

Phil Osborne for QLDC – Summary of evidence 02 May 2016 – Chapter 21 Rural and 33 Indigenous Vegetation and Biodiversity, Hearing Stream 2

My economic evidence covers the following economic matters relating to the notified rural land provisions of the PDP:

- (a) tourism is a significant contributor to the Queenstown Lakes District's (**District**) economy;
- (b) tourism and its economic contribution relies heavily on outstanding natural landscapes;
- (c) the potential level of qualitative risk to the rural landscape based on continued, and inappropriate, tourism activities in these zones (permitted/ controlled status); and
- (d) the potential level of qualitative risk to tourism activity based on a discretionary status.

The strength of Queenstown Lakes District (**District**) economy is predicated on the level of tourist activity generated by its established activities and its renowned natural landscape. This natural environment is considered by the District's residents to be *'the area's single biggest asset'*.¹ Visitors spent over \$2b in the District last year and contributed over \$650m to annual GDP while supporting in excess of 5,500 jobs.

The economic impetus generated through the District's profile also supports the wider Regional economy with tourism contributing over 25% to Otago's economy.

This level of tourist activity is expected to grow substantially over the next 15 years with growth rates of around 6% per annum projected. This would imply a nominal growth rate that would be of the most influence to the Regional economy. This level of economic activity is ultimately supported by the District's competitive advantage and marketability which includes both the level of tourist activities located in the District and the natural environment in which it sits.

While recognising the value of these tourist activities in the Strategic Chapters of the PDP, it is also important that the Council recognises the vulnerability of the natural environment in which they sit and ultimately rely. As with most strategic assets the economic value associated with them is susceptible to conflicting uses. It is important that these activities are managed in a way that is consistent with the direction and objectives of the PDP and the

¹ <http://www.qldc.govt.nz/assets/Uploads/Council-Documents/Strategies-and-Publications/Queenstown-Lakes-Economic-Development-Strategy-Consultation-Document.pdf>.

higher order provisions of the RMA, but particularly from an economic perspective in a manner which best provides for the community's economic well-being.

In his evidence Mr Copeland identifies the potential economic value associated with the provision of other residential and commercial activities within the SASZs and outlines high level competitive and clustering benefits associated with this. He also states that any resulting impact on the environment is likely to incur economic costs for the entire District. Having identified the issue that the QLDC wishes to manage he then suggests that the impacts would be detrimental to the developer and as such they will regulate themselves to ensure this does not occur.

The Council is concerned with the well-being of the District as a whole and as such it is important that it gives consideration not only to the potential of a diminished natural environment to the individual commercial entities but to the whole sector and the community. In the case of Queenstown's natural environment, the decisions of individuals potentially impact the wider economy therefore it is prudent that the Council seeks to manage this resource effectively.

Agriculture in the District continues to struggle in terms of growth and viability while supporting 500 EC's and generating \$50m last year in GDP. However, the role of agriculture goes beyond simply this productive role in safeguarding the natural landscape from 'inappropriate' activities that would put this strategic asset at risk. This is identified by both Dr Read in her evidence for the Strategic hearing and in the RPS. Having said this however, the position notified by Council does not seek to establish a more permissive environment for farming but simply to retain the provisions that exist under the Operative Plan.

While identifying the role that farming has to play in the management and protection of the natural landscape it is important to note that these are not the only activities that the PDP considers potentially appropriate. In this regard both Mr Copeland and Mr Hazledine appear to have based their evidence on the incorrect assumption that the Council is seeking to 'prop up' a minor economic contributor. Rather, it is my understanding that the policy regulation proposed by the Council seeks to protect the natural environment from adverse effects that would potentially result in degraded conditions for all activities.

As previously highlighted, tourism and related activities are expected to grow at a significant rate. The Council does not seek to restrict the development of activities that do not adversely

impact the natural environment.² Given that these activities are inherently linked to the natural environment it can be expected that the Council's provisions will enable this growth if appropriate, and recognise existing activities.

My understanding of the Council's position regarding the rural provisions of the notified Plan is that the proposed discretionary status of tourist activities in this zone is to safeguard the value of this natural environment from activities which might be potentially detrimental to it, and enable a case-by-case consideration of their impacts. This in turn safeguards the economic value attributable to the tourist activities that rely on that natural environment to remain competitive.

Therefore, the position of Council is not to protect the viability of agriculture in itself but to manage the natural environment and the activities that utilise this resource in a way that does not put this significant economic resource at risk.

While the impacts of locating inappropriate activities within this zone can be significant and far-reaching, by its nature intervention also has potential costs and risks associated with it. These costs and risks are represented by the direct costs of applying for a consent and indirectly by the potential impact on the economic contribution of the affected activity to the District's economy.

Anecdotal Council information would suggest that few consents are ultimately declined as Council works with the applicant to provide a consent to a standard that avoids impacts to the natural environment where possible. This suggests that that the Council recognises and supports the value contribution of these activities but also seeks to protect the environment in which they flourish.

The competitive advantage exhibited by the Queenstown market is based on its outstanding natural landscape and to a lesser degree the agglomeration of visitor related activities. This natural asset contributes hundreds of millions of dollars to the District's GDP every year. The relative value of this nationally significant asset cannot be underestimated in terms of its value to the local community. It is fundamental, therefore, that the relative value associated with it is safeguarded from potentially inappropriate and conflicting activities.

2 The recommended revised Objective 21.2.9 of the PDP states 'A range of activities are undertaken on the basis they do not degrade landscape values, rural amenity, or impinge on farming and established activities'.

The development of inappropriate activities within these valuable zones has the potential to irreparably damage the value of the natural landscape and the associated \$2b per annum it generates in tourism spend.

It is my opinion that the value of this natural landscape is of vital economic importance to the District's community. Given that any potential impacts on it may be irreversible, it is prudent to adopt a precautionary approach and manage the development of other activities in the Rural and Gibbston Character zones. My understanding of the Council's policy and regulatory approach is not one of discouragement of non-rural activities in those zones, but rather management. From an economic perspective, I consider this entirely appropriate bearing in mind the relative benefits, costs, and risks.