



Teal Park Economic Benefits

28 November 2022

Benefits

It is considered that the project will give effect to the purpose of the COVID-19 Recovery (Fast-track Consenting) Act 2020 and provide significant public benefits in respect of local employment, economic development, and housing provision.

Employment during the construction phase

Project Employment - The employment associated with creating and/or maintaining full time roles as a result of the development through the three-stage subdivision construction period and the five years of house building are estimated and classified in the following summary.

The subdivision works will be contracted out to a main civil engineering and earthworks contractor who is likely to be a large Auckland based construction Company employing both direct labour and sub-contractors. Some specialized work will also be contracted out directly by NCL for landscaping and services supply.

The house construction works will be carried out by several different housing developers that will commence work on the residential lots once the 224c certificates have been issued by Council on completion of the subdivision. It is likely that many these builders will seek to purchase lots ahead of the completion of the subdivision works.

The accepted methodology for the calculation of employment generators is to use spending multipliers for all the contract works depending upon the timing of the spend. Insight Economics Limited has provided the current spending multipliers which are applied to calculate both the direct component, which measures the increase in employment associated with the building contractors themselves and their direct suppliers (i.e., sub-contractors). The flow-on effects measure the impacts of wider supply chain spending (spending by sub-contractors with their own suppliers) and the induced effects of additional spending caused by the overall increases in employment. The latter (the induced effect) captures the fact that the building work increases employment and therefore boosts household incomes, some of which will be spent in the local economy and hence give rise to further economic impacts.

Subdivision employment numbers are estimated from both resource planning work and the use of a lower multiplier for the flow on effect. House building FTEs are based on current residential construction multipliers for both direct and indirect labour per \$1m of building spend. Direct labour is currently calculated at 2.4 FTE per \$1m and flow on at 9 FTE per \$1m. Note that land cost is not included in this calculation as it is assumed to be a sunk cost which generates no further additional employment. Costs are estimated using current cost estimates with no allowance for inflation over the project period.

The methodology used is consistent with the recent Covid-19 Fast Track Consent application lodged for the applicant's Beachlands Project which was referred by the Minister for Environment to the Expert Consenting Panel for consideration and subsequently approved.

Subdivision employment can be broken down into three areas. The initial phase and ongoing through each stage consists of the professional input required to obtain the necessary consents and engineering approvals to undertake the project. Once the project is live then there will be a requirement for on-going staff to both manage and monitor the project.

Subdivision Design and Consent FTEs - In House Staff and Consultants

Planning
Engineering
Architectural
Environmental
Stormwater
Traffic engineering
Geotechnical engineering
Contamination
Landscape
Acoustic
Legal
Accounting
Real Estate

Subdivision Construction FTEs - Including Site Project Management & Supervision

Construction Manager
Development Manager
Design Engineers
Site engineers
Site Foreman / supervisor
Health & Safety Manager
Workshop Maintenance
Surveyors
Quantity Surveyor
Contractors' administration & HR support
Visiting Consultants (geotechnical, traffic, environmental, council inspectors)
Earthworks machine operators
Drainage crews
Roothing crews

These people will be employed throughout the period of the subdivision construction to both supervise manage and build the works on site, comprising a mix of full time and part time employees and consultants. The estimated full-time jobs generated as a result of these management positions are shown in the first two rows of the table below.

The civil engineering works will be carried out by specialist contractors in order to create all the bulk earthworks, roading, services, culverts, landscaping, drainage, water supply and other works necessary to give effect to the subdivision resource consent and the approved engineering design. These are both machine operator positions and skilled operators including those of sub-contractors undertaking the physical works on site. These are estimated from resource planning over the life of the subdivision.

Indirect Flow-on FTEs from Subdivision

In addition to direct works there are full time equivalent positions created as a result of the subdivision project works. For example, the project will allow continued employment for around 25 people within The Neil Group Head Office as it will provide for a continual workstream throughout for the business. There will also be economic spend within the local area and the downstream employment created for suppliers and of all the plant and raw materials as well as spin off for the local community in local retail,

hospitality and services. These FTE equivalents are all captured using a multiplier of 2.4 per \$1 million of spend. As a result it is estimated that full time work will be generated for approximately 62 people in the building of the subdivision each year that it is in full production.

Once each stage of the subdivision works is completed, Council will issue a 224c certificate and separate freehold titles can be applied for. Housing construction can then commence once the 224c certificate is issued for each stage of the subdivision works and possession of the individual sites passes to the housing developer.

The building multipliers for construction are based upon the dollar spend for the housing and industrial building construction works with a multiplier of 2.4 used for direct employment per \$1 million of spend and 9.0 for the indirect employment per \$1 million of spend.

House and industrial premises build numbers are expected to occur at a peak annual build spend of up to \$30 million per year with the build programme lasting for five years. This spend is in addition to the cost of the subdivision.

The table below shows the effects of the multipliers of dollar spend for both the subdivision and the follow-on building work as each stage of development is undertaken. At its peak with subdivision still occurring and building taking place on already completed lots, the project is expected to generate just over 400 FTE positions.

Teal Park - Estimated FTE Employment Numbers

	2023	2024	2025	2026	2027	2028
Subdivision Design & Consents - Direct FTEs	4	8	8	8	4	0
Subdivision Construction - Direct FTEs estimated	4	30	30	30	10	0
Subdivision - Indirect Flow On FTEs	7	24	24	24	7	0
Total Subdivision FTEs	15	62	62	62	21	0
House and Industrial Building - Direct FTEs	0	4.8	60	72	72	43.2
House and Industrial Building - Indirect Flow On FTEs	0	18	225	270	270	162
Total House and Industrial Building - FTEs	0	22.8	285	342	342	205.2
Sales and Marketing - Direct FTEs	0	0	0	2	5	5
Total FTE jobs per year	15	85	347	406	368	210

s 9(2)(b)(ii)

This local provision of employment and business will significantly reduce commute distances for companies currently locate elsewhere. There is an ongoing shortage of business premises in the Northwest of Auckland, which this project will go some way to alleviating.

Ongoing Local Employment

Providing approximately 9,000 m² of commercial space and café, the project is expected to create more than 100 FTE jobs in Whenuapai.

In a recent economic report prepared by Insight Economics for the applicant's Whenuapai Business Park the average industrial workspace ratio (WSR) was estimated at about 1 person per 80 square metres of gross floorspace. Applying this ratio to the proposal's estimated industrial floorspace of 85,200 square metres indicates that the proposal could support permanent future employment for about 110 people.

This local provision of employment and business will also significantly reduce commute distances for companies currently located elsewhere. There is an ongoing shortage of business premises in the Northwest of Auckland, which this project will go some way to alleviating.

Housing

The proposal will also supply 273 houses to the market, in several different typologies. The range of housing typologies proposed will also provide more affordable homes at a time when house prices are rapidly escalating and moving beyond the reach of many Auckland residents. Terrace house formats in particular provide an affordable option due to the smaller lot sizes and the resultant lower land component in the overall housing cost.

Provision of more houses in this location will assist to support accommodation for Base Auckland (NZDF) personnel, local businesses in the Whenuapai village, Westgate and Hobsonville commercial centres. It is also considered that the proposed development contributes to a well-functioning urban environment, as it provides for employment adjacent to increased residential density near a motorway interchange, established centres and transport facilities, and provides a high-quality urban design response to the site.

Timing

Significantly, the project will progress considerably faster by using the processes provided by the Act than would otherwise be the case. Auckland Council issued a Structure Plan for Whenuapai in September 2016. Its Future Urban Land Supply Strategy 2017 identified this land to be "development ready" in the period from 2018-2022 and initiated a Plan Change in 2017 to that effect.

Auckland Council withdrew Proposed Plan Change 5 (Whenuapai) in June 2022 citing lack of infrastructure funding. The subject land was destined to be re-zoned for urban development under PC5, and now remains Future Urban Zoned.

The applicant has already completed 75% of the bulk earthworks required for this project under an existing land use consent.

Extensive design and council consultation has taken place on the project and it is now "shovel ready".

The processes enabled by the COVID-19 Recovery (Fast-track Consenting) Act 2020 would facilitate the start of civil works on the land commencing in 2023 with housing and business premises expected to be available from late 2024 onwards.