

BEFORE THE TIMARU DISTRICT COUNCIL HEARINGS PANEL

IN THE MATTER OF the Local Government Act 2002

AND the Draft Growth Management Strategy

**Statement of evidence of Timothy Carr Walsh on behalf of Michelle
Thompson, the South Canterbury Chamber of Commerce, and Davis
Ogilvie (Aoraki)**

Date: 6 December 2017

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Introduction

1. My name is Timothy Carr Walsh. I am a self-employed resource management planner. I own a planning consultancy called Perspective Consulting.
2. I hold a Bachelor of Science (Honours) degree and a Master of Science degree from the University of Canterbury. I am also an Associate member of the New Zealand Planning Institute.
3. I have approximately 12 years of experience as a resource management planner, working in local and central government, and as a consultant. I have been the director for Perspective Consulting for approximately 8 months. A summary of my qualifications and past experience is in Appendix **TCW1**.
4. I have been asked by Michelle Thompson, the South Canterbury Chamber of Commerce (**'the Chamber'**) and Davis Ogilvie (Aoraki) to provide evidence in relation to their submissions on the Timaru District Draft Growth Management Strategy (**'the draft Strategy'**).

Code of Conduct

5. Although this is not an Environment Court matter, I note that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014. I have complied with it in preparing this evidence and I agree to comply with it in presenting evidence at this hearing. The evidence that I give is within my area of expertise except where I state that my evidence is given in reliance on another person's evidence. I have considered all material facts that are known to me that might alter or detract from the opinions that I express in this evidence.

Scope

6. I have been asked to provide evidence principally focused on the growth assumptions that have been used to inform the development of the draft Strategy, and the overarching direction of the draft Strategy.

7. Ms Thompson's submission follows the prescribed survey format and therefore covers several topics. This evidence focuses on comments made in the submission in respect of industrial land needs, specifically at Washdyke.
8. The Chamber submission expresses a concern that the growth assumptions used to underpin the draft Strategy are overly conservative. It recommends that Council plan for a higher growth scenario alongside the current planning for modest growth.
9. The Davis Ogilvie submission expresses general concerns regarding the conservative nature of the growth assumptions and the consultation undertaken, and recommends the inclusion of deferred zones. It also includes more specific planning matters relating to industrial and residential land and transport.
10. Key documents I have used in preparing my evidence include:
 - a. the Consultation Summary and Officer Recommendations report (**'the officer's report'**);
 - b. The updated draft Strategy as appended to the officer's report;
 - c. the National Policy Statement on Urban Development Capacity (**'NPS-UDC'**);
 - d. the Canterbury Regional Policy Statement (**'RPS'**);
 - e. the submissions of Michelle Thompson, the Chamber and Davis Ogilvie.

Introduction

11. On the basis of low growth projections, the approach set out in the draft Strategy is one of overall consolidation. This direction is clearly set out in the opening paragraphs in Part A:2 of the draft Strategy.

12. This evidence questions whether modest growth is indeed a “reality”, and suggests that there is benefit in also planning for an alternative higher growth scenario.

Consultation

13. Before considering the growth assumptions that underpin the draft Strategy, it is worth briefly touching on the consultation that Council has undertaken – an aspect that Davis Ogilvie has raised concerns about.
14. As is traditional in developing policy documents such as growth management strategies, Council sought feedback on an initial issues and options paper and then invited submissions on the draft Strategy. Relative to the population size of the District, a low number of submissions were received. This is perhaps unsurprising given the Strategy will be a non-statutory document with no direct implications for individuals and businesses. Given the low number of submissions, we cannot be certain that they are representative of the community’s views. For this reason, I consider that Council cannot rely on the response as any sort of mandate, particularly given the importance and long running implications of the document (if not in a statutory sense, but in a non-statutory forward planning sense).
15. While the consultation method used is standard practice, I consider that to gather the information required to inform a strategic document such as this, it is necessary to go beyond the traditional democratic participation method by engaging in a process of open dialogue with key stakeholders. While Council has made an effort to target some stakeholders, the majority of meaningful engagement appears to have been with government or government owned institutions and infrastructure providers, but not extensively with industry stakeholders.
16. For this reason, and to assist the development of the draft Strategy, the Chamber recently reached out to a selection of the largest

companies¹ that operate in the District to gather information of their recent growth. The data collected is included at Appendix **TCW2**. It is not a complete data set, but it does help form a picture of recent business growth trends.

17. I note that most of the businesses the Chamber has contacted have had no direct engagement with Council in relation to this draft Strategy. While they may have been notified via the Council mailing list, in most cases this did not lead to direct engagement and gathering of useful data.

Foundation for Growth

18. To help demonstrate the District's features that provide a foundation for growth, I refer to my own recent experience in moving here from a large metropolitan centre. In September this year after, my wife and I moved our family from Christchurch after my wife accepted an offer for a role in a local law firm. In making the decision to shift towns I carefully considered the advantages of the District as I wanted to be confident the move would be a positive step. In view of the features of the District which are outlined below, I considered (and still do consider) that it is an attractive place to live, work and play, and has a strong foundation for enhancement and growth building on its strengths.
19. The District is well located approximately midway between the South Islands two major metropolitan centres (Christchurch and Dunedin). It has good transport links by sea, air, rail and road and an economy mainly based on a strong and growing primary production sector with related processing and manufacturing. In the ten years to 2015, the District's annual GDP per capita growth was roughly 2% annually

¹ These companies include Oceania Dairy, Dominion Breweries, Silver Fern Farms, Fonterra, Sanford, Thompson Construction and Engineering, Hilton Haulage, Alpine Energy and Presbyterian Support Services.

(compared to under 1% nationally) mainly on the back of a growing dairy sector with associated support activity².

20. The cost of living is affordable (relative to the national average) and the District offers a relaxed lifestyle. The District provides a high standard of education and offers good career/business opportunities, particularly for ambitious individuals/companies. It also offers enviable recreational opportunities and facilities, either within the District or close by. People often comment that it is an ideal place to raise a family.
21. Timaru itself is a compact and highly accessible urban centre with sufficient critical mass to offer a metropolitan experience while retaining a small-town community dynamic. It has a character-rich and vibrant main street and provides a good retail and food & beverage offering. Perhaps the jewel in the crown is the well renowned Caroline Bay which contains the only sandy swimming beach between Christchurch and Oamaru.

Indications of Growth

22. Council has developed separate industrial/commercial and household projections which is the correct approach given the two are independent of one another. But while demographic growth does not necessarily relate to economic growth (and vice versa), there is often a relationship between them. In the Timaru context we might expect population/household growth as result of growth in the industrial sector.
23. Indeed, this appears to be the case recently. The latest Informetrics *Quarterly Economic Monitor* reports a population rise of 400 in the year to June 2017. This appears to correlate well with the data collected by

² BERL, Orari-Temuka-Opihi-Pareora Zone: Current state economic assessment, September 2016

the Chamber (attached at Appendix **TCW2**) which indicates significant employment growth (as well as general business growth).

24. As set out in the officer's report, the household projections are as per the updated 2017 Statistics New Zealand ('**SNZ**') medium series projections in accordance with the NPS-UDC. As acknowledged in the officer's report, the SNZ projections are not predictions. Although SNZ carefully formulate assumptions about future fertility, mortality, migration, and living arrangement type patterns of the population to develop the projections, it notes that they are subject to uncertainty.

25. In SNZ's information on its projections, it notes that the:

projections do not take into account non-demographic factors (for example, war, catastrophes, or major government and business decisions) that may invalidate the projections³.

26. The updated SNZ projections show the District population growing by 700 over the first three years of the 30-year Strategy period. However, population growth over the past year is almost 60% of total projected growth for the entire first three years. This may simply be a spike within the projected trend. Equally, it may be the beginning of a sustained period of growth on the back of recent investments, including for example, in the port, in irrigation and in fisheries. Other factors such as the possible oil field off the coast of Oamaru and the new Government's focus on regional investment may also contribute to higher than expected business and household growth.

27. The data included at Appendix **TCW2** covers businesses involved in the construction, manufacturing, food processing, transport and logistics, and accommodation sectors.

28. Notably, of the businesses that provided employment data, the average employment growth was approximately 15% over the past year with continued growth in employment planned in 2018. Further,

³ National Family and Household Projections information, page 3

we see strong growth in production, which is likely a result of significant capital expenditure in recent years (with further capital expenditure planned).

29. The increased business activity appears to be influencing significant growth in the transport and logistic sector. I note that Prime Port experienced a 13% increase in cargo volumes over the past year (excluding containers) as recorded in its annual report. Further, over the past two years Timaru Container Terminal Limited have experienced over 16% growth in the number of twenty-foot equivalent units (from 71,000 in 2015 to 84,900 this year). I understand that there are proposed developments in the pipeline that could substantially increase container volumes.

Planning for Higher Growth

30. Based on the modest growth predictions Council has used, I generally agree (in part) with the approach recommended in the officer's report and reflected in the draft Strategy. I also agree that section 31 of the Resource Management Act 1991 and the NPS-UDC sets a statutory basis to ensure that sufficient development capacity is provided to meet demand now and into the future. But while they set a minimum requirement, they do not prevent Council from planning for a higher growth scenario.
31. Presently, the draft Strategy predicts modest growth, stagnation and decline, and provides for that outcome accordingly. As suggested above, the projections Council is relying on may be inaccurate. Further, I suggest that the planned outcome may not reflect the future aspirations of the community, but it is likely to occur if planning is solely focused on that scenario. A different approach is to identify the desired outcome in 30 years and work backwards. This is the concept of 'backcasting' (as opposed to forecasting) which is an accepted planning method (although not often used in the New Zealand context). It is a mechanism to potentially enable better planning / decision-

making in respect of issues which can be difficult to resolve (such as aging population demographics).

32. Backcasting involves exploring medium to long term issues through plausible scenarios using rational analysis and subjective judgement. The process permits and encourages open discussion (particularly involving people/groups with a special interest and knowledge about the future) on contested topics.
33. In light of uncertainty and conflicting views around growth projections, I recommend using the backcasting method to inform development of the Strategy. The process is likely to recommend an approach where, in addition to the current direction, the draft Strategy identifies areas where expansion would most logically occur if growth levels warrant, and identify (initially at a high level) what additional infrastructure (and/or changes to existing infrastructure) would be required to support expansion.
34. An example of where the Strategy could identify expansion opportunities is north of the current Washdyke industrial area. The locational advantages of Washdyke with its developing infrastructure make it ideally placed to cater for future industrial expansion with additional connections to State Highway 1 (see the Davis Ogilvie submission).
35. While it might be some time before further land is required, it is necessary to plan early given the long lead in time between planning and release of 'shovel ready' land to the market (as explained in the Davis Ogilvie submission). I note that official planning for the current Washdyke industrial expansion area began approximately ten years ago and much of the infrastructure is yet to be put in place today. This has been a source of frustration for Ms Thompson. She frequently receives enquiries (on behalf of Thompson Construction and Engineering) from businesses interested in establishing in the area, but is unable to provide certainty around timeframes given uncertainty

around infrastructure provision. This situation would ideally be avoided come the next release of land.

Implications of Planning for Higher Growth

36. The two major benefits of planning for higher growth is ensuring that the District is ready to accommodate additional demand if and when required, and sending a positive investment signal to industry.
37. Conversely, I consider that there is little or no disadvantage in identifying and planning for potential expansion as long as expectations are managed appropriately. Identified expansion areas would be robustly tested through the District Plan review process, and any new zoning would likely be initially deferred with clear parameters for release. No expenditure on infrastructure would be required if a higher level of growth does not transpire.
38. I acknowledge that the draft Strategy includes monitoring and review directions which would allow adjustments to be made – an approach with which I agree. However, making incremental adjustments over time to realign planning with actual growth levels would potentially undermine the strategic benefits of also planning for a higher growth scenario from the outset. The approach I recommend would likely place more emphasis on monitoring with less (potentially no) need for review.

Conclusion

39. The District has locational advantages as well as high quality natural and physical resources which provide a good platform for growth provided that it is business ready. There appear to be opportunities the District could capitalise on (including for example in the bulk storage and value add food processing sectors) but overly conservative planning may preclude realising these opportunities.
40. While Council has followed standard practice, I consider that the consultation process has not captured the views of all key stakeholders (and data they hold). Accordingly, Council may not have an accurate

picture of current and future growth trends. Actual current business and population growth trends may be higher than reflected in the information/advice presented to Council.

41. A backcasting approach would likely recommend that the Strategy also includes planning for a higher growth scenario (in addition to the current consolidation approach). Such an approach would ensure that the District is ready to accommodate additional demand if and when required. Planning for a higher growth scenario would also send a positive investment signal to industry.

A handwritten signature in blue ink, appearing to read 'Timothy Carr Walsh', is positioned above the printed name.

Timothy Carr Walsh

6 December 2017

APPENDIX TCW1: QUALIFICATIONS AND EXPERIENCE

Qualifications

- 2011, Master of Science in Geography, University of Canterbury
- 2005, Bachelor of Science with Honours in Geography, University of Canterbury

Affiliations

- Associate member of the New Zealand Planning Institute

Relevant Experience

- Strategy and policy development including problem definition, issue scoping, public consultation, drafting, and written and verbal communication with decision makers including elected representatives;
- Strategic advice, evaluation and risk mitigation for projects;
- Project management and coordination of technical experts;
- Urban regeneration and disaster recovery;
- Planning for the integration of transport and land use;
- Planning and strategic aspects of business case development;
- Processing resource consent applications;
- Preparation of resource consent applications and assessments of environmental effects;
- Involvement in district plan changes; and
- Preparation of expert evidence (council & Environment Court)

Selected Employment Summary

- 2017 – present, Director, Perspective Consulting, Timaru
- 2015 – 2017, Senior Planner, Novo Group, Christchurch
- 2013 – 2015, Senior Advisor, CERA (Christchurch Central Development Unit), Christchurch

- 2012 – 2013, Acting Principal Planning Advisor, New Zealand Transport Agency, Christchurch
- 2011 – 2012, Senior Planning Advisor, New Zealand Transport Agency, Christchurch
- 2007 – 2010, Resource Management Planner, Southern Planning Group, Queenstown
- 2005 – 2007, Resource Management Planner, Civic Corporation Limited, Wanaka

APPENDIX TCW2: BUSINESS ACTIVITY INFORMATION

The following data/information was collated from the following businesses, either provided directly from the business and/or sourced from publicly available information:

Oceania Dairy, Dominion Breweries, Silver Fern Farms, Fonterra, Sanford, Thompson Construction and Engineering, Hilton Haulage, Alpine Energy and Presbyterian Support Services.

Business 1

Employment growth

2016: 79 FTEs ('Full Time Equivalent Employees')

2017: 208 FTEs

2018: planning to employ another 50 FTEs

Truck movements

Increased by 15% over the past year

Product processed

2016: 209 million litres

2017: 232 million litres (15% increase in volume)

Business 2

Capital expenditure and product processed

Year	Capital expenditure	Volumes processed
2014	\$5.1 million	285,725 hectolitres (100 litres)
2015	\$2.2 million	283,933 hectolitres
2016	\$4.3 million	326,898 hectolitres
2017	\$1.1 million ongoing	370,896 hectolitres

Employment

50-70 FTEs with up to three shifts at peak season

Business 3

Employment growth

2016: 514 FTEs

2017: 570 FTEs

Capital expenditure

\$7m in the last 12 months with a further \$1m now to be spent

Business 4

Employment growth

2016: 336 FTEs

2017: 436 FTEs

Further expansion planned.

Capital expenditure

\$27m spend in 2017

Business 5

Facility expansion

30% increase in facility size (9000sq m) in 2017 costing \$240 million.

Employment growth

2016: 870 FTEs

2017: 920 FTEs

2018: plans to employ additional staff up to 970 FTEs

Business 6

New builds in the Washdyke industrial area

Year	New building footprint*
2014	26,000m ²
2015	24,240m ²
2016	22,990m ²
2017	Some minor intensification

* excludes hardstand areas

The above buildings and associated hardstand areas and landscaping occupies seven sites and occupies 127,500m² of land.

The forecast for 2018 is for another 30,000m² of land to be occupied by new buildings.

Business 7

Business growth

Compounding growth of 15% over the last 10 years. Forecast growth 8-10% per annum over the next 7-10 years.

Employment growth

2016: 321 FTEs

2017: 370 FTEs

The business also employs an additional 50 part-time staff in peak season.

Business 8

Employment growth

12% increase in FTEs and forecast is for further growth

Business 9

Volume growth

2015: 71,000 TEUs ('**twenty-foot equivalent units**')

2016: 84,400 TEUs

2017: 84,900 TEUs

Commentary from the businesses in respect of the draft Strategy:

The plan does not appear to look at the consequence/impact of not enough usable or accessible industrial land and other facilities. Wet industries in particular, need to be appropriately located to be able to access suitable wastewater treatment and disposal and to enable for the efficient planning of future wastewater treatment needs.

The security as well as the availability of industrial land needs to be addressed. In order for longer term security of investments; industry needs to know it will not be impeded or squeezed out by the encroachment of more sensitive activities.

In parallel to providing additional industrial land, current areas need to be adequately protected from encroachment from more sensitive activities. Industrial land is limited and industrial activities are constrained to operating in those areas. Impediments to operations from incompatible neighbouring activities can affect efficiencies and reduce certainty and security of operations.

For those businesses in rural located industrial areas, it is unclear if the plan has taken this into account; more in regards to infrastructure than available land.