

Technical Memo

To:	Neil Construction Limited c/o Campbell Brown Planning	From:	Fraser Colegrave
Date:	Thursday, 12 January 2023	Page:	4 (including this page)
Subject:	Estimated One-off Impacts of Fast Track Application for Tōtara Landing		

Thank you for your recent contact about the Fast Track application lodged by Neil Construction Limited (NCL) for the Tōtara Landing development in Whenuapai. As requested, this memo presents our estimates of the development's likely one-off impacts on GDP, jobs, and wages.

Our Understanding of the Development

The proposed development is described in detail in the Fast Track application sent to us. In summary, it provides for 244 residential lots, 229 of which will be sold down as vacant sites, and 15 of which will have dwellings constructed.

Structure of this Memo

The remainder of this memo is structured as follows:

- A brief description of the methodology used to calculate one-off economic impacts;
- A summary of the assumed costs of land development and dwelling construction;
- The estimated impacts of the development on GDP, jobs, and wages;
- The project's support for Covid-affected workers; and
- Commentary on the likely extent of project acceleration via the Fast Track pathway.

Methodology for Calculating Impacts on GDP, Jobs, and Wages

The process of developing the land, then planning, designing, and constructing the proposed dwellings will create jobs and incomes for numerous Auckland workers. We quantified the likely one-off economic impacts of these activities using a technique called multiplier analysis, which enables the wider economic impacts of a change in one sector (or sectors) to be traced through to estimate the overall impacts, including flow-on effects. These impacts include:

- **Direct effects** – which capture onsite activities directly enabled by the project, plus the impacts of businesses that supply goods and services directly to the project; plus
- **Indirect effects** – which arise when businesses working directly on the project source goods and services from their suppliers, who in turn may need to source good/services from their own suppliers, and so on; and
- **Induced effects** – which occur when a share of the additional wages and salaries generated by the project (directly or indirectly) are spent in the local/regional economy and therefore give rise to additional rounds of economic impacts.

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.'

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.

Development Inputs and Assumptions

NCL informed us that subdivision costs, excluding land purchases, are expected to total around \$35 million, with dwelling construction expected to cost an additional \$150 million (both excluding GST). We used these estimated costs to calculate the project's likely one-off impacts.

Summary of Estimated Economic Impacts

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-Off Economic Impacts of the Proposed Development

Subdivision	Direct	Indirect	Total
FTEs – 40 months	28	35	63
GDP – \$m	\$12	\$16	\$28
Wages/Salaries – \$m	\$8	\$8	\$16
Dwelling Construction			
FTEs – 48 months	69	156	225
GDP – \$m	\$39	\$81	\$120
Wages/Salaries – \$m	\$17	\$41	\$58
Project Totals			
FTE-Years ¹	370	740	1,110
GDP – \$m	\$51	\$97	\$148
Wages/Salaries – \$m	\$25	\$49	\$74

¹FTE-years equals the number of FTEs employed multiplied by the duration of employment. Thus, for example, 100 FTE-years 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. In fact, including indirect/flow-on effects, our analysis suggests the various tasks associated with developing the land and associated dwellings could have the following impacts:

- A one-time boost in GDP of nearly \$150 million;
- Employment for 1,110 FTE-years (e.g. 278 full time employees for 4 years); and
- Additional household incomes of \$74 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 boost in short term economic stimulus.

The economic merits of this short-term stimulus are strengthened by the fact that The Neil Group (Neil Construction Limited as applicant) is an experienced and well-resourced applicant who, I understand, is 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 gaining approval via the Fast-Track process will also help those jobs to be created sooner than they likely would otherwise. It is considered that the project would progress considerably faster by using the processes provided by the Covid-19 (Fast-Track Consenting) Act 2020 (FTCA) than would otherwise be the case. At this stage, the Auckland Council's Future Urban Land Supply Strategy 2017 identifies that this land will be released for urban development in the period from 2028-2032 – at least six years from now. The processes enabled by the COVID-19 Recovery (Fast-track Consenting) Act 2020 would facilitate physical work on the site commencing in 2024.

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 (which can be exacerbated by the higher onus associated with non-complying consents. i.e. the gateway tests);
- 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 consent process under the RMA. By avoiding these lengthy processes, gaining Fast-Track consent instead will help bring forward the project by approximately 3 years, 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,



Fraser Colegrave
Managing Director
Insight Economics Limited

RESOURCE CONSENT PROCESS FOR NOTIFIED/LIMITED NOTIFIED APPLICATIONS

1. APPLICATION LODGEMENT AND COMPLETENESS ASSESSMENT

Section 88 allows the local authority to check the application for completeness, before accepting it for processing.

2. FURTHER INFORMATION

3. NOTIFIED/LIMITED NOTIFIED APPLICATIONS

Notified and limited notified resource consents can involve two decision paths – those that do not require a hearing and those that do require a hearing. The processing time for such applications varies between 60 and 130 working days.

