls over and above them.

10. Wider Economic Benefits

This section briefly summarises the likely wider economic benefits of the proposed plan change and associated/enabled future development.

10.1. Highest and Best Use of the Land

The subject land currently accommodates a very low intensity of activity and development. The proposal addresses that and enables the land to be put to its highest and best use. As a result, the proposal maximises economic efficiency in the underlying land market while also supporting the overarching purpose of the RMA (to enable the sustainable use and development of natural and physical resources). Perhaps most importantly, the proposal transforms the existing championship golf course into a comprehensive, integrated tourist facility with mass appeal, which represents an existing resource being put to a much more productive and valuable use.

10.2. Improved District Self-Sufficiency & Economic Resilience

As noted earlier, the district has very low levels of employment self-sufficiency. In fact, it has fewer jobs per working age resident than any other territorial authority in New Zealand. Accordingly, the opportunity to foster new and additional commercial activity at the subject site provides a much-needed opportunity to gradually enable residents to work locally, rather than having to commute to the city. At the same time, the new development will provide greater opportunities for local recreation and entertainment. Overall, the proposed plan change and associated future development represent significant progress towards greater district self-sufficiency with all the social, economic, and environmental benefits that come with it.

10.3. Support for the NZ Golf Tourism Strategy

The proposal will support the NZ Golf Tourism strategy by strengthening its network of golf courses. Currently, Pegasus is identified as one of only a handful of “experience” courses, which complement is network of world-class “marquee” courses. By providing accommodation and a range of other activities onsite, Pegasus will be transformed from a mere golf course to a haven for golf tourists, thereby improving the attractiveness of the entire golf course network.

10.4. Support for All-Year Tourism

As noted earlier, the district currently experiences a high degree of tourism seasonality, with visitation during the winter months being almost four times lower than in summer. While some degree of seasonality is to be expected, the district’s very high seasonality may be placing undue pressure on its infrastructure networks. This is because infrastructure networks, such as roads and water, must be designed to cope with peak demand. By smoothing tourism demand out over the year, the proposal will help to yield the benefits of tourism without necessarily having to expand infrastructure networks to cope during the summer peak. That is why increasing the level of visitation during the off/shoulder season is a priority across New Zealand.

Indeed, increasing shoulder season visitation is a central plank of Tourism New Zealand’s four-year strategic plan. It acknowledges the need to grow demand outside peak times, and even

identifies golfers as a special interest group that tend to visit during shoulder periods. Accordingly, offering a more compelling offering at the subject site will also support Tourism New Zealand's four-year strategic.

In addition, golfers are identified in Tourism New Zealand's four-year strategic plan as a special interest group that tends to visit during shoulder season. Indeed, March and November are becoming two of the fastest growing months for international golfers visiting the country. Attracting visitors outside the summer months helps to smooth out the district's current tourism peaks, supporting the move towards a more sustainable annual visitation profile.

10.5. Synergies/Agglomeration with Ravenswood and Pegasus

Finally, we note that the proposal will likely generate economic synergies (i.e. agglomeration benefits) with the neighbouring Ravenswood development. First, the proposal will attract more people to the district, many of which will likely frequent the neighbouring commercial area at Ravenswood. Second, the presence of the Ravenswood commercial area so close to the subject site will make staying there even more attractive, thereby boosting visitor numbers. Together, these effects will support and reinforce one another to make the local area a compelling place for people to live, work, and play.