

Hearing Streams 1A + 1B

The Evidence

My evidence deals with the strategic approach taken by the Council to centres in the Proposed District Plan, and with the objectives and policies intended to pursue Goal 3.2.1.1 of **developing a prosperous, resilient and equitable economy**.

In particular I consider how strategic provisions for commercial (including retail) centres and business land in the District might help to achieve this goal. In this highlights summary I will take you through the background of commercial land supply, and explain the rationale for expanding Queenstown Town Centre (and its interaction with Franklin). I also touch on the relevant Strategic Objectives (including with reference to Arrowtown and Wanaka).

In my opinion, the Proposed District Plan (as amended in the section 42A report) recognises and supports the current and future roles of the main commercial centres in the District – the Queenstown Town Centre, Franklin, Wanaka and Arrowtown. The Objectives provide for recognition of the distinctive nature of the commercial areas, and allows for their growth to happen in a way that meets residents’ and visitors’ needs alike and is most likely to support a prosperous, resilient and equitable economy.

Background: Commercial land supply and the growth of tourism

I became involved in the Proposed District Plan as a result of a peer review I did for Queenstown Lakes District Council in 2014 of a 2013 study undertaken by McDermott Miller Strategies and Allan Research and Planning (**MMS Report**). My review is included as Appendix A of my Statement of Evidence.

The MMS Report was commissioned by the Council to assist with the District Plan Review because of apparent over-provision of commercial land in the mixed use areas of Frankton. This was seen to result from ad hoc and piecemeal planning. The MMS Report was also required to propose a *“policy structure that enables more effective management and integration of these zones”*.

The report quantified current and future supply and demand (using several growth scenarios which reflected different rates of tourism growth). It confirmed considerable over supply of commercially zoned land even under optimistic growth assumptions.

More than that, the MMS Report highlighted the importance of tourism to the future of Queenstown. Promoting tourism as the driver of growth was seen to be closely tied to the need to expand and revitalise the Queenstown Town Centre. The subsequent MartinJenkins economic development strategy report prepared for the Council endorsed this view.

Goal 3.2.1.1 and the policies underlying it follow directly from these findings.

The MMS Report also suggested that space constraints in the Queenstown Town Centre had led to the expansion of commercial and retail land capacity elsewhere, especially in the Frankton area (mainly as a result of private plan changes). The authors saw this as a threat to the expansion of

Queenstown Town Centre, which in turn could stymie tourism growth. The oversupply of land in Frankton was also seen as potentially prejudicing development in Wanaka where commercial pressures were emerging.

The policy response

The only area in which I disagreed with the MMS Report was in the view that given these conclusions the district plan policy framework should be based on sustaining a district-wide retail hierarchy. In theory, this could be used to regulate where and when investment might take place in terms of where within that hierarchy a particular centre sits. (In practical terms, this might mean that expanding Queenstown Town Centre would be at the cost of Frankton, or that trying to offset for the current “excess” of zoned commercial land at in Queenstown by denying the expansion of commercial land around the Town Centre).

Instead, I took from the MMS analysis and the data the fact that the centres play significantly different roles and that development in either one should not be treated as directly contingent on the performance of the other. Rather, the development of an individual centre should be seen as a response to the particular set of factors driving its growth. In my view, an appropriate policy framework is one that seeks to:

recognise and accommodate the functional differences and strengths of the two centres [QTC and Frankton, [treated as a single centre].

The rationale for expanding Queenstown Town Centre

Following my peer review, I was asked to explore the rationale for rezoning the area immediately to the north of the existing Town Centre subject to Plan Change 50 (Appendix B in my Statement of Evidence). This provides for mixed use development to allow, among other things, additional tourism accommodation, hot pools and a convention centre. Plan Change 50 is consistent with the initiatives proposed for lifting the growth of tourism in the MMS tourism-based growth scenarios. (It also provides the opportunity to increase residential capacity close to the Town Centre).

In particular I was asked to examine the difference between commercial development in Frankton and the Town Centre

I looked closely at the composition and growth of employment and the character of investment (indicated by building consents) in both the Frankton and the Town Centre. I concluded that while both provide local convenience retailing, their differences are more significant than their similarities.

Retailing in Queenstown Town Centre focuses on goods and services directed to the individual, particularly those catering for visitors. Consequently, the store format is typically small footprint, pedestrian-oriented, and specialist with a degree of niche brand focus.

In contrast, retailing in Frankton Flats is predominantly geared towards household demand, notably large format stores, with chain store affiliation and branding, organised for ease of vehicle access.

Beyond retailing, **Queenstown Town Centre** focuses on accommodation, especially on and beyond its immediate fringes, hospitality, and tourist activity, including passenger transport operations,

equipment hire, and booking offices and depots for tourist attractions. It also provides higher order office services and is the administrative centre for the District.

Beyond retailing **Frankton** accommodates the development and construction sector, with building supplies and yards, trades depots, fabrication factories, and the like. It provides engineering and similar industrial services. Through its retail centres it also provides services to households (including medical services, bars and cafes, health and fitness, real estate, travel agencies), and to transport (the airport and associated activities, depots, warehouses, and the like).

I updated that analysis earlier this year in preparation for the Environment Court Hearing of Plan Change 50. Based on the update I conclude that between 2013 and 2015 the differences between Frankton Flats and Queenstown Town Centre increased.

Endorsing Objectives 3.2.1.1, 3.2.1.2

I remain firmly of the opinion that while some activities overlap between Queenstown Town Centre and Frankton they should be planned on the basis of their distinctive individual circumstances and roles. This is consistent with the approaches taken in Objective 3.2.1.1 (with respect to the Town Centres) and 3.2.1.2 (with respect to Frankton).

Objective 3.2.1.2 supports the integrated development of the wider **Frankton** mixed use area encompassing the existing and providing capacity for ongoing expansion as the population and local economy grow.

Objective 3.2.1.3

For the present Hearing I extended my analyses to include Wanaka and Arrowtown. Three features stand out in **Wanaka**. The first is the dominance of visitor oriented activity in the modest Town Centre retail area. The second is the rapid nature of recent population and tourism growth. And the third is the relative dearth of retail floorspace per head identified in the MMS report.

The focus of the Proposed Plan on developing the centre of Wanaka for the visitor industry is appropriate, although capacity there is clearly constrained. With respect to further commercial and industrial activity in Wanaka, it seems important that objective 3.2.1.3 is carried through in support of existing plans for light industry, transport and storage, and additional retailing to serve local needs and population growth (including the Three Parks and Gordon Rd developments).

Objective 3.2.1.3 is also relevant to **Arrowtown**. Even more than in the larger towns, the centre of Arrowtown is dominated by visitor-focused hospitality and specialist retail functions. Given its character and significance as a distinctive tourist attraction in its own right, it makes sense to avoid any planning decisions that might undermine these visitor functions. However, there may well be a need in the future to support modest additional commercial activity elsewhere in the township to serve local needs.

Hence, while arguing against the rigidities and potential distortions of imposing a hierarchy of centres through the PDP it is important to recognise the importance of the growth of tourism – and hence of the development of Queenstown and Wanaka Town Centres – to the District's population

growth and the prospects for absorbing much of the resulting demand for additional commercial and industrial capacity in Frankton.

Objective 3.2.1.5

The last objective I comment on is 3.2.1.5. This is about encouraging the diversification of the District's economic base. From a strategic point of view this is a sensible objective arising from the MartinJenkins economic development strategy report and its promotion of knowledge-based industry. The wider issue here is to ensure that there is adequate capacity for diverse and innovative investments, the nature of which we cannot predict but which may well generate significant income and employment in the future.

The objective and underlying policies are general in nature. I take them as ensuring that investment opportunities are not curtailed by over-prescriptive policies that place limits on activity other than those that might be associated with potential adverse effects.

Recent growth in production activities other than those related directly to tourism has taken place mainly in Frankton. I would expect this to continue, both in response to the needs of a growing population and in response to new forms of investment that might accompany that growth. At the same time, while Frankton Flats will continue to be the main location for such activity, the objective offers sufficient flexibility that such investment should not be precluded in other parts of the District.

I am happy to answer any questions.