

25 July 2025

DIGITALLY DELIVERED

ECONOMIC MEMORANDUM

To: Timaru District Council

c/- Matt Bonis

Planz Consultants

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RE: RESPONSE TO SUBMITTER EVIDENCE RELATED TO ECONOMIC MATTERS

INTRODUCTION

My qualifications, experience and observance of the Code of Conduct are contained in the Economic Memo dated 29 May 2025 as attached as Appendix 6 to the s42A Report.

I have been asked by Mr Matt Bonis, s42A Reporting Officer to provide a written version of my initial response to Submitter evidence as summarised and read to the Panel on 8 July 2025. This Summary responds to Panel Minute 42[7] and as required responds, as appropriate, to matters arising at Hearing G – Growth.

Prior to the Hearing I was requested to specifically consider the Planning evidence of Ms Sonia Dolan in relation to Sub Nos 231 (Blackler), 128 (Scott), 190 (North Meadows), 227 (Westgarth and Gibson) and 237 (RSM Trust).

Principally, Ms Dolan who is not a qualified economist has levelled numerous criticisms of the economic forecasting contained in the Property Economics Timaru District Capacity Report (2024) and Industrial Land Economic Assessment (2025). These can be coalesced as follows:

'I ask the Hearings Panel given there are many gaps and deficiencies within the Property Economics report as raised previously, this would need to be revised to see if there is sufficient development capacity in the short, medium or long term'.

The responses below are based on the paragraph numbers in Sonia Dolan's statement of evidence for Blackler which relate to the same or very similar comments presented in other submitter evidence as well.

For ease of reference, the paragraph number and related statement are provided first, while my bullet point responses are provided in *italic* after.

¹ *EiC Dolan. Blackler [35]*

ECONOMIC RESPONSES

Para 28.

...“The local economy is strong and the primary industries which has demonstrated stronger economic growth will continue to provide employment and opportunities for people to relocate to the District”.

- No factual or numeric evidence / metrics are provided to quantify or scale Ms Dolan's position, which is unsubstantiated
- Confirms my industrial report where the economic growth is in the primary / rural sectors of the economy – so are therefore rural based not urban based. Growth in rural sector economic activity does not automatically translate to increase in demand / population in urban areas. Rural economy growth could be driven by a number of factors such as increased productivity as a result of capital investment in machinery / robotics and not human capital), higher international commodity prices, change in products produced to higher priced goods, etc. Ms Donlan conflates two separate economic drivers and provides no analysis on any implications for urban areas of Timaru.
- Primary / rural sector growth is not limited to Timaru – it is all across rural NZ – so no additional competitive advantages identified to suggest Timaru will attract more people relative to other rural areas / provinces across NZ.

...“In 2023 alone had a population increase of 1.9%”

- A narrow snapshot of a single year is an inappropriate basis for extrapolating long-term projections.
- Does not consider the impacts (as outlined in my industrial report) of the significant employment losses post the 2023 statistics utilised, which would adversely affect growth (population and economic).

Para 29.

...“450m² lot sizes across the district”.

- Firstly, it is important to note that the 450sqm is the minimum site size in the PDP General Residential Zone, not an average. For example, a 1,200 sqm site can only be divided into two 600m² lots, as dividing it into three 400sqm sites would breach the minimum site size condition. This naturally results in an average site size significantly larger than the minimum applied. This results, for example, in a median site size within the General Residential Zone of 617sqm (within the Timaru Township).
- It should also be noted that the model outcomes are not the result of single random or arbitrary input into the model, but a variety of planning and practical constraints which further refine the capacity estimates beyond the simple minimum site size calculation. The

residential report explained these adjustments in the section discussing how the Theoretical Capacity was calculated.

- This results in a variety of site sizes which vary by zone, as shown by the table below. This shows the median site size within the General Residential Zone in Timaru Township is 617m²— significantly above the 450m² minimum for that zone. The median site size for the district as a whole is brought down by the higher density within the Medium Density Residential Zone.

TABLE 1: MEDIAN SITE SIZE OF PROPERTY ECONOMICS' REALISABLE CAPACITY ASSESSMENT FOR TIMARU TOWN BY ZONE

Zone in Timaru Town	Net Yield	Median Site Size
General Residential Zone	1,200	617
Gleniti Low Density Residential	392	924
Medium Density Residential Zone	789	276
Mixed Use Zone	62	154
Other	139	150
Total	2,582	528

Source: Property Economics

- The average site size also changes between the smaller townships shown in the table below. For instance, in Pleasant Point and Temuka which does not have a medium density zone, the median site size exceeds 700m². In contrast, Geraldine has a Median Site Size of 586sqm. This represents a mix of housing sizes and typologies of smaller sites in the Medium Density Zone and lower-density sites in the General Residential Zone.

TABLE 2: MEDIAN SITE SIZE OF PROPERTY ECONOMICS' REALISABLE CAPACITY ASSESSMENT FOR TIMARU TOWN BY ZONE

Location	Median Site Size
Geraldine	586
Pleasant Point	721
Temuka	708
Timaru	528
Rural Settlements	1,588

Source: Property Economics

- In this regard, the PE Model represents a balanced, more realistic and conservative number in respect of intensification over the 30-year period, also noting that the Strategic Direction objective for Urban Form and Development (UFD-O1) seeks 'a consolidated and integrated settlement pattern'. If the model conversely utilised the minimum site size (which technically represents the theoretical or plan enabled capacity), the urban capacity would be significantly more.

- A 450sqm site minimum still allows for a stand-alone dwelling – the bulk of the projected demand over the 30-year period.
- Use of 750sqm-900sqm represents '*more of the same*' – which as I understand is economically unsustainable from an infrastructure funding perspective, would place a significant burden on public sector funding for infrastructure requirements, and also not what the Plan outcome for urban form and development is as stated in UFD-O1.
- Lastly, I note that: Ms Dolan in evidence; responses to Panel questions; and again in the Davis Oglivie Letter to the Panel as dated 16 July 2025 keeps repeating her assertion that the PE Residential Model and used for the Residential Capacity Analysis (2024) as contained in the Preliminary Report is based on a 450sqm site average, and that is matter was only clarified at the Hearing:

It was only on Day 1 of Hearing G, during Mr. Heath's verbal evidence, that he confirmed actual average lot sizes modelled for the existing urban environment were larger than an avg. of 450 m². Ms Dolan Letter dated 16 July.

Firstly, the 'correction' I noted on the first morning of the hearing was to my speaking points I had provided Mr Bonis the day before the hearing to confirm to him (and everyone participating in the hearing) that the 450sqm applied was a minimum. I understood that Mr Bonis clarified this matter to the Panel at the Hearing.

In respect of Ms Dolan's statement, this information has been provided to her on multiple occasions. In respect to informing Ms Dolan, I note the following:

- The Residential Capacity Report states at:
2.2 'we have stuck to a 450sqm minimum site size and applied the 15m diameter requirement'.
Table 2 – General Residential Zone: 450(sqm) minimum site size
4.2 'the majority of demand for higher density housing is accommodated in the Medium Density Residential Zone and the General Residential Zone is limited to 450sqm or larger sites per dwelling'.
- The residential capacity report is explicit that 450(sqm) is not the average lot size.
- Furthermore, at an online meeting with Davis Oglivie via MS Teams on Tuesday 17th December 2024 it was confirmed to Mr McLachlan and Ms Roycroft that 450(sqm) was not the average site size used within the Residential Capacity Report.

Para 30.

... "Table 13 demonstrates that within the High growth scenario ... Pleasant Point without the FDA allocation may not have sufficient land supply".

- This is an incorrect interpretation. Table 13 shows the complete opposite, that is under the High scenario there is sufficient urban capacity to meet forecast demand in Pleasant Point with a surplus of +47. It should also be noted that this is the long-term projection to 2053, and

with the Tier 1 and 2 competitiveness margins (NPS-UD, cl 3.22) added. Under the more likely medium growth forecast (and again including the competitiveness margins), the urban capacity surplus in Pleasant Point based on zoned capacity in the PTDP (beyond forecast demand) at 2053 is +237.

... "The timing and sequencing of when the dwelling capacity has not been confirmed for the short, medium and long term".

- Table 11 of the PE residential report and evidence Memo does just that and breaks down sufficiency of capacity for the district for each of the short-, medium- and long -term periods under both the Medium and High growth scenarios.
- It should be noted that in all locations, there is more than sufficient capacity for at least 20 years of High Growth. Even if developers within Timaru build to a lower density than anticipated by the model, there is a 15+ years before any of the FDA's will be required, let alone additional sites. Consequently, even if the model has overestimated capacity and Timaru grows in accordance with the High Growth projection, there remains no economic requirement to rezone additional land as part of this hearing process.

Para 32.

... "entire paragraph".

- First, assumes Ms Dolan's opinion on 700sqm sites is correct. No evidence is provided to support her approach and such a position raises significant land use efficiency and infrastructure funding concerns.
- The basis for Ms Dolan's comment on HH/ha is flawed as urban capacity is not all in new greenfield areas. A significant proportion of capacity is on large sites in already developed residential neighbourhoods that will densify areas over time and increase the HH/ha rates of the area, as consistent with the PDP Strategic Objectives associated with SD-O1(i)(b) and (c) which seeks a range of densities in existing urban areas, and higher residential densities in close proximity to town centres respectively, and UFD-O1 seeking '*consolidated and integrated settlement patterns*'.

Para 33.

*... "the **potential** shortfall being covered by Council's growth areas".*

- This statement from Ms Dolan seems to imply there has been no assessment of the FDAs. Clearly that is not the case as identified in the relevant tables in my residential report, in particular Tables 12 and 13.

Para 34.

... "Kainga Ora in their submission stated that 117 households 50% demand one bedroom, 33% two bedroom".

- Kainga Ora's 117 household breakdown does not represent the broader demand for the Timaru market.
- This flows over to a contradiction from Ms Dolan based on her earlier comments that 750sqm-900sqm sites are required. If, as she asserts, a significant proportion of the market is demanding 1 and 2-bdrm product, then it would be inefficient to deliver 750sqm-900sqm sites as she suggests earlier. Such an outcome would lower land use efficiency significantly and result in higher property prices.

Ms Dolan also provided evidence for North Meadows (Sub#190). I respond to one relevant paragraph on economic matters.

Para 24.

... "whole paragraph ...".

- Vacant land supply was provided by Council. I am unaware of an alternative vacant land dataset provided in any evidence.
- The land demand section of the report sets out the factors that contribute to industrial land demand (Section 5). These factors contribute to industrial employment (including population growth) which itself drives demand for industrial land. Again, each factor is likely to change over time, e.g. employee to land ratio, etc. Each of these factors are outlined in the report methodology (Section 4.1).
- While not explicitly set out in the industrial land report, the sections of vacant industrial land provided by Council identifies the availability of large contiguous tracks of land suitable for larger industrial businesses.
- There are six sites over 2ha including one 13ha, two over 9ha, and one 5.7ha site.

INDUSTRIAL LAND REQUIREMENTS

During the hearing, the two submitters seeking additional industrial land in Washdyke (Glen McLachlan on behalf of North Meadows and Nathan Hole on behalf of Rooney Group) raised questions as to the vacant industrial land identified in our assessment.

Mr McLachlan pointed out that the vacant land assessment includes sites such as the land surrounding the McCain's factory, which he considers unavailable to the market as it is currently held for future expansion. However, this criticism overlooks a fundamental and necessary aspect of long-

term industrial land planning. The inclusion of land held for future business growth is entirely appropriate when projecting industrial land demand, as the continued operation and expansion of existing businesses form a key component of future needs.

Moreover, the current market status of a site does not warrant its exclusion from the land supply. Landowner intentions are not static, as what may be withheld from the market today could become available tomorrow. This is especially relevant when planning over a 10 to 30-year horizon, during which time ownership, strategic priorities, or market conditions can change significantly. Excluding such sites based on current owner preferences underestimates the true capacity of the land supply and compromise the robustness of long-term planning.

Nathan Hole, on behalf of the Rooney Group, raised concerns about the operational and locational requirements of the businesses currently operating on their land. I do not consider the constraints described to be so significant that they could not be accommodated on other available vacant sites. Moreover, the submission does not seek rezoning to facilitate a specific activity but instead requests a broad GIZ rezoning without a defined development plan, tenant or operation. As a result, there is no assurance the land will be used for the purposes outlined, and it could just as readily be subdivided into smaller lots for alternative uses.

This submission is no different to any other landowner seeking a rezoning. The focus is on the land / capacity provided to accommodate future growth, the ability to provide infrastructure efficiently, and the consequential effects (positive or adverse) associated with rezoning (and unnecessary duplication) of the business land resource and infrastructure beyond what the market can sustain. It is also worth acknowledging that my Industrial analysis for the PDP does not identify a tight outcome in terms of supply – demand. There is sufficient zoned land for the next 20 years, under the high growth scenario, and identified FDAs to assist supply as needed beyond 2053.

In my view, given the potentially significant infrastructure costs involved and the significant level of existing vacant capacity, it would be more appropriate for the Rooney Group to pursue a plan change at a later stage, supported by a specific development proposal and appropriate consideration of the merits and infrastructure funding therein. This would allow the proposed development and associated activities to be assessed on their individual merits and enable a clear evaluation of the specific infrastructure needs and planning implications—rather than relying on vague references to constraints that may or may not be relevant, depending on the eventual activity proposed.

RELIABILITY OF SOCIAL SURVEY – SUBMISSION 160

I have also examined the evidence of Submitter 160, who presented a social survey of Geraldine residents.

Ultimately, from an economic and strategic planning perspective, I find a survey of people identifying issues under the ODP unhelpful in assessing the merits of the new PDP provisions, particularly when they are specifically designed to address these issues.

Furthermore, I understand from the Timaru District Council that the PDP provided for the following zone changes (excluding FDAs) to increase urban capacity in Geraldine which presumably has not been factored in the 'social survey' (refer Attachment A):

- GRZ to MDZ – 31.5Ha
- GRUZ to GRZ – 5.56Ha
- GRUZ to RLZ – 23.0Ha
- GRUZ to GIZ – 13.0Ha.

Relationship between Rural and Urban Growth

During the hearing, some submitters appeared to have misunderstood my comments on the link, or lack thereof, between primary sector / agricultural economic performance and urban residential demand. I thought it would be useful to provide further context below.

While it's true that agriculture and the rural based economy is a major driver of economic activity in the district, it's important to recognise that this is also the case across much of New Zealand. Strong milk prices and broader agricultural performance benefit many rural and provincial areas simultaneously. As such, national agricultural strength does not automatically lead to increased urban demand in Timaru specifically.

For those benefits to translate into higher urban growth, Timaru would need to demonstrate a new or unique competitive edge, such as more efficient infrastructure, processing capacity, or other factors that give the district a competitive advantage in the rural economy. The recent closure of the Smithfield meatworks is an indication of the opposite and the district may in fact be in a less competitive position than previously. While the access to the Timaru Port certainly provides a competitive advantage, this is an advantage that has been '*in play*' for decades so is not a new catalyst for urban growth.

In short, while agriculture remains a crucial part of the local economy, it always has been, and an improvement in the rural production economy in recent years is not by itself a trigger to suddenly change the residential growth trajectory for urban areas well above current Stats NZ projections, particularly when I am utilising the High growth scenario in my analysis.

Tim Heath

ATTACHMENT A: LAND REZONED FOR GROWTH IN GERALDINE

