

IN THE MATTER

of the Resource Management Act 1991
("RMA" or "the Act")

AND

IN THE MATTER

of a submission pursuant to Clause 6 of
Schedule 1 of the Act in respect of the
**PROPOSED WAIKATO DISTRICT
PLAN** by Pokeno Village Holdings
Limited (submitter no. 368 / further
submitter no. 1281)

SUMMARY STATEMENT OF EVIDENCE OF FRASER JAMES COLEGRAVE

Introduction

1. My name is Fraser James Colegrave. I am the founder and managing director of Insight Economics Limited. I prepared a statement of evidence dated 10 March 2021. The purpose of this document is to summarise that statement.
2. I outlined my qualifications, experience and commitment to comply with the Environment Court Expert Witness Code of Conduct in my evidence in chief ("EIC").

Summary

3. Pokeno is an attractive location with many positive attributes, so it will invariably continue growing in future. However, the Council's estimates of future demand (and the corresponding supply response) have varied significantly over time. Reconciling these changes in supply/demand between versions has been undermined by the rather vague nature of reporting coupled with underlying definitional changes, so I am now unclear where the true supply/demand balance for Pokeno sits.
4. While a generous supply of land is generally a good thing, the wholesale over-provision of residential land can have serious economic consequences, including the exorbitant costs of servicing each new lot with bulk infrastructure to enable development. In addition, potential imbalances between residential and non-residential land provision may cause excessive commuting to Auckland for work, thereby incurring a range of economic and environmental costs.
5. Given that the District Plan will be reviewed again in 10 years, and noting that existing capacity is sufficient to meet likely demand over the short term, I recommend that some of the land identified for rezoning be put into a future urban zone until more work is done to accurately identify future needs, and more detailed plans for the efficient provision of infrastructure have been devised.

Comments on Framework Report Update (28 April 2021)

6. Pokeno has grown strongly in recent years, and this is set to continue. However, the Council's projections of Pokeno's future growth have increased exponentially, which has confounded efforts to determine likely supply requirements. For example, the 10-year household projection has increased from just over 1,050 in the 2017 Housing Capacity Assessment (HCA) adopted in my evidence (including NPS buffer) to nearly 2,850 in the framework report update (April 2021).
7. While I accept that Pokeno's location and other attributes make it highly attractive to prospective residents, the latest demand projections appear aspirational. They are derived by allocating projected district growth to townships based on recent growth patterns. This is acceptable in principle but, in this case, results in the recent Pokeno boom period being naively projected to continue for the next 15 years. In my view, this is unlikely given natural property market cycles.
8. The supply figures promulgated for Pokeno and other townships have also changed a lot, particularly between the HCA and the two framework reports (Jan 2021 and April 2021). Unfortunately, despite significant time and effort spent to reconcile the different versions and understand the nature of the underlying changes, it has been practically impossible due to the rather opaque nature of the framework reports. This has been exacerbated by definitional and label changes in the underlying capacity spreadsheets which, frankly, I have found to be both unnecessary and counterproductive.
9. In short, it is unclear now whether the proposed rezonings for Pokeno are appropriate given likely future demand, or whether they are still too much, as per my earlier evidence.

Economic issues arising from potential supply/demand imbalance

10. I support a liberal supply of zoned land to meet likely future demand because it fosters competition, improves economic efficiency, and helps temper inflationary pressures, and keeps prices more stable and affordable. However, a gross oversupply of rezoned land – if one occurs – can pose significant economic risks and challenges.
11. Further, while each rezoning proposal for Pokeno may make sense in isolation, there is no strategic/holistic planning to ensure they make sense overall. From an economic perspective, this raises the risk that land will not be put to its highest and best use, thereby undermining economic efficiency in the district's land market.
12. Another issue arising from the various rezoning proposals is the infrastructure implications. Servicing each site so that it can be live-zoned will require an inordinately expensive suite of capital works. The cost of servicing the Pokeno proposals is about

\$150 million excluding GST. However, if all the growth cells identified in Waikato 2070 proceed, I estimate that about \$420 million plus GST of infrastructure may be required.

13. I consider such a prospect untenable, with the Council also significantly constrained in its ability to physically deliver so much infrastructure in the short to medium term, even just for Pokeno.

Balance of Residential and Non-Residential land

14. In my opinion, it is important to ensure there is an appropriate balance between residential and non-residential land as Pokeno grows, so that there are adequate opportunities to live, work and play locally.
15. While some future residents will naturally choose to commute to Auckland for work, it would be remiss to inadvertently encourage this via a lack of local business land, and hence a shortage of proximate work opportunities. Accordingly, it is important that consideration also be given to the balance between residential and non-residential land when deciding which rezoning proposal to possibly accept and which to possibly deny.
16. To summarise: in future, if half of Pokeno's workforce commuted to Auckland for work, in one year they would collectively travel an estimated 29.5 million kilometres, burn nearly 3 million litres of fuel, and incur \$10.6 million in travel time and fuel costs.

Fraser James Colegrave

12 May 2021