

**Before an Independent Hearings
Panel Appointed by the
Waimakariri District Council**

Under the Resource Management Act 1991

In the matter of submissions and further submissions in relation to the proposed Waimakariri District Plan

And

In the matter of Hearing Stream 12A: Rezoning requests – Whaitua motuhaka Special Purpose Zone – Pegasus Resort (**SPZ(PR)**)

And submission by DEXIN Investments Ltd (**DEXIN**)

**Statement of Evidence of
TIMOTHY JAMES HEATH
for DEXIN (Submitter 377)**

Dated: 20 May 2024

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INTRODUCTION

Qualifications and Experience

1. My full name is Timothy James Heath.
2. I am a property consultant, market analyst and urban demographer for Property Economics Limited, based in Auckland. I established the consultancy in 2003 to provide property development and land use planning research services to both the private and public sectors throughout New Zealand.
3. I hold a Bachelor of Arts and a Bachelor of Planning from the University of Auckland. I have undertaken property research for 30 years, and regularly appear before Council, Environment Court, and Board of Inquiry hearings on economic, property development and strategic planning matters.
4. I advise district and regional councils throughout New Zealand in relation to residential, retail, industrial and business land use issues as well as undertaking economic research for strategic planning, plan changes, District Plan development and National Policy Statement on Urban Development 2020 (**NPS-UD**), National Policy Statement on Highly Productive Land 2022 (**NPS-HPL**), and Medium Density Residential Standards 2022 (**MDRS**) capacity modelling and implementation.
5. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including residential capacity assessments, retail, industrial, and commercial market assessments, development feasibilities, forecasting market growth and land requirements across all property sectors, economic cost benefit analysis, and economic evaluations for private plan changes.

SCOPE OF EVIDENCE

6. I prepared a report entitled "*Pegasus Māketete Visitor Destination Economic Assessment (Phase 1)*" (hereafter **Economic Assessment**), dated November 2022, that was provided to the Council as part of DEXIN's submission and further submissions to rezone 1250 Main North Road to Special Purpose Zone Pegasus Resort (**SPZ(PR)**), known as the Pegasus Māketete proposal.

7. I have also reviewed the revised outline development plan prepared by Common Ground (**Updated ODP**)¹ and can confirm this does not alter the conclusions reached in my Economic Assessment.
8. My evidence summaries my Economic Assessment findings.
9. It also responds where necessary to the Updated ODP and the economic matters raised in Council's Section 42A report dated 1 May 2024, including the following:
 - (a) Section 3.2.1.3 – Housing choice and development capacity;
 - (b) Section 3.1.1.15 – Māketete Tourism Activity.

CODE OF CONDUCT STATEMENT

10. While this is not an Environment Court hearing, I nonetheless confirm that I have read and agree to comply with the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023.
11. I am satisfied that the matters which I address in my evidence are within my field of expertise. I am not aware of any material facts that I have omitted which might alter or detract from the opinions I express in my evidence.

SUBMISSION AND PROPOSED DEVELOPMENT OVERVIEW

12. The Pegasus Māketete site is approximately 3ha of land located at 1250 Main North Road at the eastern corner of the SH1 / Pegasus Boulevard / Bob Robertson Drive roundabout and is currently used for some grazing purposes and contains one farm dwelling. It is currently zoned Rural under the Waimakariri Operative District Plan (**Operative DP**) and proposed to be zoned Rural Lifestyle under the Proposed District Plan (**PDP**).
13. The existing 18-hole Pegasus championship golf course and associated land adjacent to the Pegasus Māketete site is zoned SPZ(PR). DEXIN seeks to extend the proposed SPZ(PR) boundary to cover the Pegasus Māketete

¹ Refer to Annexure A

site, which would enable a range of high-quality tourism activities and some medium density residential activities.

14. Figure 1 illustrates the position and boundaries of the Pegasus Mākete site in the context of the Waimakariri PDP zoning environment. Positioned on the eastern side of SH1, the Pegasus Mākete site is contiguous to the proposed SPZ(PR) on its northern, southern, and eastern borders. The direct adjacency of Pegasus Mākete to the proposed SPZ(PR) indicates that it shares the same locational characteristics, making it a seamless and natural extension of the wider SPZ(PR). Essentially, the Pegasus Mākete site possesses the advantage of naturally complementing the SPZ(PR), facilitating greater agglomeration benefits and economies of scale.

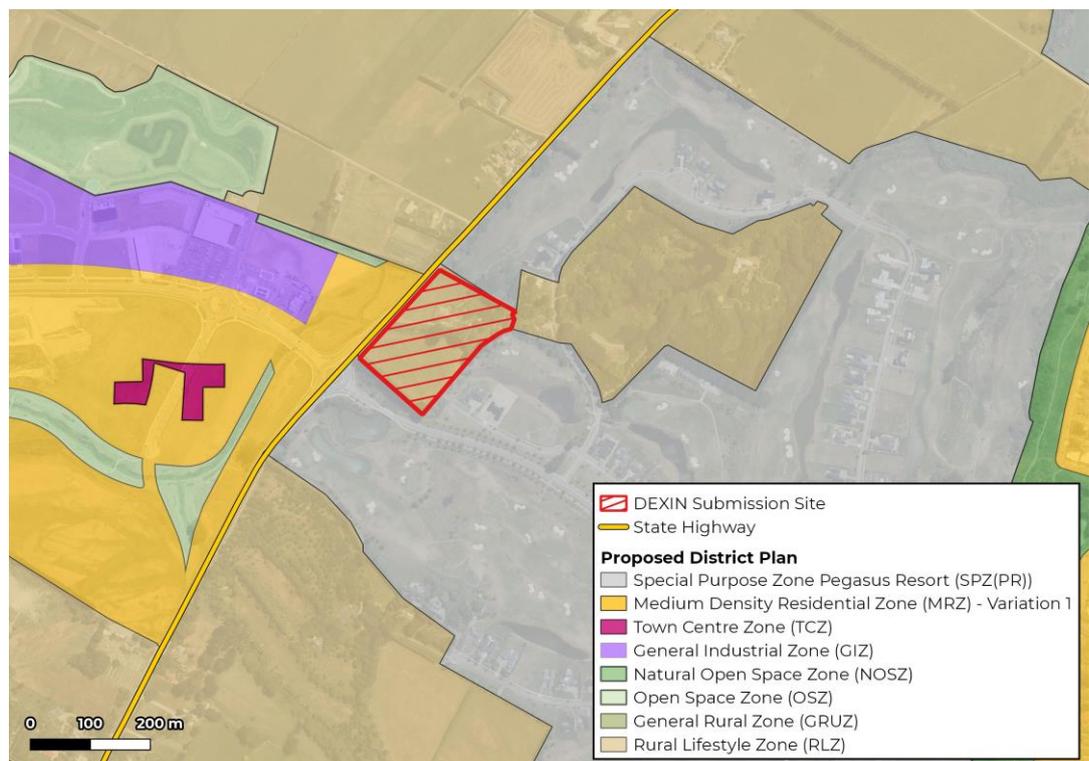


Figure 1: Pegasus Mākete Site in the context of the PDP Zoning Environment (Source: Waimakariri District Council, Property Economics)

THE PDP SPZ(PR) CONTEXT

15. This section identifies some of the key economic benefits associated with the proposed SPZ(PR) as background context, as outlined in an earlier Insight Economics (IE) report².

² Titled "Economic Assessment of Proposed Plan Change for the Pegasus Golf Resort", Insight Economics, dated 1 July 2021

16. Objective 1 of the SPZ(PR), as proposed in Annexure A of Ms Pearson's evidence, highlights the establishment of a regionally significant tourist destination offering a range of visitor experiences based around a championship golf course and enablement of a variety of accommodation types from hotels through to low and medium density residential typologies. The proposed changes are considered to broaden visitor activities and experiences, increase amenity and vitality, and improve the economic sustainability of the SPZ(PR).
17. The IE report assesses the economic impacts of construction and future tourism activity within the proposed Pegasus Māketete site, as well as the possible economic impacts of it on the existing 18-hole golf course and other commercial areas within Waimakariri, specifically the Key Activity Centres (**KACs**).
18. The IE report found that the proposed extension to the Pegasus Resort with the addition of the Pegasus Māketete site would boost Waimakariri's tourism capacity, strengthen local employment sufficiency, and promote synergies with the emerging Ravenswood KAC without significant adverse impact on the receiving environment and surrounding KACs.
19. In my view, the Pegasus Māketete site, being surrounded by the proposed SPZ(PR) land, has a similar landscape, accessibility, and site attributes / characteristics that would enable the creation of unique extended tourism offer within the SPZ(PR). This would broaden the zone's appeal as a tourism destination by providing additional reasons to visit. Being part of the same destination, the proposed Pegasus Māketete development would have the same economic market and growth potential to be developed as a high-quality tourist attraction in Pegasus.
20. Moreover, the proposed Pegasus Māketete development proposes new tourism activities for the area, including a range of endeavours with an artisan level focus as well as providing for agricultural and environmental education programmes. These activities with their tourism focus would complement the proposed tourism activities in the adjoining SPZ(PR) areas.
21. As such, incorporating the Pegasus Māketete site into the proposed SPZ(PR) is considered to assist in meeting the SPZ(PR) objectives and is unlikely to give rise to adverse economic impacts on the receiving environment.

22. As the Panel will likely be aware this area has a complicated resource management history including the recent Ravenswood Plan Change 30 over the road from the Māketete Site which created a new KAC within the District. It is important to ensure that the scale of retail provision within the proposed Pegasus Māketete development is appropriate and not disruptive to the recovery of business activity within any of the Waimakariri KACs, nor significantly undermine their role, function, and potential for growth.
23. In light of this, the range, type, and scale of activities within Pegasus Māketete has been carefully considered and designed to facilitate a market-specific demand that the KACs are not likely to fulfil. The Pegasus Māketete development focuses on a boutique artisan level focus with an agricultural and environmental education philosophy to target both domestic and international tourism, and create an environment and product which complements land uses within the adjoining SPZ(PR). I believe this represents a clear point of difference to the KACs, as there is no propensity to duplicate a KAC role and function.
24. It is also important to remember that the proposed Pegasus Māketete development spans merely 3ha (for example, less than one quarter the size of PPC30 land), and approximately only 1.6ha of the site is proposed as being utilised for commercial tourism purposes. This area is significantly smaller in scale and would, therefore, be less likely to duplicate local KAC offerings.
25. The proposed Pegasus Māketete development is intrinsically different and should be distinguished from Ravenswood and the other KACs. Pegasus Māketete is different in its proposed land-uses, scale, type of retail and commercial activities, economic catchment, target market, role and function. Therefore, Pegasus Māketete cannot be assessed (from an economic perspective under the RMA) like the KACs. Rather, it should be assessed on its own merits.
26. I would also note that the Pegasus Māketete site encompasses a local farmers market as part of its offering. This will provide a visitor attraction between Christchurch and Kaikōura that would enable local producers, who might not be of a scale to have an established retail presence, to showcase and sell their product directly to the consumer. This represents a retail format not currently embedded in the local area, providing a further reason why the

Pegasus Māketete development would not directly compete with the existing and emerging KACs.

ECONOMIC MARKETS OF PEGASUS MĀKETETE

27. To quantify the market potential of the proposed Pegasus Māketete development, it is important to delineate a geographical area in which the proposed tourist activities on the site are likely to draw the majority of its frequent customers.
28. Figure 2 shows the Waimakariri District – the jurisdictional area to which the Waimakariri District Council planning provisions relate, and the location of the Pegasus Māketete site within the District. Being located on SH1, more distant markets beyond the District would also have more seamless accessibility and Pegasus Māketete would be better able to attract passing tourists who may not have otherwise visited if the site was located elsewhere in the District.
29. As such, the Waimakariri District is the core or immediate economic market considered most relevant to where the most frequent customer base is likely to be derived. The wider Christchurch, Selwyn and Hurunui markets are considered more likely to be weekend visitors.

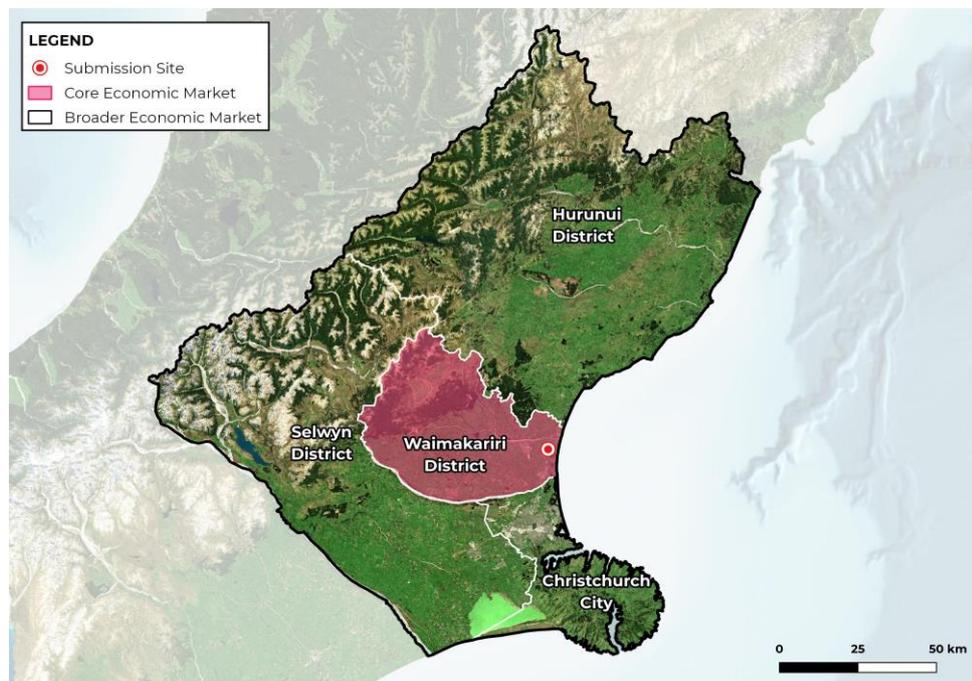


Figure 2: Extent of the Economic Market and Wider Catchments (Source: Google Maps, LINZ, Property Economics).

30. The Waimakariri District is bordered by the Waimakariri River in the south, the Puketearaki Range in the west, Pegasus Bay in the east and the Hurunui District boundary to the north. Waimakariri's main town centres – Rangiora and Kaiapoi – are located on the southeast side of the district.
31. In addition to accommodating Waimakariri's local tourism demand, a tourist attraction and destination would also serve a market beyond the district, particularly as it is located adjacent to the existing Pegasus Golf Course and supporting facilities.
32. Therefore, Waimakariri District and the broader economic catchments as described, are considered relevant markets and impacts generated by the proposed Pegasus Māketete development are likely to be spread across the broad economic catchment area.
33. These economic markets would not, however, represent the entire market for Pegasus Māketete as, by its very nature and location, domestic and international tourists would be derived from beyond these catchments.

CATCHMENTS POPULATION AND HOUSEHOLD GROWTH

34. This section provides an updated assessment of population and household growth projections for Waimakariri, and the wider economic catchment based on the latest estimates and projections (June 2023) sourced from Stats NZ. If considering the updated statistics provided in Figures 3 and 4 below, in comparison to those within Section 7 of my original Economic Assessment dated April 2022, it is evident that the District and its broader catchments continue to undergo both actual and predicted growth.
35. Figure 3 shows that, under a 'High' growth scenario, the Waimakariri population is estimated to reach around 96,550 residents by 2048. This represents +40% net growth (or an increase of 27,590 residents) from the 2023 population base. Under the 'Medium' growth scenario, there is an estimated population of 82,920 residents by 2048 which equates to a net increase of +20% (or an increase of 13,960 residents) from the 2023 population base.

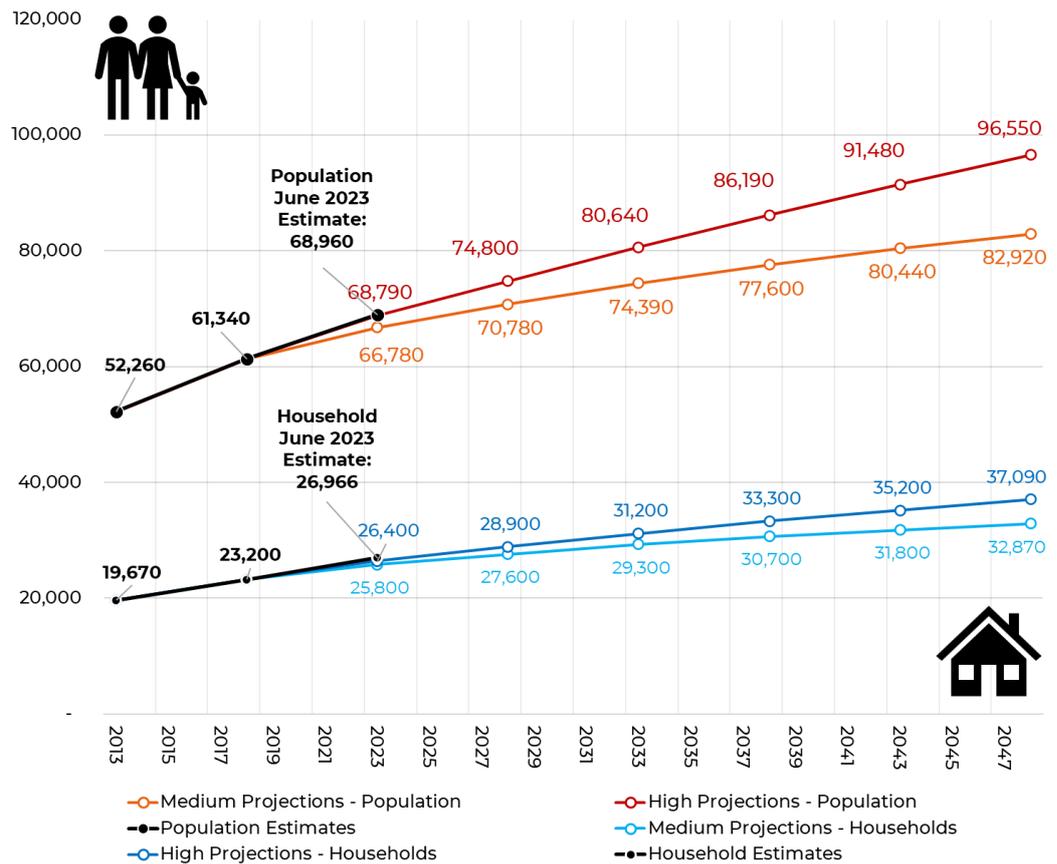


Figure 3: Waimakariri District Population and Household Forecast (Source: Stats NZ)

36. Household projections for Waimakariri, however, estimate faster growth proportionally than the population. By 2048, it is estimated the household base will sit at around 37,090 and 32,870 under the High and Medium growth scenarios respectively. This represents a 40% and 25% respective net increase from the 2022 base year estimate of 26,400 households.
37. Further, Figure 4 shows the population and household forecasts for the wider economic catchment (refer Figure 2) under both the High and Medium growth scenarios. It indicates that the broader market currently has a population base of around 550,300 people, and that net growth in these areas has equated to 18% over the last nine years.

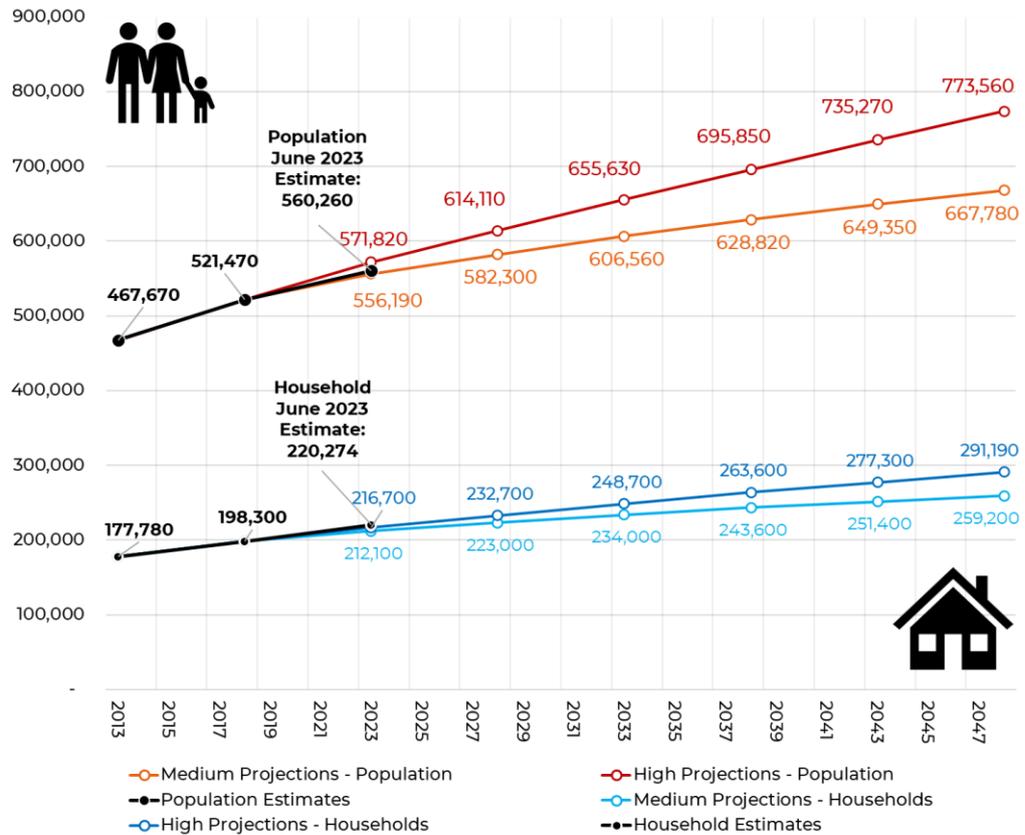


Figure 4: Broader Economic Catchment Population and Household Forecast (Source: Stats NZ)

38. The High scenario forecasts that the wider catchment is estimated to experience a net 38% increase from the current (2023) population base of around 560,260 people to around 773,560 people by 2048. This equates to average net population growth of around 8,530 people annually over the next 25 years.
39. The Medium scenario estimates a wider catchment population base of 667,780 by 2048 (around 105,800 people fewer than the High scenario). This rate of growth is equivalent to average annual net growth of around 4,300 people annually over the next 25 years.
40. In terms of household growth, the High scenario would require an estimated 70,916 additional dwellings to accommodate projected growth, while under the Medium growth scenario an additional 38,926 dwellings would be required to accommodate growth, both based on one household per dwelling. Either way, both scenarios show the localised economic markets for Pegasus Māketē are projected to grow alongside population, which

assists offsetting any trade impacts in the unlikely event that there are any, based on my conclusions at paragraph 26 of this evidence.

41. In terms of assessing the additional capacity requirements to accommodate resort style living demand in the District, I do not consider the Council's residential capacity assessment to be a relevant tool for some key reasons, including:
- (a) The model excludes a number of zones important to considering housing supply, so the model does not provide a complete picture of supply;
 - (b) The model does not consider niche development opportunities such as the Māketē proposal and the opportunity to create demand beyond that identified in the model. The market for niche developments is larger than for general residential in Waimakariri;
 - (c) There is no clarity on the development / construction costs applied in the feasibility modelling, no understanding on what sale prices are utilised and therefore the level of affordable housing provided, and no information provided reconciling supply and typology demand; and
 - (d) In many cases around NZ this model incorporates an increase in house prices moving forward which significantly elevates feasibility over time and leads to a decrease in affordability, i.e. feasibility in the model could require an increase in house prices. Whether this is applied in the model remains unclear.
42. Given these limitations in the capacity model outputs, I do not consider it is appropriate to place any reliance on this model to assess the merits of the resort style residential component of the Māketē proposal.

WAIMAKARIRI KEY ACTIVITY CENTRES

43. I refer to Section 8 of my original Economic Assessment, dated April 2022, which provides a comprehensive overview of the KACs and how they might interact with, or be impacted by, the Pegasus Māketē proposal. I can confirm

that no updates or revisions to the proposal have altered my assessment and conclusions within Section 8.

44. As concluded in Section 8.4 of my Economic Assessment, it is considered that both Rangiora and Kaiapoi KACs have not been fully recovered from two major events in the last decade – Canterbury Earthquakes and COVID-19 pandemic. As such, development on the Pegasus Māketete site must be cognisant of the current ‘*state*’ of the KACs.
45. In this way, I consider that the proposed activities of Pegasus Māketete being centered around a boutique artisan offer with an agricultural and environmental education philosophy targeting both domestic and international tourism sufficiently distinguishes the site. My reasoning for this is that the particular focus of an agricultural and viticultural hub is not currently well-represented in local KACs, and unlikely to be, and therefore would not directly compete with existing business activities or jeopardise future prosperity.

WAIMAKARIRI DISTRICT TOURISM ECONOMY

46. For a comprehensive assessment of the Waimakariri District tourism economy, please refer to Section 9 of my Economic Assessment. I consider my assessment and conclusions, as made in 2022, remain true today for the purposes of this hearing.
47. However, it is important to reiterate the following key findings from original Economic Assessment:
 - The total tourism (international and domestic) spend in Waimakariri has increased steadily from \$46m in 2009 to \$85m in 2020. This equates to net growth in annual spend of 85% in 2020 above the 2009 base year.
 - Domestic spend is approximately 3.5 times larger than the international spend in 2020. This shows that the Waimakariri tourism economy is highly reliant on domestic visitors, who account for around 78% of the total tourism spend in Waimakariri.
 - Between 2020 and 2022, outside of Canterbury, Auckland is the second-largest origin of tourism spend in Waimakariri, contributing

to around 12% of the domestic total spend for the same year. This is followed by Wellington and West Coast, which aggregately contribute to over 16% of the domestic total spend within Waimakariri in the year ended January 2022.

- Waimakariri is currently missing out on market opportunities and international tourist expenditure as it only captured 0.2% of NZ's total international tourist spend in 2020 (refer Figure 5 in Section 9 of my Economic Assessment).

48. To increase the destination appeal of Waimakariri, future tourism activities that can leverage the locational and landscape characteristics of the district will ensure the long-term growth of the Waimakariri tourism economy. As such, I remain of the opinion expressed in my initial Economic Assessment, that proposed tourism activities at the Pegasus Māketete site support the tourist destination strategy and would boost the overall performance of the District's tourism economy in the long term.

Pegasus Māketete's Likely Economic Impact on District Tourism Economy

49. WDC has adopted the Waimakariri Visitor Marketing Strategy 2020-2025 (hereafter, the **Strategy**) in November 2020 to highlight the key actions that the district will respond to new priorities reflecting the district's growth expectations, current and future developments, and the recent COVID-19 recovery. This Strategy outlines a framework that maximises – through destination marketing – the positive outcomes of a growing visitor market on the district's economy and guides activities to help achieve this.
50. Having assessed the latest data available, I note that Waimakariri tourism spending is primarily contributed by domestic tourists, particularly Canterbury locals and tourists from Auckland, Wellington, and West Coast. International tourists are historically not a strong component of Waimakariri tourist economy. However, this does not mean international tourism spend would not represent a growing proportion of the district's tourism economy in the future with a more diverse, authentic and attractive experience likely to provide the opportunity to appeal to more international tourists.

ECONOMIC COSTS AND BENEFITS OVERVIEW

51. The proposed Pegasus Māketete development would generate a range of costs and benefits. This section outlines some of the high-level costs and benefits of rezoning the Pegasus Māketete site in contrast to the retention of current rural land use.
52. In my view, the Economic Benefits of enabling the proposed Pegasus Māketete development would include but not limited to the following:
- (a) Improved Land Use Efficiency: Given the adjacent SPZ(PR) and the locational characteristics of the Pegasus Māketete site, the current Rural or the Proposed Rural Lifestyle zoning would not efficiently reflect the significant potential of the land. In contrast, the proposed Pegasus Māketete development would improve the land-use efficiency of the site by complementing the proposed residential and tourism activities within the SPZ(PR).
 - (b) Increased Resort Style Living Capacity: Under the NPS-UD provisions, Waimakariri District as a Tier 1 local authority, is required to provide sufficient residential capacity to respond to changes in urban residential demand. The development enabled by the zoning would supply the Waimakariri market with niche resort style housing opportunities that would contribute a unique opportunity and increase the demand profile for the District.
 - (c) Increased Choice of Dwelling Location and Topology: The proposed development would offer residents and investors additional dwellings choices in respect of location, typology and environment, particularly with respect to offering tourism resort style living as distinct from other areas of medium density housing in Waimakariri. The proposed development represents a unique product and environment not substitutable to other locations in the District. These first three bullet points in particular support NPS-UD Policy 1(a) and (d) in relation to contributing to a well-functioning urban environment, specifically with respect to enabling a variety of homes and supporting competitive land markets. At a base level, increased resort style living opportunities / improves the competitiveness and development market of that land. I consider, therefore, that the more efficient use of the SPZ(PR) will create improvements in the functionality of the urban environment and

enhance peoples economic and social wellbeing – particularly with a range in typology choice, location, and price of product.

- (d) Enhance District and Local Profile: The proposed development has the potential to attract residents and tourists from beyond the broader Canterbury region as well as the rest of the country. This would enhance the Waimakariri District's and Pegasus' profile, triggering further economic growth.
- (e) Provide Additional Employment Opportunities: The building and operation of a tourism resort and associated resort lifestyle dwellings will generate employment opportunities in Construction, Retail, and Services for the local economy. This represents an increase in employment retention, which has flow-on, "indirect and induced," impacts that boost further economic activity.
- (f) Improve Existing Accommodation Utilisation: The proposed Pegasus Māketete development will attract overnight tourists from other regions and overseas. This will encourage more efficient use of Pegasus existing tourism accommodation capacity.
- (g) Diversify Economic Composition: By diversifying the district's existing business base, the district is less reliant on traditional forms of economic activity improving its overall resilience to wider economic shocks.
- (h) Support Local Farmers / Growers: The proposed farmers market will directly connect farmer/growers and consumers. By selling directly to consumers, farmers would reduce their costs in transportation, handling, refrigeration, and storage.
- (i) Support Healthy Communities: The proposed farmers market and educational opportunities at the Pegasus Māketete would be a good opportunity for the local farmers to educate their shoppers by discussing farming practices, nutrition and how to prepare food. This will help cultivate a community with healthy purchasing and consumption preferences.

53. Specifically, in the relation to the local farmers market component of the Māketete proposal would generate significant subsequent economic benefits to the farmers / growers, consumers and communities across the wider District and the Greater Christchurch, including:

- (a) Increased access to fresh & nutritious food which support food equity;
 - (b) Reduced travel costs and carbon footprint resulting from non-locally grown food being transported from distant locations;
 - (c) Preserve the District's rural livelihoods and farmlands;
 - (d) Fostering connection within communities;
 - (e) Better supporting small business owners; and
 - (f) Promoting sustainability.
54. I have considered the potential economic cost of the proposed development overall with respect to the impact on the Waimakariri District's productive land Pegasus Māketete site as the site contains Land Use Capability (**LUC**) Class 2 soil that is suitable for agricultural use with slight limitation. However, I understand from Ms Pearson that the PDP was notified prior to the introduction of the National Policy Statement for Highly Productive Land (NPS-HPL) being gazetted. As such, the relevant zoning to consider is the notified Rural Lifestyle zoning, which means the Māketete site is excluded from being considered 'highly productive land' under the transitional definition in the NPS-HPL.
55. I also consider that the likelihood of intensive primary production on this subject site is very limited due to the proposed SPZ(PR) tourism development in the surrounding area, which is not anticipated for rural production uses. In other words, the loss of the Pegasus Māketete site's land from rural production would not result in significant further fragmentation of the district's highly productive land.
56. On balance, from an economic perspective, the proposed Pegasus Māketete development has the potential to result in a net economic gain to the local and district economies.

RESPONSE TO COUNCIL OFFICER S42A REPORT

Housing Choice and Development Capacity (Section 3.2.1.3)

57. In the Officer's report³, at Paragraph 114, the Council Officer concludes that "*the proposal does not contribute significantly to development capacity*". I concur with this conclusion in a pure numeric context regarding the residential component of the proposed Pegasus Māketete development – Activity Area 7B, which provides a total yield of 27 dwellings. This quantum by itself is not considered a significant contribution to the district's development capacity.
58. However given Waimakariri's scale, no single project would solve the District's longer term housing supply issues. It will require multiple brownfield and greenfield developments. The Pegasus Māketete development represents an efficient and important contribution towards alleviating Waimakariri's housing issues, in particular resort style living opportunities and in the context of the wider SPZ(PR), that can be fed into the development pipeline in the short term.
59. It is also important to note the clear distinction between the tourism resort style residential product proposed within Activity Area 7B, with its strong tourist amenities and focus, and the more typical medium density residential developments to be delivered in residential zones across the District. This can be clearly seen in the visuals in **Annexure B** of my evidence. I consider that resort style dwellings is not a type of residential product that is commonly available or developed within wider Waimakariri District.
60. Enabling the proposal to develop Activity Area 7B would not materially affect the uptake or demand for existing residential areas and therefore Council's residential capacity modelling. The proposal is likely to add to the district's demand profile rather than redistribute demand.
61. The proposal reflects a similar development pattern, albeit a more efficient use of the zoned land, to the existing SPZ(PR) with residential development around a tourism attraction.
62. The proposed mix of activities within the site is appropriate and can be expected to bolster and complement the tourism role and function of the wider SPZ(PR) rather than competing with existing commercial centres and urban environments for growth.

³ Proposed Waimakariri District Plan - Officer's Report: Rezoning Requests – Whaitua motuhaka Special Purpose Zone – Pegasus Resort, dated 1 May 2024

63. From an economic perspective, proposed Activity Area 7B is an appropriate component of the proposal to form a dynamic tourism cluster at the site. Residential typologies like those proposed are similar to other tourism developments that have been successfully implemented across the country (and in particular golf courses) without undermining the existing residential environments. Some notable ones include:
- (a) The Hills Golf Course - Situated in Queenstown, it has approval for another 140 houses and apartments to be built adjacent to the course.
 - (b) Jack's Point Golf Course - Also in Queenstown, it offers residential lots and terraced properties with a range of convenience retail and commercial services near the course.
 - (c) Clearwater Golf Resort - Near Christchurch, contains a number of terraced and medium density typologies among a range of standalone homes around its lakeside course.
 - (d) Millbrook Resort - Located in Arrowtown near Queenstown, it multiple pockets of terraced houses around its golf courses adding to the diversity of accommodation offerings.
64. These are just a few examples. There are more golf courses across the country with residential dwellings either on-site, in close proximity of, or proposed targeting the tourism market. These examples illustrate the viability of residential development scattered around golf courses, and resorts destinations to enhance the tourism attraction without detracting from existing residential zones. As such, in my view, the proposed Activity Area 7B is appropriate to enhance the amenities, broaden appeal and economic performance of the wider SPZ(PR) without diminishing the demand for existing residential zones, particularly given Area 7B's limited extent.

Māketē Tourism Activity (Section 3.2.1.15)

65. Based on information provided, I understand that DEXIN has revised the definition of '*Māketē Tourism Activity*' to encompass a more purposely designed range of activities aimed at supporting tourism within the SPZ(PR). This definition is now proposed to read "*activities that support the tourism activities in the zone, including:*

- *wellness activities;*
- *cafes;*
- *restaurants;*
- *wine bars;*
- *farmers markets;*
- *artisan workshops and associated retail of products;*
- *gift / souvenir shops;*
- *cultural facilities;*
- *entertainment activities;*
- *agri-tourism and wine tourism; and*
- *associated educational facilities.*"

66. In my opinion, these subtle changes are appropriate and do not alter any of the findings within my Economic Assessment findings or my position that the proposed range of activities are suitable for incorporation into the proposal and would not compromise the role and function of current commercial centres.
67. In Section 3.2.1.15, the Officer has raised concerns regarding the scope of the Māketē Tourism Activity. Specifically, at Paragraph 172 which states that the definition might encompass activities intended for Town Centre Zones (**TCZ**) or Local Centre Zones (**LCZ**).
68. In my view, while some of the proposed activities, such as cafés, restaurants, and entertainment facilities, are also permitted within commercial centre zones, their scale and target markets differ significantly from those proposed within the site. The Māketē Village, attracting tourists / visitors, will expand the market size in Waimakariri by attracting people who may not have otherwise visited.
69. This is the same effect as Matakana markets has on Matakana Village. The Matakana markets attract a significant number of visitors, particularly on weekends, and expanded the visitor expenditure in the area considerably.
70. The Māketē Village will also provide additional complementary activities to support the wider resort's offerings, thus adding value to the visitor experience and choice within the SPZ(PR).

71. I consider that the revised definition and list of activities for Māketete Tourism Activity are appropriate for development at the site and the SPZ(PR). These activities support the objectives and purpose of the SPZ(PR) and will have a positive impact on Waimakariri tourism spending, thereby strengthening the overall economic performance and economy of the district.

SUMMARY AND CONCLUSION

72. In light of my Economic Assessment and the economic considerations presented in this statement, I consider the proposed Pegasus Māketete development is appropriate and economically efficient in the context of the RMA for the following primary reasons;
- (a) The development context of Pegasus Māketete is consistent with the identified objectives of the SPZ(PR) to provide a high-quality visitor resort centred around the existing (international) Pegasus Golf Course;
 - (b) The proposed development is well-positioned to meet the growing demands of the Waimakariri local market and the broader Hurunui – Selwyn - Waimakariri - Christchurch combined catchment, aligning with their anticipated growth over the next 25 years;
 - (c) The primary role and function of both Rangiora and Kaiapoi KACs is servicing the frequently required retail, commercial service, community and health needs of the local populations, such as grocery shopping, retail, healthcare and medical facilities, commercial and professional services and community facilities. These activity types are the typical dominant land uses within the Rangiora and Kaiapoi KACs. In contrast, the proposed activities of Pegasus Māketete have a tourism focus. This focus is not well represented in the KACs at present, meaning the proposed Pegasus Māketete development would not directly compete with the existing and emerging KACs. Nor would these proposed land uses undermine their role, function, vitality, and future growth prospects; and
 - (d) Waimakariri tourism spending is primarily contributed by domestic tourists, particularly Canterbury locals and tourists from Auckland,

Wellington, and West Coast. In contrast, international tourists are historically not a strong component of Waimakariri tourist economy. In my view, this does not mean international spending would not represent a growing proportion of the district's tourism economy in the future with a more diverse, authentic, and attractive experience likely to provide the opportunity to appeal to more international tourists. As such, I consider that the proposed range of activities at Pegasus Māketē would be beneficial economically, support the diversification the District's tourist destination strategy and growth Waimakariri's tourism economy. It would be a niche destination for tourist and locals and part of a wider tourism destination.

- (e) Importantly, based on my economic costs and benefits overview, it can be expected that the Pegasus Māketē development would generate significant net economic benefits to the local and district economy (tourism and related sectors), businesses (farmers & growers), and communities.

73. Given the economic considerations outlined above, I support DEXIN's submission to expand the proposed SPZ(PR) boundary to encompass the Pegasus Māketē site in the PDP.



Tim Heath

Dated: 20 May 2024

ANNEXURE A: UPDATED ODP OF THE PROPOSAL



Source: Common Ground: DEXIN

ANNEXURE B: CONCEPT VISUALS



Source: Common Ground: DEXIN



Source: Common Ground, DEXIN