These effects are usually measured in terms of:

- **Contributions to value-added (or GDP).** GDP measures the difference between a firm's outputs and the value of its inputs (excluding wages and salaries). It captures the value that a business adds to its inputs to produce its own outputs.
- **The number of FTEs employed** this is measured in terms of full-time equivalents, which combines part-time and full-time workers to provide a single employment metric.
- Total wages and salaries paid to workers, which are reported as 'household incomes.'

In addition, we estimated likely ongoing GDP, jobs, and wages for the 28 industrial units and café.

Implementing the Methodology

We developed a land development and building construction model to capture the financial flows of the two activities by stage, which were then overlaid with corresponding economic multipliers to derive their one-off impacts on national GDP, incomes, and employment. To estimate ongoing effects, we converted each non-residential building's GFA to estimates of annual turnover, from which GDP, Jobs, and wages were then derived.

Development Inputs and Assumptions

NCL informed us that subdivision costs, excluding land purchases, are expected to total around^{s sectorm} with building construction expected to cost an additional s 9(2)(b)(ii) (both excluding GST). We used these estimated costs to calculate the project's likely one-off impacts.

Summary of Impacts on GDP, Jobs, and Wages

We combined the methodology and inputs above to estimate the one-off impacts tabulated below. Please note that these exclude induced effects to keep the analysis as conservative as possible.

| Table 1. one of Leonome impacts of the Proposed Development | | | | |
|---|--------|----------|-------|--|
| Subdivision | Direct | Indirect | Total | |
| FTEs – 42 months | 39 | 48 | 87 | |
| GDP – \$m | \$18 | \$23 | \$41 | |
| Wages/Salaries – \$m | \$11 | \$12 | \$23 | |
| | | | | |
| Building Construction | | | | |
| FTEs – 36 months | 105 | 285 | 390 | |
| GDP – \$m | \$45 | \$110 | \$156 | |
| Wages/Salaries – \$m | \$20 | \$56 | \$76 | |
| | | | | |
| Project Totals | | | | |
| FTE-Years ¹ | 450 | 1,025 | 1,475 | |
| GDP – \$m | \$63 | \$133 | \$197 | |
| Wages/Salaries – \$m | \$31 | \$68 | \$99 | |

| Table 1: One-Off Economic | Impacts of the | e Proposed | Development |
|---------------------------|----------------|------------|-------------|
|---------------------------|----------------|------------|-------------|

¹ FTE-years equals the number of FTEs employed multiplied by the duration of employment. Thus, for example, 100 FTEyears could mean 100 people employed full time for 1 year, or 10 people employed full time for 10 years, and so on.

Table 1 shows that the various activities involved with the proposal will have significant impacts. Including indirect/flow-on effects, our analysis suggests that developing the land and buildings could have the following impacts:

- A one-time boost in GDP of nearly \$200 million;
- Employment for 1,475 FTE-years (e.g. 295 full-time employees for 5 years); and
- Additional household incomes of nearly \$100 million.

To estimate the corresponding annual impacts once operational, we converted the GFA of each nonresidential building into future jobs/workers using indicative rates of GFA per worker. The table below presents the details, where approximately 120 people could work onsite once fully operational.

| Activity Types | GFA | GFA/Job | Jobs | |
|------------------------------|-------|---------|------|--|
| Warehouse | 4,470 | 140 | 32 | |
| Warehouse - ancillary office | 1,130 | 30 | 38 | |
| Industrial | 3,380 | 90 | 38 | |
| Café | 250 | 20 | 13 | |
| Totals | 9,230 | 77 | 120 | |

| Table 2: | Estimating | Ongoing O | nsite Emp | oloyment |
|----------|------------|-----------|-----------|----------|

These job estimates were then translated into annual revenues, GDP, and wages using Statistics New Zealand's latest national accounts data by industry. Applying these to the 120 workers projected to work onsite suggests that the land could have the following annual economic impacts:

- Output/revenue of \$39 million;
- Employment for 120 FTEs;
- Wages/salaries of \$8 million; and
- GDP of \$14 million.

Support for Covid-Affected Workers

Although New Zealand initially did an outstanding job of stopping the spread of Covid-19 by entering lockdown earlier than most other countries, and has also benefitted from its isolated geography, the pandemic's economic effects have ultimately been profound.

While the proposed development is not a panacea for the economic woes foisted on the regional and national economies by the pandemic, it will provide a strong, short-term demand for labour, some of which can potentially be filled by workers that have lost their jobs to Covid-19. Indeed, with construction expected to provide full-time national employment for hundreds of people for four to five years, it will provide a much needed short-term economic stimulus.

The economic merits of this are strengthened by the fact that The Neil Group (NCL as applicant) and MLDL are experienced and well-resourced applicants who, I understand, are ready to commence this project immediately upon sign-off. This will help ensure that the employment figures estimated herein crystallise into real job opportunities for an affected workforce as soon as technically possible.

Project Acceleration

Not only will the project provide meaningful employment for a wide range of local workers, as illustrated above, but it will likely progress considerably faster via the Covid-19 (Fast-Track Consenting) Act 2020 (FTCA) process than would otherwise be the case.

At this stage, the Auckland Council's Future Urban Land Supply Strategy 2017 (FULSS) identifies Whenuapai Stage 1 (which includes the site) as being 'development ready' in 2018–2022. Stage 1 in the FULSS is the same area as the Plan Change 5 (PC5) area. PC5 was promulgated by Auckland Council to rezone the land and was subsequently withdrawn on 16 June 2022 due to infrastructure funding (a matter the applicant is directly addressing).

There is no significant debate about the future of Whenuapai, but rather the issue is simply about timing as the release of land for urban development is well behind schedule. The processes enabled by the FTCA would facilitate civil works for forming the subdivision commencing on the site mid-2024, and provide greater certainty around the timing.

Were this development to follow a "standard" consenting pathway, it would first require a plan change to rezone the land (taking approximately 15–18 months), and then resource consents to provide for this specific development. If there were appeals to the plan change or subsequent resource consent applications, that would add additional time. It is noted that at present Auckland Council has a 2 week+ delay to simply allocate resource consent applications to a planner for processing. When applications are allocated, the time period for section 88 check has been extended by 10 working days, and the time period for making a decision on notification and on the substantive merits of the application has been extended by 20 working days. In summary a typical/simple consent application is taking up to 90 working days (at a minimum), which does not take into account the additional delays experienced internally with Council specialists and multiple requests for further information.

If the proposal is subjected to a notified resource consent process, this could take more than two years, with several factors prolonging the process. They include:

- Multiple rounds of further information requests under section 92 of the RMA;
- Submitters raising unexpected or complicated issues during public consultation;
- Lengthy evidence exchange periods prior to the hearing;
- The number of witnesses required to give evidence at the hearing;
- Long periods taken to reach a decision; and
- The numerous tasks associated with potential appeals to the Environment Court.

Attachment A demonstrates the potential complexity of a fully-notified RMA consent process. By avoiding this, Fast-Track consent will help bring forward the project significantly, and therefore help New Zealand recover from the devastating effects of Covid-19 faster than it likely will do otherwise.

I trust that this memo provides all the information that you need for now, but please let me know if you need anything further.

Sincerely,

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Fraser Colegrave Managing Director Insight Economics Limited