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10 February 2026

Mr Trevor Robinson
Chair of Expert Panel
Ayrburn Screenhub Project

Dear Mr Robinson

1. On Friday 23 January I was invited by the Panel to attend a conference in regard to the Ayrburn Screenhub scheduled on Friday 30 January (the "Conference"). A key element of the Conference was further investigation of the regional economic benefit arguments in regard to the Ayrburn Screenhub, including questioning of Mr Gibson and the Joint Witness Statement supplied by the two expert economic benefits consultants (the JWS).
2. I was invited to attend that Conference "because of [my] particular interest in the matters the subject of expert evidence"¹.
3. Since my original comments were filed, the Panel has received material new information and argument in regard to the prospective regional economic benefits via the JWS, Mr Gibson's Addendum, further information in reply to comments filed by the Applicant², and information provided at the Conference itself. I believe that it is important that interested parties are given an opportunity to respond to this new information and argument (which I will refer to as "New Information"). I believe that such a response will be of assistance to the Panel. I note the Panel has recently declined to accept statements made by interested parties because they were not limited to responding to new evidence and arguments. I have been careful to confine what I say below to responding to the New Information. I have instructed Jayne Macdonald to prepare legal submissions (which are filed with this statement) explaining why this statement should be accepted, having regard to the natural justice perspective, referred to in Para 8 of the Panel's Minute 9 dated 28.1.26. I respectfully submit that natural justice should be afforded to the interested parties as well as to the Applicant.
4. The New Information includes new methodologies regarding discount rates, new "lower bound" scenarios (e.g., the \$31.5m figure) and statements about their reasonableness, new evidence regarding the appropriate framework for assessing the regional benefits, and new evidence regarding the role of the accommodation elements including a new statement submitted by Mr Meehan dated 21 January 2026 (the New Meehan Statement) which sheds new light on the economics of the proposal.
5. The introduction of New Information by the Applicant's economic experts (including revised scenarios), and the divergence between the experts reflected in the JWS, highlights a critical lack of certainty. I respectfully submit that the New Information contains significant technical and methodological flaws which I outline below and which demonstrate that the Panel cannot safely rely on the Applicant's expert testimony (including that contained in the JWS). On the basis of this unreliability created by the New Information, I formally request

¹ Minute 8 of the Expert Panel

² including in the Legal Memorandum and the statement of Chris Meehan

that the Panel exercises its powers under section 67(1)(b) of the Act to commission an independent peer review of the economic benefits. I appreciate that time is tight, but in view of the importance of the economic analysis (which is fundamental to the Fasttrack process) and the serious adverse consequences of subjecting neighbours to almost five years of construction effects and years of film production operations thereafter, it is essential the analysis on which the Panel is to base its decision is robust and reliable.

6. My detailed comments cover the following points that have been the subject of New Information:
 - 6.1. The appropriate discount rate to apply when assessing the regional benefits.
 - 6.2. Mr Gibson's scenarios and his further comments made at the Conference.
 - 6.3. The assessment methodology - principally the consideration of gross vs net economic benefits.
 - 6.4. The role of accommodation in the economic assessment.
 - 6.5. The incentives on the Applicant to achieve the Screenhub economic benefits.

The Discount Rate

7. The following points outline the specific technical deficiencies in the JWS that I submit an Independent Expert must be asked to review.
8. The JWS appears to have settled on a recommendation to use the Treasury Guideline for "Public Sector Discount Rates for Cost Benefit Analysis - updated October 2024" (the Guideline)³. This proposes a discount rate of 8% and a sensitivity test of 2%.
9. The reference to the sensitivity test is at Para 6 of the Guideline. Contrary to the interpretation of the Applicant's expert, Property Economics, there is no instruction in this Guideline that the sensitivity test should only be applied on one side. The Property Economics approach is to interpret the guide as an 8% base with a test at a 6% alternative. As alluded to in Panel questioning at the Conference, one would ordinarily expect a sensitivity test to be two sided (this is entirely the standard approach in my experience) and the relevant range for testing the benefits would be to apply a discount factor range of 6% to 10%, not to cap the test at 8%.
10. More fundamentally I do not believe the Treasury Guideline should be adopted by the Panel as a preferred discount rate. The Guideline has the following characteristics:
 - 10.1. It is a public sector tool – this is not a public sector proposal. There is no compulsion or rationale for using it here.
 - 10.2. It is a simplified tool to bring consistency to central government project analysis.
 - 10.3. It is not used by the Crown to decide what projects proceed. It is used for ranking projects by benefit. The actual projects that proceed will be fewer, and will likely be the higher ranked projects. They will all have an average return expectation far in excess of this 8% - ie the Crown's threshold for deciding significance is in practice far higher.
 - 10.4. The Guideline makes no distinction between the riskiness of projects – clearly some projects are riskier than others and a proper analysis would recognise this by applying different discount rates. Applying this concept to the Screenhub for example, we would expect a different discount rate if long term contracts for usage were in place (lower risk) than, as is the case here, none are (meaningfully higher risk).
11. In the private sector, with current interest rates, an 8% discount rate suggests cashflows (or in this case, benefits) that are relatively low risk (ie relatively certain). This is far from the case here. As Mr Meehan

³ <https://www.treasury.govt.nz/publications/circulars/treasury-circular-2024-15-updated-public-sector-discount-rates-cost-benefit-analysis>

himself notes in the New Meehan Statement “the film production industry is clearly a volatile industry with unpredictable high points and low points”. He also notes it is unreasonable to expect any advance contracts for usage to be put in place to alleviate this considerable uncertainty.

12. The correct way to think about the appropriate discount rate is as follows:
 - 12.1. The regional benefits arising from operational activities require expenditure to be achieved. This expenditure and the risks associated with it are exactly the same as the underlying revenues and costs of the business – as these are the base cashflows that are then parsed and multiplied to determine the regional benefits.
 - 12.2. Markets assess the likelihood and riskiness of future cashflows when they determine share prices. There is a one-to-one correlation between the risk and therefore discount factor the market will apply to determine the net present value (NPV) of the business of the Ayrburn Screenhub and the risk and therefore discount factor that should be applied to the prospective regional benefits.
 - 12.3. I assess the market applies a discount factor of over 10% when assessing the enterprise value of Winton and this would be a more appropriate minimum figure to apply here. In my experience, property developers would apply discount factors of 15% to 20% when assessing individual developments – a much starker recognition of just how risky these developments (and therefore the regional benefits occurring) actually are.
13. Using a blanket 8% discount factor materially understates the riskiness of the regional benefits in this case and therefore materially overstates their value and in my view is just plain wrong.

Mr Gibson’s scenarios and comments

14. Notwithstanding Property Economics initially adopting only Mr Gibson’s \$65.5m pa scenario as a base case (despite its clear and admitted optimism), Mr Gibson in his new evidence and in his comments in the Conference has now said he is proposing two scenarios that set an upper and lower bound to the regional economic benefits - the original \$65.5m pa scenario and a lower \$31.5m pa scenario.
15. There is no more foundation to the new lower scenario than the higher one – while lower, it remains equally speculative. Mr Gibson’s scenarios are not forecasts – they are scenarios. To paraphrase Mr Gibson’s approach - if you get this level of business, you will get these regional benefits. I don’t think Mr Gibson has provided any comfort that his scenarios are expected outcomes or that they will be genuinely new business.
16. The fundamental issue with the scenarios is that they fly in the face of what is happening to the NZ film production industry, and this fact has not been recognised or incorporated by the JWS or by Mr Gibson in the New Information. In fact Mr Gibson refers in his Addendum to the industry being cyclical and, in his comments in the Conference, suggested the NZ market was generally growing. Neither of these statements is correct (see the three very recent highly credible sources referred to in my original evidence that clearly articulated that NZ production activity has been in sharp decline). Contrary to Mr Gibson’s assertion that the industry is cyclical, the issues identified in these sources show the decline to be structural, NZ-wide, and likely to be long term in nature. My research indicates that although global expenditure on film and television production remains strong, it’s simply being spent elsewhere.
17. Against this backdrop, an equally plausible scenario to those of Mr Gibson is that the productions that are likely to come to the Queenstown region are those for which the specific attraction of the location for filming overwhelm the wider structural deficiencies of NZ as a location. It is entirely likely these productions would come anyway and there is no case to say the Screenhub will generate new business above that baseline. While I am not saying this is the most likely scenario or one that should be singularly adopted, I am pointing

out that, given the structurally weak macro environment for NZ film and television production it is quite possible that there would be no incremental incoming productions arising from the presence of an additional studio facility in the Queenstown region, and there is no need to accept that Mr Gibson's lower scenario is some kind of floor or that the truth lies between \$31.5m and \$65.5m pa. In considering the benefits, the macro situation demands that weight must be given to worse outcomes including the very possible outcome that there will be no new productions into the region due to the Screenhub and therefore no significant new ongoing regional or national economic benefit.

Assessment Methodology

18. There was New Information submitted via the JWS and at the Conference on the methodology to be applied in determining the regional benefits. In addition there was clear confusion across the submitters on this topic – especially whether it should be a gross figure or a net figure that is calculated. For example, both the Applicant's lawyer and Property Economics provided new legal submissions/evidence rejecting trade-loss from other businesses as a deduction, because that is the approach of the RMA. However, discussion at the Conference amongst the economic experts seemed to indicate some consensus that the benefits should be measured against the baseline of regional activity that would be expected without the proposal. The new submissions and the new statements provided at the Conference, and their potentially contradictory nature need to be clarified.
19. I make the following comments:
 - 19.1. This process is not proceeding under the RMA (and would be unlikely to). I don't think the Applicant can pick and choose which parts of an RMA process should apply here.
 - 19.2. I am not aware of any obligation under the Fasttrack legislation to ignore the transfer of economic activity from one business to the Applicant's business when considering new regional economic benefits
 - 19.3. Unlike the RMA, the key assessment here is (regional) economic benefits. The intent of approved projects is that they grow national and/or regional GDP. Accordingly, the Panel must be focused on the net benefits of a proposal. To the extent that economic activity related to a proposal is simply transferred from one regional business to another, that economic activity cannot be included in the assessment of regional economic benefit from the proposal
 - 19.4. So, the Panel absolutely must consider the extent to which the Ayrburn development will simply result in a transfer of economic activity.
20. Given the lack of clarity or consensus on this issue contained in the New Information, I do not believe this analysis has been provided to the Panel in anywhere near a sufficiently structured, disciplined or robust form either by the Applicant or in the JWS. In the paragraphs below I develop this issue further considering the Screenhub activity and the accommodation activity.
21. In regard to the Screenhub activity, I draw the Panel's attention to the following:
 - 21.1. My commentary above that an equally plausible scenario is that the Queenstown location will continue to get no more than the level of incoming production it was always going to get – it's the filming location that is the drawcard, especially given the overall lack of attraction of NZ as a film production location. In such a scenario, we might expect that the Screenhub may capture some incremental revenues from these productions due to a wider service offering, but it would be wrong to attribute the full extent of the production expenditure to the proposal.
 - 21.2. In any event, no matter what scenarios are used, as was discussed at the Conference, there is a reasonable likelihood that some of this business will be a transfer of activity from Remarkable Studios (which Mr Gibson said could close due to competition from the Ayrburn Screenhub) and perhaps other regional locations where film production activity is currently carried out.

22. In regard to the accommodation, I make the following comments:
- 22.1. While I note that the New Information provided through the JWS appears to have removed accommodation as a separate class of benefits, this was because it was already included as indirect spend associated with the Screenhub (and was therefore being double counted). But the analysis currently in front of the Panel still incorporates accommodation expenditure as a benefit by assuming that parties using the Screenhub will use the accommodation and this will be net new regional expenditure.
- 22.2. While accommodation may be hard to find at times in Queenstown, there is no doubt that film and television productions do find it. There is a clear case that accommodation expenditure at Ayrburn will substantially be a transfer of regional economic activity.
23. Overall, in the absence of a proper analysis, it is difficult to definitively answer the question as to how much Screenhub expenditure and how much accommodation expenditure may simply be a transfer of economic activity. However, this proper analysis must occur because on any proper analysis it is clearly not nil (as implied in the New Information) and could reasonably be significant or even 100%.
24. It is also economically wrong for the analysis of accretive benefit to measure from an assumed baseline of zero. Winton is a property developer and if this application is refused it can and will do something else with the land. As Mr Meehan notes in the New Meehan Statement "Development of the RAA into four rural living lots would generate a nice profit for WPDL". Winton is already developing and marketing three such properties elsewhere on the Ayrburn estate with expected constructed values of over \$35m each. This additional four-lot development can happen within the existing Proposed District Plan (PDP) and by his own statement, Mr Meehan identifies it as an attractive and viable alternative available to Winton (which it appeared intent on pursuing before the FTAA presented an opportunity to revisit high-density accommodation). Given this New Information, it would be appropriate to compare the regional benefits of the Screenhub to those of this alternative rather than assuming that the land lies fallow forever.
25. Given the poor state of the New Information on how the regional economic benefits should be assessed and assuming the Panel would prefer not to make its own judgments which may lie outside the Panel's sphere of expertise and experience, I respectfully submit that the Panel should seek its own independent economic analysis to resolve the flaws, confusion, contradictions and disagreements in the JWS and what the parties' experts have told the Panel.

Accommodation

26. The New Statement and the revised economic benefits analysis provided by Property Economics (which significantly decreases the assessment of the ongoing operational benefits) now demonstrate that a significant proportion of the project's benefits arise from the construction of the accommodation elements. However, even if accommodation can be hard to find in Queenstown, it is clearly arguable how related the accommodation is to the purpose and longer run needs of the Screenhub.
27. As demonstrated in the New Information, there is clearly dispute between Mr Kelly and Mr Gibson on the issue. I am not sure the Panel needs to choose between the evidence of these gentlemen. Rather the Panel could adopt a view that there is some reasonable uncertainty on the issue and discount the benefits arising from the construction and operation of the accommodation element from their face value in recognition of that uncertainty.
28. I make the following additional comments:
- 28.1. A clear objective of the Screenhub (if successful) is to develop a permanent population of film and tv production professionals residing in the region. Clearly these folk will not be using the accommodation.

28.2. There seems a significant risk of the temporary workers that might be expected to work on TV and film productions being priced out of this accommodation. The Ayrburn development is clearly up-market and the proposed accommodation is of a similar quality. We can expect Ayrburn to maximise accommodation revenues – film users will have to pay market rates. It seems unlikely that temporary workers will be the highest-paying users of that accommodation or that they will find it attractive to be distant from food and beverage options that are (possibly much) lower priced than those available at Ayrburn.

29. I would have expected some analysis of these last two factors and therefore the likely actual demand for the co-located accommodation from the production industry. In the absence of any such detail, or further independent analysis, I believe it would be appropriate to at least significantly discount the benefit of the accommodation (both construction and usage) in the analysis.

30. The concerns about the relevance of the accommodation are heightened by the New Meehan Statement, in which Mr Meehan for the first time clearly states that offering the accommodation to the general public as a cross subsidy is fundamental to the economics of the venture. He makes the following comments:

30.1. "Limiting the accommodation to use by studio related personnel would run the risk of periods (which could be considerable) with accommodation units being empty. That is not a risk that WPDL is willing to take"

30.2. "The inclusion of visitor accommodation as a fallback mitigates and cross subsidises the operation of the studios"

31. To paraphrase Mr Meehan – let me build a hotel and I'll have a crack at a film hub. The New Meehan Statement strongly suggests that a principal purpose of the accommodation is not to directly support the Screenhub as part of the film production business, but to provide an alternative (and unrelated) activity that cross-subsidises the Screenhub.

32. The New Information shows that it is clearly arguable whether and if so to what extent the accommodation is a necessary part of the Screenhub (or will even be used by the Screenhub users). It is therefore open to the Panel to have doubts about the relevance of the accommodation to the Screenhub. I do not believe it is within the Panel's ambit to hand out approvals for unrelated cross-subsidies or unrelated developments as sweeteners.

Incentives

33. In addition to the market-based risks that the regional benefits of the Screenhub will not arise, based on the New Meehan Statement the Panel should be alive to whether Winton will have sufficient economic incentives to focus on delivering those benefits. This incentive will be diminished the more Winton is allowed to fall back on simply using the facility as a hotel. In the absence of any conditions that meaningfully limit this fallback, the Panel could reasonably attach greater doubt as to the incentives Winton will have to ensure the regional benefits of the Screenhub are delivered and could therefore apply a further level of discount to their being achieved.

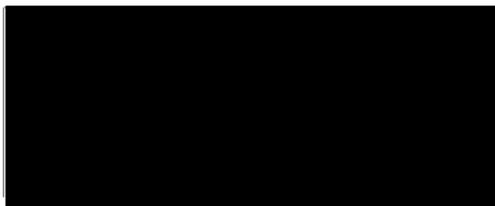
Concluding comments

34. Within the New Information, the JWS and the Conference confirmed that the economic benefits are highly sensitive to the inputs used. I believe the following points are fundamental to the economic analysis but are areas where the New Information is seriously deficient:

34.1. The discount factor applied to calculating the economic benefits should be meaningfully higher than 8%.

- 34.2. The macro environment does not support a view that the industry is either growing or cyclical, or that the development of the Screenhub will necessarily lead to an increase in the volume of film and tv production occurring in the region. Weight must be given to realistic scenarios worse than those proposed by Mr Gibson. It may well be that the only productions that come to the region to use the Screenhub are those that were always going to.
- 34.3. The Panel must be focused on the net (ie incremental) economic activity generated by the Screenhub. On this point it is likely that some of the studio activity and a substantial amount of the accommodation activity will simply be a transfer of economic activity.
- 34.4. The greater the ability to use the accommodation as a hotel facility, the lower the incentives on Winton to deliver the Screenhub's economic benefits which should further impact an assessment of their likelihood.
35. Were all these factors to be appropriately considered, there is a significant likelihood that the expected (ie midpoint) incremental regional economic benefits of the ongoing operation of the Screenhub are not significant.
36. The New Information also raises questions regarding the extent to which the accommodation is directly related to the Screenhub. There is New Information that a primary purpose is to cross-subsidise the Screenhub by its use as a hotel. The Panel could consider ignoring the accommodation benefits in its analysis, or at the very least, discount the construction benefits of the accommodation to recognise this.
37. Were all these discounts and reductions applied, there is a reasonable probability that the total economic benefits (construction and operation) are not significant in the context of the economy of the Queenstown region or even meaningfully greater than the alternative of constructing four \$35m+ houses on the site – an activity that is attractive to Winton, can be achieved within the PDP and should serve as the baseline for testing the incremental benefit of this proposal.
38. Given the fundamental importance of the economic assessment to the Fasttrack process, the "volatility" of the industry admitted by the Applicant, the flawed application of the Treasury Guideline identified above, the disconnect between the revised forecast scenarios provided and the industry reality, the lack of formal consideration and consistency of how the net benefits should be assessed, and the uncertainty regarding the accommodation elements I respectfully request that the Panel:
- 38.1. **Receives** this Memorandum as comment on the New Information; and
- 38.2. **Commissions an Independent Report** under s 67(1)(b) to specifically verify the appropriate Discount Rate and the validity of the "Net Benefit" assumptions, as the current evidence base is insufficiently robust to support a Fast-track decision.

Yours sincerely



Paul Dougherty

