

BEFORE THE INDEPENDENT HEARING PANEL

UNDER the Resource Management Act 1991 ("**RMA**")

IN THE MATTER OF Proposed Far North District Plan ("**PDP**")

**STATEMENT OF REBUTTAL EVIDENCE OF DEREK RICHARD FOY ON BEHALF OF
AUDREY CAMPBELL-FREAR**

ECONOMICS (HEARING 15D - REZONING KERIKERI-WAIPAPA TOPIC)

24 SEPTEMBER 2025

1. INTRODUCTION

- 1.1 This rebuttal evidence has been prepared on behalf of Ms Audrey Campbell-Frear as it relates to her submission and further submissions on Far North District Council's ("**Council**") PDP with regard to Hearing Stream 15D. This rebuttal responds to the evidence of Mr McIlrath for the Council, dated 10 September 2025.
- 1.2 My full name is Derek Richard Foy. My qualifications and experience are set out in my primary statement of evidence dated 27 June 2025.
- 1.3 I reconfirm that I have read the Code of Conduct for Expert Witnesses in the Environment Court Practice Note 2023. I have complied with the Code of Conduct in preparing this rebuttal statement of evidence. Unless I state otherwise, this evidence is within my sphere of expertise and I have not omitted to consider material facts known to me that might alter or detract from the opinions I express.

Scope of Evidence

- 1.4 The matters addressed in this rebuttal evidence are within the scope of the submission made by Ms Campbell-Frear, and respond to matters raised by Mr McIlrath and addressed in the section 42A report for Hearing 15D: Rezoning Submissions – Kerikeri-Waipapa.
- 1.5 My rebuttal evidence will address the following topics raised by Mr McIlrath:
 - (a) The recommended version of the Proposed District Plan (PDP-R) provides significantly more residential capacity than the notified version of the

Proposed District Plan, in response to the Spatial Plan, and therefore the requested Rural Residential Zone (RRZ) fails tests under clause 3.6(4) of the National Policy Statement for Highly Productive Land (NPS-HPL).¹

- (b) The Packhouse and Redwoods nodes do not enjoy a locational advantage over other locations.²
- (c) The potential adverse economic effects on the main business locations of Kerikeri and Waipapa of enabling commercial activity in the Redwoods and Packhouse nodes.³

2. CAPACITY UNDER PDP-R

2.1 In my primary statement I concluded that the notified PDP included insufficient residential zoned land to accommodate projected residential growth, and that more residential capacity would be required to avoid a large shortfall of capacity of detached residential dwellings.⁴

2.2 Mr McIlrath does not disagree with that shortfall, but bases his response to my evidence on the fact that the PDP-R enables much more capacity than was identified in the 2024 Housing and Business Development Capacity Assessment (HBDCA).⁵ Mr McIlrath and the s42A report both then conclude that the ‘capacity’ newly identified in the PDP-R is sufficient to mean that “the PDPR combined with the Spatial Plan sees that there is sufficient capacity over the short, medium and long terms.”⁶

2.3 However, the PDP-R is not the notified version of the PDP, or the certain outcome Mr McIlrath implies when he states

*the PDP-R enables significantly more PEC, and consequently FC than the PDP. Therefore, in light of the PDP-R, the first test of the NPS-HPL cannot be satisfied.*⁷

2.4 Instead, the PDP-R is one possible pattern of zoning (and therefore one potential capacity outcome) that could arise if all of the Council’s recommended changes are

¹ Lawrence McIlrath statement of evidence (economics), paragraph 3.33

² Lawrence McIlrath statement of evidence (economics), paragraph 3.30

³ Lawrence McIlrath statement of evidence (economics), paragraph 9.9

⁴ Paragraphs 6.6-6.8.

⁵ M.E Consulting, July 2024

⁶ Lawrence McIlrath statement of evidence (economics), paragraph 9.25

⁷ Lawrence McIlrath statement of evidence (economics), paragraph 9.21

accepted by the Hearings Panel, and it is a scenario based on the non-statutory Spatial Plan.

- 2.5 Mr McIlrath's evidence appears to present the PDP-R as a *fait accompli*, the presence of which means that other potential zoning changes may be disregarded from an economics perspective because the "additional residential capacity associated with the relief sought is not required to address the growth pressures".⁸
- 2.6 However, if some or all of those recommended changes are not accepted, the plan enabled capacity would differ. Likewise, there are other submissions that request changes to the notified zones, and those changes also may give rise to changes in plan enabled capacity.
- 2.7 Mr McIlrath accepts that even with all of the PDP-R capacity in place, there would still be a shortfall of capacity for detached dwellings by around 2048.⁹
- 2.8 While in Mr McIlrath's evidence he assesses the additional capacity that the PDP-R seeks to provide as the result of potential new areas of supply identified in the Spatial Plan, he does not also apply the Spatial Plan's demand projections. As I stated in my primary statement, the Spatial Plan assumes 30-year growth of 4,690 households, 1,430 more than in the HBDCA.¹⁰ If that higher level of growth occurs, the shortfall of residential capacity would occur much sooner than 2048, although it would require access to Mr McIlrath's model to calculate when that point would be.
- 2.9 I realise that it will be challenging for the Panel to quantify dwelling capacity and therefore sufficiency if it chooses to accept some submissions that request a change in residential zoning capacity and reject others, because aggregate capacity is composed of capacity in many different locations in Kerikeri and Waipapa. It will not be possible for any submitter to quantify the residential capacity under all the different possible configurations that might result if the various submissions are accepted or rejected. In my opinion the notified PDP, on which the HBDCA was based, remains the appropriate baseline to measure residential capacity against.
- 2.10 That notified PDP baseline remains that there is a large deficit of residential capacity in Kerikeri and Waipapa, and accordingly I maintain the position I conclude in my

⁸ Lawrence McIlrath statement of evidence (economics), paragraph 9.25

⁹ Lawrence McIlrath statement of evidence (economics), paragraph 3.7

¹⁰ Paragraph 6.9

primary statement, that the requested RRZ zoning is required to provide sufficient development capacity in both Kerikeri/Waipapa and the Far North District.

- 2.11 For the reasons identified in my primary evidence and additional reasons above, I maintain that the extension of the notified rural residential zone requested by Ms Campbell-Frear is consistent with clause 3.6(4)(a) of the NPS-HPL because that additional zoned land is required to provide sufficient development capacity to meet expected demand for housing.
- 2.12 If that shortfall arises even with the large area proposed in the PDP-R, it follows that the only reasonably practicable and feasible options for providing the required development capacity are those requested in submissions, and therefore the extension of the notified rural residential zone requested by Ms Campbell-Frear is consistent with clause 3.6(4)(b) of the NPS-HPL.
- 2.13 I maintain that the economic benefits of the extension of the rural residential zone requested by Ms Campbell-Frear would be greater than the costs, and the requested rezoning would also be consistent with clause 3.6(4)(c) of the NPS-HPL.

3. LOCATIONAL ADVANTAGE OF THE REDWOOD AND PACKHOUSE NODES

- 3.1 Mr McIlrath opposes Ms Campbell-Frear's requested MUZ precinct for the Packhouse and Redwoods nodes because in his opinion:¹¹
- (a) "the Redwoods and Packhouse locations are too far from the main business locations of Kerikeri Waipapa, and the enabled growth patterns", and
 - (b) "the spatial extent appears out of proportion of future growth or the locational attributes that would enable a well-functioning urban environment."
- 3.2 In support of his position, Mr McIlrath has assessed employment and business numbers within those nodes since 2001, concluding that:
- (a) The Redwoods node has "seen a decline in total employment in the location over the past 15 years or so" and "has lost ground as an employment node relative to the wider Kerikeri Waipapa area."¹²

¹¹ Lawrence McIlrath statement of evidence (economics), paragraph 9.9

¹² Lawrence McIlrath statement of evidence (economics), paragraph 9.5

- (b) The Packhouse node has seen an increase in employment and business counts since 2001, but a decrease in the last two years.¹³
- 3.3 I disagree with Mr McIlrath's conclusions on the two nodes, and in my opinion the nodes stand out as locally important business aggregations that are substantial enough to warrant the PDP recognising their existence, and enabling the ongoing operation of business activities in them, for several reasons.
- 3.4 First, I understand that if existing businesses within the nodes have been established via the resource consent process or rely on existing use rights, those activities are entitled to rely on those resource consents or existing use rights as noted in the Rural Rezoning Requests s42A report.¹⁴
- 3.5 However, relying on existing use rights and the conditions of existing resource consents is not an economically efficient method of managing locally important business nodes. If business activities in the two nodes are not enabled in the District Plan, such as in a way requested in Ms Campbell-Frear's submission, but are required instead to rely on existing use rights or resource consent, changes to those business operations will trigger the need for new resource consents, and there may be compliance costs and limited flexibility for business operations. The resource consent process can be time consuming, costly, and unappealing to businesses, and ultimately all of those factors can deter business development, representing an opportunity cost in the form of foregone economic growth.
- 3.6 Alternatively, applying the requested MUZ precincts for the Packhouse and Redwoods nodes will enable existing businesses to make minor changes to their operations in line with the precinct rules, without having to spend time and money applying for changes, and without the uncertainty of knowing whether or not applications would be approved.
- 3.7 Second, I disagree with Mr McIlrath's assessment that employment trends in the nodes have not shown a noticeable emergence of the nodes as important business areas within Kerikeri Waipapa.¹⁵

¹³ Lawrence McIlrath statement of evidence (economics), paragraph 9.6

¹⁴ Section 42A report for Hearing 15C: Rezoning Submissions, paragraph 130(b)

¹⁵ Lawrence McIlrath statement of evidence (economics), paragraphs 9.3-9.7.

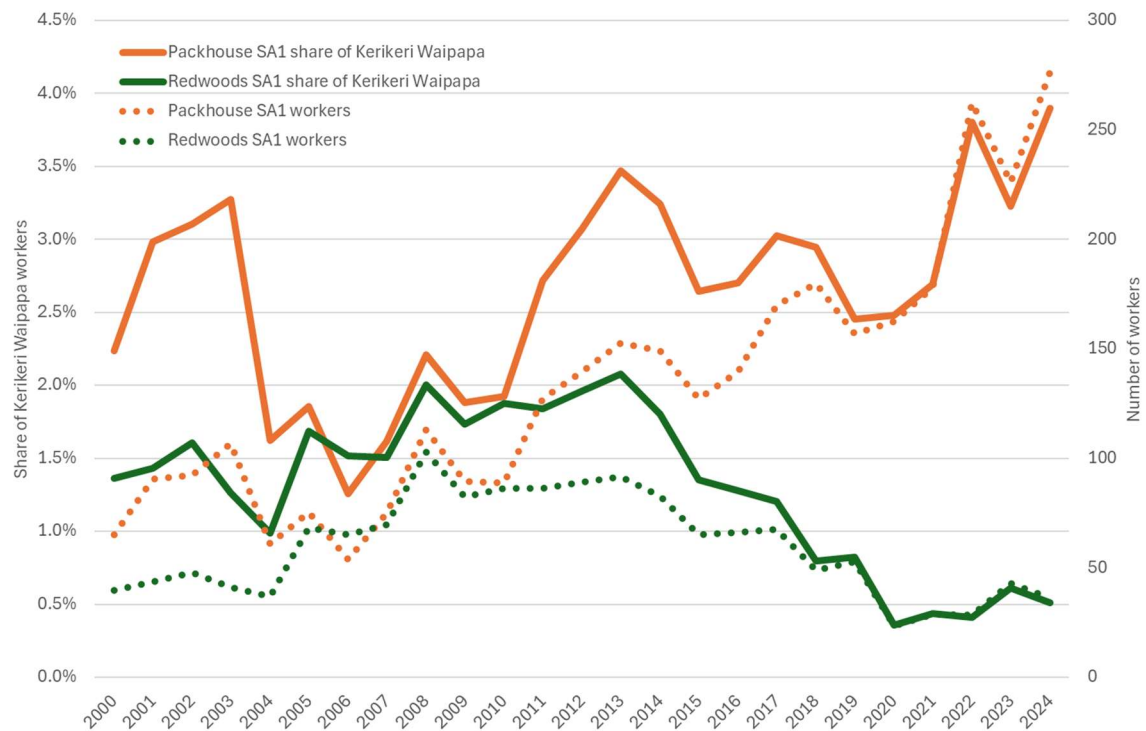
- 3.8 As part of my response to that matter I note the challenge of using Statistics NZ business demography data for business areas such as the Packhouse and Redwoods nodes. Because the nodes occupy only small land areas (9.1ha and 4.2ha respectively) and the statistical areas (SA1s)¹⁶ they are in are large (226ha and 897ha respectively) the nodes make up only a very small part of the land area of the statistical areas they are in (4.0% and 0.5%). That means that there can be many other business activities dispersed through the statistical areas, including in home occupations, and these contribute to the trends observed. This means it is difficult to make definitive observations about employment trends for the nodes specifically.
- 3.9 Nevertheless, for the data that is available, I make the following observations about the amount of employment in the statistical area containing each node, as shown in Figure 3.1. For my assessment below I have excluded employment in the agriculture and mining sectors as Mr McIlrath has done, in order to focus on urban sectors.
- 3.10 Employment in the Packhouse SA1¹⁷ is currently the greatest it has been since Statistics NZ's current dataset began in 2000, with 277 (non-rural) workers making up 3.9% of all (non-rural) employment in Kerikeri Waipapa. That has increased steadily and significantly from the low in 2006 when there were 54 workers employed in the SA1 (then 1.3% of Kerikeri Waipapa's workforce).
- 3.11 Employment in the Redwoods SA1¹⁸ is, in contrast, near its lowest since 2000, at 36 workers, 0.5% of Kerikeri Waipapa. However, that low employment includes an apparent miscoding in which garden supplies retailing¹⁹ was recorded in the SA1 until 2018, and then was no longer recorded there subsequently. The Redwoods Garden Centre seems to have been operating in the centre consistently since before 2019, and its omission may be the result of a miscoding by Statistics NZ, which happens occasionally, and highlights the difficulties of relying on spatially detailed employment data to establish trends. It is not otherwise possible to establish where within the SA1 employment declines have occurred, but they are unlikely to all have been within the Redwoods node.

¹⁶ SA1s are the finest geographic resolution most Statistics NZ data is published at, usually containing 100-200 households in urban areas.

¹⁷ Actually two SA1s, SA1 codes 7000227 and 7000222

¹⁸ SA1 code 7000215

¹⁹ Coded in Statistics NZ Business Database as ANZSIC class G423200 Garden supplies retailing

Figure 3.1: Redwoods and Packhouse SA1s employment trends (excluding rural workers)

3.12 The Redwood node has accommodated different businesses over time, but there is no publicly available data on which businesses have come and gone over time. One reason why there has been a decline in employment in the Redwoods SA1 is that the site of the consented Redwoods Medical Centre is now vacant prior to its development, which was approved via a consent order issued in March 2025 following appeal to the Environment Court. Once the medical centre is operating, I estimate it might employ around 60 workers,²⁰ which would return employment in the SA1 to close to its 2008 peak of just over 100 workers.

3.13 Once the medical centre opens, both nodes (or at least the SA1s they are in) will be at or near their highest levels of employment since 2000, and the Packhouse node will also account for the largest share of the Kerikeri Waipapa workforce it has in that time. The Redwood node will by then accommodate around 1.5% of that urban area workforce, down from its peak in 2013.

3.14 The third reason for my disagreement with Mr McIlrath is that while both nodes remain important within Kerikeri, and the Packhouse node increasingly so, that trend needs to

²⁰ Comprised of the medical centre (1,235m², around 30 workers), chemist (320m², 10 workers), retail stores (286m², 10 workers), café (257m², around 10 workers).

be interpreted in the context that both nodes are not zoned for business activity, and most businesses locating there have been required to exert some effort in the form of resource consent applications to establish there. Even in spite of that requirement, both nodes have maintained a number of businesses and attract new businesses, which indicates to me that there is some particular locational advantage perceived by those businesses that has existed historically, and remains attractive to businesses now. That advantage implies that the organic growth that has led to the development of the two nodes is indicative of a well-functioning urban environment, because the businesses in the nodes have established in a place that meets business and consumer needs, and is accessible to customers.

- 3.15 Fourth, I disagree with Mr McIlrath's statement that "the Redwoods and Packhouse locations are too far from the main business locations of Kerikeri Waipapa". Redwoods is 4km south of Waipapa, and the Packhouse node is less than 2km from the Kerikeri town centre, the two nodes are less than 2km apart, and both nodes are located on one of the two main access roads between Kerikeri and Waipapa.
- 3.16 That type of spacing is consistent with how business nodes operate to service urban communities, namely spaced apart to provide convenient access for different parts of the community they service, but with good accessibility. Clearly business operators who have maintained a presence in the two nodes, or who have invested considerable time and money to gain a consent to establish there and build large purpose-built buildings (such as Makana chocolates in the Packhouse node, and the new Redwoods medical centre) think that the locations are good ones in which to do business. Accordingly, I do not agree with Mr McIlrath's apparent position that in order to be supportable the nodes would have to be closer to Kerikeri or Waipapa.
- 3.17 For those reasons I disagree with Mr McIlrath's position that the Packhouse and Redwoods nodes do not have the type of locational attributes that support well-functioning urban environments.²¹ On the contrary, in my opinion the organic growth of the two nodes has occurred outside of the intended outcomes of the planning environment, most likely because the two locations are good locations in which to do business and from which to service local demand. That sort of organic growth is how commercial centres have historically tended to establish, as aggregations of business activity in accessible locations.

²¹ Lawrence McIlrath statement of evidence (economics), paragraph 9.10

4. ECONOMIC EFFECTS ON KERIKERI AND WAIPAPA BUSINESS AREAS

- 4.1 Mr McIlrath states that I do not quantify economic effects on the town centre of the proposed Mixed Use precincts, and I address that matter in this section.²²
- 4.2 Mr McIlrath does not disagree that there is likely to be insufficient capacity for commercial activity in Kerikeri Waipapa in the future, and in fact states:
- (a) “The pressures on the industrial and commercial land are identified but this is over the long term”.²³
 - (b) “Even if there is a shortfall in commercial land in the medium term, the location of the Redwoods and Packhouse locations relative to the demand and the Kerikeri Waipapa business areas must be considered”.²⁴
- 4.3 Mr McIlrath has also not disagreed with assessment in my primary statement that nearly 20% of land proposed to be MUZ in the notified plan is unlikely to be able to be used for commercial activities.²⁵ In the absence of any disagreement from Mr McIlrath with the conclusion I reached in my primary statement I maintain my conclusion that there will be a shortfall of commercial land at a District level inside the next seven years, even if all vacant capacity is taken up,²⁶ and that some additional commercial capacity will be required.
- 4.4 As stated in my primary evidence, of the 13.5ha in the Redwoods (4.3ha) and Packhouse (9.2ha) nodes combined, 45% (6.2ha) is already used for commercial activities. While Ms Campbell-Frear’s submission has endeavoured to keep the proposed Mixed Use precinct in each node defined quite tightly around that existing commercial activity, there is capacity for around an additional 7.3ha of commercial activities to be accommodated in the balance of the proposed precincts (3.6ha in Redwoods, 3.7ha in the Packhouse node).²⁷
- 4.5 That 7.3ha is very similar to the 7.4ha I identified as being included in the HBA capacity calculations but which has no realistic prospect of accommodating commercial

²² Lawrence McIlrath statement of evidence (economics), paragraph 9.16

²³ Lawrence McIlrath statement of evidence (economics), paragraph 9.12(d)

²⁴ Lawrence McIlrath statement of evidence (economics), paragraph 9.13

²⁵ Paragraph 5.30

²⁶ Paragraph 7.3(a)

²⁷ Paragraph 5.39

activity,²⁸ and therefore offsets that inclusion. That is, the area of land able to be used for new commercial activities within the proposed Mixed Use precincts would be less than is needed in Kerikeri Waipapa, and there would still be insufficient supply even if the Mixed Use precincts were approved.

- 4.6 Because demand for commercial space will continue to increase, and there will soon be insufficient supply, particularly in the Kerikeri town centre, there will continue to be strong demand for commercial space in the town centre. That means the town centre will continue to be a vibrant, vital centre, and the Mixed Use precincts requested by Ms Campbell-Frear, will not adversely affect the town centre's primacy or attractiveness to both businesses and consumers.
- 4.7 As stated in my primary statement, the notified area of the MUZ in the town centre is 40ha, and with that 40ha occupied to capacity, as is likely given the HBDCA's recognised pending insufficient supply of commercial land, the Kerikeri town centre will be many times larger than the Mixed Use precincts, and developed to a much greater intensity, with a far broader range of commercial activities. That means that there is no potential, in my opinion, for the Mixed Use precincts requested by Ms Campbell-Frear to generate adverse effects on the town centre.
- 4.8 Further, if the requested Mixed Use precincts were to become operative, development of commercial activity there would occur gradually over time, as some existing residential uses might be replaced by commercial activities. Other residential uses would remain, and the minor increase in commercial activity in the precincts would supplement town centre supply, rather than competing with it in such a way that adverse effects on the town centre would arise.
- 4.9 In my opinion the town centre will remain the primary focal point for commercial activity in Kerikeri, and the requested Mixed Use precincts will supplement commercial supply and enable the accommodation of part of the demand that cannot be accommodated in the town centre when supply there becomes insufficient, which is possibly sometime within the next 10 years, or at latest in the NPS-UD long-term.

²⁸ Paragraph 5.30

5. CONCLUSION

- 5.1 I maintain the conclusions I reached in primary statement of evidence that the relief sought by Ms Campbell-Frear, namely the creation of a MUZ precinct and an expanded area of RRZ is appropriate and necessary.
- 5.2 I accept Mr McIlrath's position that if all of the residential capacity proposed as part of the PDP-R were to be accepted by the Panel then residential supply would be sufficient until about 2048, however note that if growth occurs at the faster rate assumed in the Spatial Plan that date would be earlier. Further, the PDP-R proposal presents one possible configuration of residential land in the PDP, and is not the certain outcome that Mr McIlrath's evidence implies that it is. If not all of the PDP-R's recommended residential areas are approved, that would also bring forward the date at which residential supply in Kerikeri will be insufficient.
- 5.3 In relation to commercial capacity, I maintain that the Packhouse and Redwoods nodes are required to provide sufficient development capacity in Kerikeri/Waipapa and are logical and appropriate places in which to provide some of the accepted shortfall of commercial capacity that is identified in the HBDCA.

Derek Richard Foy

Date: 24 September 2025