

20 February 2026

ECONOMIC MEMORANDUM

To: Waterfall Park Developments Limited

c/- Lauren Christie

Winton

Email: [REDACTED]

RE: AYRBURN SCREEN HUB FTAA-2508-1093 - ECONOMIC RESPONSES TO MINUTE 14

Hi Lauren,

As requested, the following information responds to paragraphs [11] and [12] of Minute 14 from the expert panel re the Ayrburn Screen Hub fast track application as well as pertinent responses to Mr Dougherty's most recent statement (10 February). This response should be read in conjunction with our:

- Ayrburn Screen Hub Fast Track Economic Impact Assessment, dated June 2025;
- Economic Memorandum, dated 21 January 2026;
- Economic Memorandum, dated 3 February 2026, and
- Mr Gibson's Ayrburn Screen Hub Report dated May 2025, his Addendum Report dated 18 January 2026, and his response to Minute 14 dated 19 February 2026.

1. Response to Minute 14

1.1 Paragraph [11]: *"Turning to economic issues, we have two further questions. One is a follow-up question to Mr Gibson. In answer to the Chair's question at the conference on 30 January, Mr Gibson told us that the different scenarios he provided (at paragraph 59 of his report) of expenditure at the proposed Screen hub included expenditure on location shoots, and accommodation spend for crew while on those shoots. The follow-up question is, what approximate proportion of the total expenditure for each scenario would be in that category? The associated question for Mr Osborne is whether that proportion of the total spend forms part of the counterfactual for the Screen Hub given Mr Gibson's advice that screen productions already come to Queenstown for location shoots, and non resident crew members presumably stay in local hotels and air bnb's while doing so."*

As identified in the response of Mr Gibson, while screen productions do already come to Queenstown for location shots with associated accommodation spend, the scenarios provided for the Ayrburn Screen Hub represent activity that would not otherwise locate in the region. As such the associated accommodation spend would also be additional to that already generated by this sector within the region, and more specifically Queenstown Lakes.

No amendment is therefore required to the operational impacts previously provided in Section 3 of our Economic Memorandum dated 21 January 2026 and further Memorandum dated 03 February 2026.

1.2 Paragraph [12]: *“The second question arises out of the potential identified by Mr Gibson of the Screen Hub displacing studio demand currently met by the Frankton studio. Do either the applicant or QLDC have any information as to the extent of the Frankton Studio’s contribution to the regional economy that might assist us in understanding the potential extent of displacement”*

While there was discussion during the conference regarding the propensity for the Ayrburn screen facility to relocate a proportion of activity from the Frankton Studio, it is important to put that ‘risk’ in context.

In considering ‘displacement’ from an economic sense, it is important to note that it would need to represent activity that would be accommodated by the Frankton Studio but is subsequently redirected to the proposed Screen Hub. Given that the current activity at the Frankton studio is more than likely to have finished at the time that the Ayrburn Screen Hub is available, the current regional economic contribution would not be affected.

Additionally, even if the two facilities were to coincide, the scope of impact (given the position of Mr Gibson in his response) is likely to materially, if not entirely, negate any displacement from any future activities at Frankton Studio.

I therefore maintain of the opinion that the modelled benefits are additional to the Frankton Studio and there are no material adverse displacement effects that would affect my conclusions on overall regional benefit of the proposal.

2. Subsequent points raised in the position paper of Mr Dougherty

Mr Dougherty claims that ‘New Information’ has been provided regarding discount rates, a new ‘lower-bound’ scenario, the framework for assessing regional benefits, and new evidence regarding the role of the accommodation elements. I respond to each of these as follows.

2.1 Discount Rates

Mr Dougherty makes a number of assertions regarding the adoption of New Zealand Treasury’s 8% discount rate. This rate, that was 6% and subsequently moved to 8%, is for commercial projects and has been adopted by most Fast Track applications (most of which are private applications) with Hearing Panels asking for its inclusion in many cases.

Its adoption has removed the need for debate regarding an appropriate discount rate which can otherwise be inherently subjective.

This 8% rate has been applied for both the construction/development and operational phases of the Ayrburn Screen Hub modelling.

If I was to assess a bespoke discount rate, there would be a number of factors I would consider including:

- The application is for a consent and therefore for a specific outcome rather than a zone change. This reduces the risk of an incomplete development option eventuating.
- Once construction is initiated there is a more limited risk regarding the future construction activity. This would result in a lower discount rate past the commencement of construction.
- I would place the construction/development discount rate at the lower end of 5-6%.
- In considering the expected level and extent of operational activities, a key consideration is the level of commercial risk borne by the developer. In this case, the applicant is spending over \$200m with the developer carrying the vast majority of the risk of operation. I would elevate this consideration and their expert input into viability over other opinions.
- Thus an 8% discount rate is considered appropriate to apply in this context.

2.2 Scenarios

A range of scenarios have been provided for in our Economic Impact Assessment and subsequent Economic Memorandum's dated 21 January 2026 and 03 February 2026 to account for different variables and to fairly represent a range of scenarios. Regardless of what the exact value might be, what these all show is that regardless of the variable, the proposal will have a positive regional operational impact benefit (in addition to the construction economic benefit).

We maintain that the comparative economic benefit of the proposal compared to other Fast Track examples (refer to Table 4 of our 03 February 2026 Memorandum), highlights that the proposal will have additional significant regional construction benefits and operational impact benefits.

2.3 Counterfactuals and Assessment Methodology

Mr Dougherty implies that a counterfactual for the construction benefit could be the development of four \$35m homes. It is considered an inappropriate counterfactual to assume that every site that has a similar residential zone would accommodate a unique (would not otherwise be built in the Region) \$35m build. That is, even if this value of build was correct, there is no shortage of sites where this activity could be undertaken elsewhere in the region, therefore the project is not displacing that activity. The key economic position here is that the development represents additional economic activity that is unlikely to happen otherwise.

Assuming this were a credible counterfactual value, homes at this price point typically (on average) include features, building materials and services (architects etc) that would not materially impact the level of activity that originates from the Queenstown District. This in itself would lower the value-added GDP impacts from this simple level of expenditure.

Mr Dougherty also comments that the benefits of the proposal should be measured against the baseline of regional studio activity that would be expected without the proposal, and/or what will simply result in a transfer of activity between studios. I consider that I have responded to these at items 1.1 and 1.2 above in response to the Panel's questions.

2.4 Accommodation Benefits

Mr Dougherty claims that if one purpose of the accommodation is to cross-subsidise the screen facilities, the Panel could consider ignoring the accommodation benefits, or at the very least discount the construction benefits of the accommodation to recognise this.

Nothing has changed within the proposal from the net additionality of the economic benefits. The accommodation is still required to be built and operated for studio purposes, and the operational economic benefits have only been taken into consideration as they relate to accommodation use related to film/studio use. To clarify another way, any benefit of the accommodation for non-studio related use has not been taken into consideration into the economic calculations or operational benefits.

Kind regards

Phil Osborne / Tim Heath

Directors