

Before Queenstown Lakes District Council

In the matter of The Resource Management Act 1991

And The Queenstown Lakes District proposed District Plan Topic 09
Resort Zones

STATEMENT OF EVIDENCE OF MICHAEL COPELAND FOR

Jack's Point Residential No.2 Ltd, Jack's Point Village Holdings Ltd, Jack's Point Developments Limited, Jack's Point Land Limited, Jack's Point Land No. 2 Limited, Jack's Point Management Limited, Henley Downs Land Holdings Limited, Henley Downs Farm Holdings Limited, Coneburn Preserve Holdings Limited, Willow Pond Farm Limited (#762, #856 and #1275)

Jack's Point Residents and Owners Association (#765, and #1277)

Dated 3 February 2017

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**anderson
lloyd.**

QUALIFICATIONS AND EXPERIENCE

- 1 My full name is Michael Campbell Copeland.
- 2 I am a consulting economist and am currently joint managing director of Brown, Copeland and Company Limited, a firm of consulting economists which has undertaken a wide range of studies for public and private sector clients in New Zealand and overseas. During the period July 1990 to July 1994, I was a member of the Commerce Commission and between 2002 and 2008 I was a lay member of the High Court under the Commerce Act. Prior to establishing Brown, Copeland and Company Limited in 1982, I spent six years at the New Zealand Institute of Economic Research and three years at the Confederation of British Industry.
- 3 I hold a Bachelor of Science degree in mathematics and a Master of Commerce degree in economics. A summary of my curriculum vitae is attached as **Appendix 1**. With respect to the Resource Management Act 1991 (*RMA or the Act*), I have prepared evidence for clients covering a number of development projects and policies. A selection of these is listed in my curriculum vitae in **Appendix 1**.
- 4 In preparing this evidence I have reviewed:
 - (a) The draft statements of evidence of other experts giving evidence relevant to my area of expertise, including:
 - (i) Mr Mike Coburn;
 - (ii) Mr Ken Gousmett; and
 - (iii) Mr Christopher Ferguson;
 - (b) The Council s.42A Report and in particular the evidence of Mr Timothy Heath, dated 17 January 2017 on retail economic matters and appended to the s.42A Report.
- 5 I have read the Code of Conduct for Expert Witnesses in the Environment Court Practice Note. This evidence has been prepared in accordance with it and I agree to comply with it. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

SCOPE OF EVIDENCE

- 6 I have been asked by the submitters named on the front cover page of this evidence ("**the submitters**") to prepare evidence in relation to economic aspects of the provisions they are seeking be included in the proposed

Queenstown Lakes District Plan (the District Plan) in relation to the Jack's Point Zone (JPZ). My evidence therefore addresses the following:

- (a) Economics and the RMA;
- (b) Background to the Queenstown Lakes District economy;
- (c) The economic benefits of the provisions sought for the JPZ in the proposed District Plan;
- (d) Potential economic costs of the provisions sought for the JPZ in the proposed District Plan;
- (e) Consistency of provisions sought for the JPZ with the Proposed Queenstown Lakes District Plan higher level objectives and policies;
- (f) The Council's s42A Report; and
- (g) My conclusions.

EXECUTIVE SUMMARY

- 7 Community economic wellbeing and the efficient use of resources are relevant considerations under the RMA.
- 8 In economic terms, in my opinion market interventions such as land use constraints are only justified where clear external costs have been identified and the significance of these external costs is such that they outweigh the costs of the particular form of intervention proposed.
- 9 There are a range of economic benefits from limiting constraints on the provision of retail, commercial, education and health activities within the Jack's Point Village Activity Area. These include:
 - (a) Greater competition in the markets for the supply of land for this range of development activities;
 - (b) Savings in transport costs (including vehicle operating, travel time accident and congestion cost savings);
 - (c) Greater convenience;
 - (d) Optimised and efficient use of JPZ infrastructure capacity;
 - (e) More affordable housing; and
 - (f) Reduced pressure for development on less suitable land within the District.

- 10 Retail and commercial/professional service activities provided within the Village Activity Area are likely to generally meet the convenience shopping and other needs of Jack's Point residents, overnight visitors and businesses. They will not usurp the role of the larger comparison shopping centres within the District (in particular Queenstown CBD and Frankton) because of:
- (a) The population base of Jack's Point. Current projections are for Jack's Point to eventually reach around 4,500 households;
 - (b) Jack's Point being separated from other population and business centres within the District;
 - (c) The 200 m² cap on the permitted size of individual retail and commercial activities;
 - (d) Other centres in the District having a wide range of retail and commercial activities and are already well established;
 - (e) These other centres will also be the places of employment for some Jack's Point residents and places of destination for other trips so commuting to work and other trips will be combined with shopping trips at these other established centres. This will limit still further opportunity for comparison shopping of any significant scale to become established in Jack's Point; and
 - (f) Growth in the district generally will dissipate any redistribution of trade effects for other centres.
- 11 The specific provisions being sought by submitters for the JPZ are consistent with a number of the Objectives and Policies in the proposed Plan's Chapter 3 (Strategic Directions) and Chapter 4 (Urban Development). They are also consistent with a number of the Objectives and Policies of the National Policy Statement on Urban Development Capacity 2016¹.
- 12 The relief sought by the submitters is consistent with enabling "*people and communities to provide for their ... economic ... wellbeing*" and having regard to "*the efficient use and development of natural and physical resources*".

¹ New Zealand Government.

ECONOMICS AND THE RMA

Community Economic Wellbeing

13 Economic considerations are intertwined with the concept of the sustainable management of natural and physical resources, which is embodied in the RMA. In particular, Part II section 5(2) refers to enabling “*people and communities to provide for their ... economic ... wellbeing*” as a part of the meaning of “*sustainable management*”, the promotion of which is the purpose of the RMA.

14 Also I note that the Preamble to the National Policy Statement on Urban Development Capacity 2016² states at page 3:

“Well-functioning urban environments provide for people and communities’ wellbeing. ... Such urban environments attract people and investment, and are dynamic places that make a significant contribution to national economic performance.

...

Ideally, urban planning should enable people and communities to provide for their social, economic, cultural and environmental wellbeing through development, while managing its effects.”

And Objective OA1, under the heading outcomes for planning decisions, is:

“Effective and efficient urban environments that enable people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing”.

15 The provisions sought for inclusion in the proposed District Plan in relation to the JPZ will enable existing and future residents and businesses of Jack's Point to provide for their future social and economic wellbeing, without detriment for the wider District. I discuss this later in my evidence.

Economic Efficiency

16 Part II section 7(b) of the RMA notes that in achieving the purpose of the Act, all persons “*shall have particular regard to ... the efficient use and development of natural and physical resources*” which includes the economic concept of efficiency. Economic efficiency can be defined as:

“the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these

² New Zealand Government.

*goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs*³.

- 17 More generally economic efficiency can be considered in terms of:
- (a) Maximising the value of outputs divided by the cost of inputs;
 - (b) Maximising the value of outputs for a given cost of inputs;
 - (c) Minimising the cost of inputs for a given value of outputs;
 - (d) Improving the utilisation of existing assets; and
 - (e) Minimising waste.
- 18 The National Policy Statement on Urban Development Capacity 2016 notes that well-functioning urban environments make efficient use of resources.⁴
- 19 The provisions sought for inclusion in the proposed District Plan in relation to the JPZ are consistent with the efficient use of resources, especially in regard to enabling land resources within Jack's Point to be allocated to their highest value use and facilitating balanced economic growth within the JPZ and the wider District. I address this later in my evidence.

Viewpoint/Context

- 20 An essential first step in carrying out an evaluation of the economic effects of provisions to be included within the proposed District Plan is to define the appropriate viewpoint that is to be adopted. This helps to define which economic effects are relevant to the analysis. Typically a district (or city) or wider regional viewpoint is adopted and sometimes a nationwide viewpoint might be considered appropriate.
- 21 The planning provisions in the proposed District Plan covering the JPZ will principally impact upon existing and future businesses and residents of Jack's Point. However there will also be impacts on businesses and residents elsewhere in the Queenstown Lakes District, so both Jack's Point and District viewpoints are relevant.

³ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, page 148.

⁴ Page 3.

The Justification for Land Use Controls

- 22 Over the past thirty years or so, there has been a growing acceptance in New Zealand and other countries that economic efficiency is maximised when investment decisions are left to individual entrepreneurs or firms, without intervention from Government. The reason for this is that in theory a perfectly competitive market, where investment decisions are left to individual entrepreneurs or firms without intervention from Government, achieves an efficient allocation of resources. The essence of this policy is that the efficient use of resources, and therefore "sustainable management" results from the creation of a climate where the market enables people to make investment decisions "to provide for their economic wellbeing".
- 23 Despite this, in reality markets are not "perfect", and the presence of "externalities"⁵ affects the working of the market and the results that could be expected from a totally unregulated system of resource allocation. Externalities arise because the actions of individuals or firms sometimes create positive or negative impacts on others.
- 24 It is unrealistic to assume that development of particular forms of economic activity and/or the location of that economic activity will not sometimes impose costs on the community in general. Where the developer, and/or those engaged in various forms of economic activity at a development do not face the incidence of these costs, externalities arise and intervention of some form may be justified. In other words, development may create costs or benefits for parties other than those commercially involved in transactions related to the development.
- 25 Externalities may be in the form of environmental effects such as visual, noise, water or air pollution effects. Externalities in an economic context may relate to the provision of infrastructure where a strict user pays system is not in place, road transport congestion and safety effects.
- 26 Consideration of the efficient allocation of resources must encompass the extent to which externalities exist, but the existence of externalities does not necessarily imply the need for intervention. This is because intervention in the market, for example to limit where industrial and yard based development may occur, is not costless in that it prevents optimum resource allocation from the perspective of the market. Also there may be external benefits associated with types of development at particular locations, which need to be taken into account.

⁵ Defined as the side effects of the production or use of a good or service, which affects third parties, other than just the buyer and seller.

- 27 Therefore, from the point of view of community economic wellbeing and economic efficiency, market interventions such as land use constraints should only be imposed where clear external costs have been identified and the significance of these external costs is such that they outweigh the costs of the particular form of intervention proposed. For example, the JPZ provisions restrict development in order to protect important landscape and amenity values – the intervention is justified because of the value placed on those landscapes and amenity values. Restricting particular forms of development at particular locations within the JPZ, having considered only potential negative externalities, relies on partial or incomplete analysis and will lead to suboptimal outcomes. It ignores not only positive externalities, but also the economic and other benefits inherent in retaining flexibility enabling market determined solutions. In other words to justify land use controls, which restrict free market outcomes, externality costs must be identified and they must be significant enough to outweigh the inherent cost of not allowing a free market solution and any positive externalities that may be associated with that free market solution.

Trade Competition

- 28 Consistent with seeking to maximise competition and economic efficiency, the RMA specifically excludes consideration being given to trade competition effects on individual competitors. However where trade competition effects in aggregate are of such significance that they threaten the overall viability, vitality and amenity values of district or town centres then such effects are relevant considerations under the RMA. Later in my evidence I consider the likely significance of any trade competition effects on other commercial centres within the District from the proposed development controls sought for inclusion in the proposed District Plan in respect of the JPZ.

Intangible or Non-monetarised Effects

- 29 In economics, 'intangible' costs and benefits are defined as those which cannot be quantified in monetary terms. For any development such effects may include amenity effects, landscape effects, ecological effects, Māori cultural and relationship effects and recreational effects. Such effects may be positive or negative – i.e. a benefit or a cost for a particular community of interest.
- 30 Sometimes attempts can be made to estimate monetary values for so-called 'intangibles' using techniques such as willingness to pay surveys or inferring values on the basis of differences in property values. However these techniques are frequently subject to uncertainty and criticism.
- 31 It is generally better not to attempt to estimate monetary values for these effects but to leave them to be part of the overall judgment under section 5 of the RMA. This also avoids the danger of 'double-counting' – i.e. including them within a

quantified measure of economic effects and treating them as a separate consideration in the overall judgement under section 5.⁶ The 'intangible' effects of the provisions sought for inclusion in the proposed District Plan in respect of the JPZ including any landscape, traffic and urban design effects are considered in the evidence of other witnesses.

BACKGROUND TO THE QUEENSTOWN LAKES DISTRICT ECONOMY⁷

- 32 Statistics New Zealand's June 2016 resident population estimate for the Queenstown Lakes District is 34,700. In 2006 population in the District was 24,100 persons, implying growth of 44.0%, as compared to growth of 12.2% for New Zealand as whole.
- 33 Statistics New Zealand's 'medium' population projections⁸ have the Queenstown Lakes District's population increasing at an average rate of 1.4% per annum over the period 2016-43, compared to an average rate of growth of 0.7% for New Zealand – i.e. the District's population is forecast to grow at a rate twice the national average. In terms of the National Policy Statement on Urban Development 2016 capacity criteria, the District is a "*high-growth urban area*" and therefore the Queenstown Lakes District Council is expected to comply with all of the National Policy Statement's Objectives and Policies.
- 34 The Statistics New Zealand population data relates to resident population estimates and forecasts. Including the visitor numbers raised the average daily population in 2015 from 32,400 to 47,800 – i.e. on average visitors to the District increase the resident population by 48%. At peak times the impact is even more pronounced. For 2015, peak population in the District was estimated at 96,500 – nearly 3 times the resident population. In 10 years' time (i.e. in 2025) the daily peak population is expected to reach 115,500 and the average resident plus visitor population 57,000.⁹
- 35 Employment data also highlights the dependence of the Queenstown Lakes District economy on tourism. In 2015, 5,920 jobs (30.0%) of the District's 19,920 jobs were in the accommodation and food services industry group. For New

⁶ This view appears to be consistent with that of the Board of Inquiry for the MacKays to Peka Peka Expressway Project. See paragraph 1,137 of Final Report and Decision of the Board of Inquiry; April 2013.

⁷ Data in this section from Statistics New Zealand, unless stated otherwise.

⁸ Statistics New Zealand prepare three sets of projections – high, medium and low – according to natural population change (i.e. the net effect of birth and death rate assumptions) and net migration assumptions. These projections do not explicitly incorporate assumptions about different rates of economic development.

⁹ Source: Queenstown Lakes District Council 10 Year Plan 2015 – 2025.

Zealand as a whole accommodation and food services only account for 7.1% of total employment. This industry group is only a proxy for the tourism industry since it will also be used by non-tourists and there are other industry groups, which provides goods and services to tourists – e.g. retail trade and arts and recreation services. In the Queenstown Lakes District retail trade accounts for 2,440 jobs (12.2% of total employment compared to 9.8% nationally) and arts and recreation services¹⁰ accounts for 1,370 jobs (6.9% of total employment compared to 1.9% nationally).

- 36 A 2013 study - Review of District Plan Business Zones Capacity and Development of Zoning Hierarchy; McDermott Miller Strategies Limited in association with Allan Planning and Research; A report prepared for the Queenstown Lakes District Council; 15 November, 2013 (the McDermott Miller report) – estimated that tourism contributes around 35% to the Queenstown Lakes District's Gross Domestic Product (GDP) as compared to 8.6% at the national level.
- 37 The McDermott-Miller report defines “tourism-characteristic” industries to include accommodation, food and beverage services, road, rail and water passenger transport, air transport, other transport, transport support and travel and tour services, rental and hiring services, arts and recreation services and recreational goods retail. It defines “tourism-related” industries to include retail trade of other personal services and education and training, whilst “non-tourism-related” industries include retail trade of hardware and other household goods and all other industries. In 2012 “tourism-characteristic” and “tourism-related” employment accounted for 58% of total employment and non-tourism-related employment accounted for 42%.
- 38 Whilst “non-tourism-related” industries are those in which direct spending by tourists is only a minor part of revenue, they include businesses that depend on tourism indirectly – i.e. they are businesses, which provide goods and services to businesses and employees within the “tourism-characteristic” and “tourism-related” industries. Therefore although tourism is the key economic driver of the Queenstown Lakes District economy, other sectors of the economy indirectly contribute to underpin and grow tourism within the District.

THE ECONOMIC BENEFITS OF THE PROVISIONS SOUGHT FOR THE JPZ

Economic Benefits from Enabling Market Demand to be Met

- 39 The planning provisions sought for the JPZ have been proposed on the basis of expected demand for additional residential and visitor accommodation

¹⁰ Primarily sport and recreation.

development within the JPZ and the associated commercial and community facilities required by this development. Also it is proposed that a relatively flexible approach be adopted covering the types of activities that can be developed within the Jack's Point Village Activity Area. The activities envisaged are:

“Residential and visitor accommodation activities, including bars, restaurants, theatres, conference, cultural and community facilities and office and administration activities ancillary to the above activities, small-scale commercial activities, health activities, educational activities, office and administration activities, and indoor and outdoor recreation facilities.”¹¹

- 40 The maximum net permitted floor area for any individual commercial activity (including retail activity) within the Village Activity Area is 200 m². Beyond this limit consent would be discretionary. Other than this restriction on the size of individual commercial activities, market demand will determine the total areas of each of the various types of activities which will locate within the Village Activity Area. As discussed earlier in my evidence this flexibility is consistent with economic efficiency assuming there are no externality costs arising from the proposed flexible rather than prescriptive approach to determining the total areas of each type of development anticipated. It is also consistent with the National Policy Statement on Urban Development Capacity 2016, which at page 3 emphasises the importance of:

“... enabl(ing) environments to grow and change in response to the changing needs of the communities, and future generations; ...”

- 41 Objectives OA2 and OA3 of the National Policy Statement, under the heading of outcomes for planning decisions are respectively:

“OA2: Urban environments that have sufficient opportunities for the development of housing and business land to meet demand and which provide choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses.”

“OA3: Urban environments that, over time, develop and change in response to the changing needs of people and communities and future generations.”

- 42 Also under the heading “Responsive Planning” the National Policy Statement on Urban Development Capacity contains a number of policies requiring local

¹¹Proposed Rule 41.4.10.3 (in Mr Ferguson's revised chapter) or proposed rule 41.4.9.3 as notified in the PDP.

authorities such as the Queenstown Lakes District Council with part, or all, of either a medium-growth urban area or high-growth urban area within their district or region to make available sufficient land capable of housing and business development. For example, policy PC1 requires the Queenstown Lakes District Council:

“To factor in the proportion of feasible development capacity that may not be developed, in addition to the requirement to ensure sufficient, feasible development capacity as outlined in policy PA1¹², local authorities shall also provide an additional margin of feasible development capacity over and above projected demand of at least:

- *20% in the short and medium term, and*
- *15% in the long term.”*

43 The provisions sought for the JPZ, including the flexibility sought for the JPZ Village Activity Area are consistent with these objectives and policies of the National Policy Statement on Urban Development Capacity.

Economic Benefits from Greater Competition

44 The JPZ Village Activity Area provides additional land areas for a range of development forms. This will add to competition in the markets for the supply and development of such land, providing economic benefits. As the National Statement on Urban Development Capacity 2016 states¹³:

“Competition is important for land and development markets because supply will meet demand at a lower price where there is competition. There are several key features of a competitive land market and development market. These include providing plenty of opportunities for development. Planning can impact on the competitiveness of the market by reducing overall opportunities for development and restricting development rights to only a few landowners.

This national policy statement requires councils to provide in their plans enough development capacity to ensure that demand can be met. This includes both total aggregate demand for housing and business land, and also the demand for different types, sizes and locations. This development capacity must recognise that not all feasible development opportunities will be taken up. This will provide communities with more choice, at lower prices.”

¹²Policy PA1 relates to local authorities having to ensure that at any one time there is sufficient housing and business land development capacity with different requirements for the short, medium and long term.

¹³ At page 4.

45 In addition, Policy PA3 of the National Statement requires that when making planning decisions particular regard be given to:

- “a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses; and*
- c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.”*

Economic Benefits of Providing a Range of Employment and Services within Jack’s Point

46 Providing places of employment, education, healthcare and other commercial and community services within the JPZ together with resident and visitor accommodation will contribute to economic benefits for Jack’s Point residents and visitors, as well as other residents and businesses of the District in the form of:

- (a) Savings in transport costs (including vehicle operating, travel time, accident and congestion cost savings). Such benefits accrue to both residents and businesses of Jack’s Point and other residents and businesses within the District in that reductions in congestion are district-wide benefits;
- (b) Encouragement of walking and cycling in preference to motorised forms of transport; and
- (c) Greater convenience.

Increased Economic Activity within the Queenstown Lakes District

47 To a large extent the activities expected to locate within the Village Activity Area of the JPZ will locate elsewhere within the District if provision is not made for them within the JPZ. However the proposed flexible rather than prescriptive approach to determining the total areas of each type of development within the Village Activity Area will attract increased economic activity to the extent that it attracts clusters of particular types of activity (e.g. film production, private or public sector tertiary education facilities and commercial and medical research activities) which would not otherwise locate within the District but would be more likely located in major metropolitan centres (e.g. Dunedin or Christchurch).

Faster and More Intensive Uptake of JPZ Infrastructure Capacity

48 Having a flexible rather than prescriptive approach to the total areas of different activity types permitted within the Village Activity Area will enable a more nimble response to market demand and accelerate development within JPZ. This will

provide economic benefits in that there will be a faster uptake of infrastructure capacity within the JPZ and consequently a reduction in the costs which need to be recovered. Policy PA3 of the National Policy Statement on Urban Development Capacity requires planning decisions to have particular regard to:

“b) Promoting the efficient use of urban land and development infrastructure and other infrastructure.”

- 49 Also the higher densities sought for residential development within the JPZ will result in overall cost savings in the provision and maintenance of infrastructure. The evidence of Mr Mike Coburn states that much of the infrastructure required for the JPZ is already in place. However future maintenance costs will be shared between a greater number of resident dwellings/lots, lowering the annual costs that need to be recovered from each dwelling/lot owner. Mr Coburn’s evidence also explains how the recovery of infrastructure costs from commercial development within the Village Activity Area will be advantageous to JPZ residential dwelling/lot owners.
- 50 In addition, higher residential densities within the JPZ will defer the need for infrastructure provision expenditure at other locations within the District.

Economic Benefits from More Affordable Housing

- 51 The planning controls sought in relation to housing within the JPZ, including the Village Activity Area generally provide for higher densities and this is expected to better meet demand through the provision of more affordable housing and more attractive lifestyle options – for example the Village Activity Area will provide for apartment style living in close proximity to both recreational and open spaces, and commercial services such as cafes, bars, restaurants and convenience retail outlets. The JPZ will also provide a supply side response to the additional housing demands of a growing population in the Queenstown Lakes District.

Other Economic Benefits

- 52 The provision of more intensive housing and other forms of development within the JPZ will reduce pressure for development at locations elsewhere within the District and which may be less suitable for such development. To this extent the planning provisions sought for the JPZ will reduce pressure for development at more sensitive locations within the District having greater negative externalities.
- 53 Finally the evidence of Mr Coburn explains how the proposed elimination of the need for residents to seek a Resource Consent from Council, before a building consent can be lodged will reduce costs relating to assessment fees and unnecessary time delays. These costs savings can be achieved without

compromising environmental outcomes given the continued need for approval from the Design Review Board,

POTENTIAL ECONOMIC COSTS OF PROVISIONS SOUGHT FOR JACK'S POINT ZONE

Potential Impacts on Other Town Centres within the District

54 Whilst trade competition effects are not relevant considerations under the RMA, they may be considered where such effects are of such significance that they detrimentally impact upon the vitality, vibrancy and amenity values of existing centres. The activities proposed for the Village Activity Area are not envisaged to create such significant effects. Commercial activities will be orientated towards the needs of the local residents and other enterprises located within the JPZ. Individual commercial activities will be limited in size to 200 m² as permitted activities with flexibility to exceed that limit through a discretionary resource consent approval. Therefore local residents of Jack's Point will primarily still need to travel to other existing centres within the District for their supermarket shopping and the majority of their other shopping needs, apart from convenience shopping needs (e.g. local grocery store shopping, use of local cafes, bars and restaurants, purchase of some personal services, etc.).¹⁴ Similarly retail development within the Village Activity Area is unlikely to attract residents (or visitors) from outside the JPZ because of the JPZ's comparative isolation and the 200 m² permitted activity limit on the individual size of retail activities.

55 Therefore the activities envisaged will generally not be in competition with those in other centres of the District e.g. Queenstown CBD, Wanaka, Remarkables Park and Frankton).

56 Further I note that the section 32 report on the JPZ¹⁵

"A 2013 McDermott report reviewing the Queenstown Lakes District Plan Business Zones capacity and zoning hierarchy, has identified that the Queenstown area incorporates dispersed and disparate settlements. The report concludes that appropriate commercial development of these disparate settlements (such as Jack's Point) will not detract from the absolute number of

¹⁴ Note: although residents and visitors to the JPZ will need to travel to existing centres for most of their retail requirements such travel will not add to peak hour congestion which principally occurs in conjunction with journeys to and from work and education establishments. Also, even though resource consent may eventually be sought for a supermarket to be developed within the Village Activity Area, this would not occur until the JPZ approached full capacity.

¹⁵ Section 32 Evaluation Report Jacks Point Zone; Queenstown Lakes District Council; undated.

residents in the Queenstown area for whom the Queenstown central retail precinct is the closest shopping and workplace destination.”

Since that report was prepared the Frankton area (including Remarkables Park) has also become a significant shopping and employment destination and it too will be closer for most residents in the District than the Village Activity Area within the JPZ.

Infrastructure Costs

- 57 Externality costs can arise where proposed development imposes additional costs on other ratepayers as a result of the need to upgrade and expand existing infrastructure. The provisions sought for the JPZ will not impose additional costs on other ratepayers and residents (see evidence of Mike Coburn and Ken Gousmett).

CONSISTENCY OF PROVISIONS SOUGHT WITH PROPOSED QUEENSTOWN LAKES DISTRICT PLAN HIGHER LEVEL OBJECTIVES AND POLICIES

- 58 A number of Objectives and Policies in the proposed Plan's Chapter 3 (Strategic Directions) and Chapter 4 (Urban Development) are consistent with the specific provisions being sought for the JPZ. I discuss this consistency below with respect to a number of these Objectives and Policies.

Chapter 3 Strategic Directions

Objective 3.2.1.1 ~~Recognise, develop and sustain the~~ The Queenstown and Wanaka central business areas town centres ~~areas~~ as the hubs of New Zealand's premier alpine resorts and the District's economy. (Revised Proposal, Councils Right of Reply 07/04/2016)

- 59 The proposed controls on development within the Village Activity Area will not compromise the Wanaka and Queenstown town centre hubs. The JPZ is comparatively isolated and commercial activities within it will primarily be directed at the immediate needs of JPZ residents, overnight visitors and businesses. The 200 m²permitted limit for any single commercial activity will be a further safeguard.

Policy 3.2.1.1.2 ~~Avoid commercial rezoning that could fundamentally undermine the role of the Queenstown and Wanaka central business areas~~ town centres ~~as the primary focus for the District's economic activity.~~ (Revised Proposal, Councils Right of Reply 07/04/2016)

- 60 Proposed provisions governing commercial development within the JPZ will not undermine the role of the Queenstown and Wanaka town centres as the primary focus for the District's economic activity. This policy does not prevent

retail and other commercial development at locations other than these town centres and where that development is focused only on meeting the convenience needs of visitors residing there and local residents and businesses.

Objective 3.2.1.3A ~~Recognise, develop~~Enhance and sustain the key local service and employment functions served by commercial centres and industrial areas outside of the Queenstown and Wanaka ~~central business areas~~town centres and Frankton. (Revised Proposal, Councils Right of Reply 07/04/2016)

61 Commercial development with the JPZ will not threaten the sustainability of key service and employment functions served by other centres in the District. In particular the retail functions of Remarkables Park and Frankton will be largely unaffected by retail development proposed for the JPZ.

Policy 3.2.1.3A.1 Avoid commercial rezoning that would ~~fundamentally~~ undermine the key local service and employment function role that the ~~larger urban~~ centres outside of the Queenstown, ~~and~~ Wanaka ~~central business areas~~and Frankton fulfil. (Revised Proposal, Councils Right of Reply 07/04/2016)

62 Commercial development within the JPZ will largely be orientated at the immediate needs of JPZ residents, overnight visitors and businesses. It will be unlikely to attract residents and over-night visitors located elsewhere within the District and JPZ residents will need to travel outside the JPZ for the bulk of their retail requirements.

Objective 3.2.1.4~~Recognise and provide for~~ ~~t~~The significant socioeconomic benefits of tourism activities across the District are provided for and enabled. (Revised Proposal, Councils Right of Reply 07/04/2016)

63 The development of visitor accommodation and related activities within the Village Activity Area is consistent with providing for and enabling the socioeconomic benefits of tourism activities across the District. Also as discussed earlier in my evidence, to the extent that the provisions enabling more intensive housing and other forms of development within the JPZ will reduce pressure for development at locations elsewhere within the District and which may be less suitable for such development, they will reduce pressure for development at more sensitive locations within the District potentially having greater negative effects on tourism activities.

Objective 3.2.1.5~~Enable the d~~Development of innovative and sustainable enterprises that contribute to diversification of the District's economic base and create employment opportunities. (Revised Proposal, Councils Right of Reply 07/04/2016)

64 The proposed JPZ provisions will enable the establishment of innovative enterprises within the Village Activity Area.

Policy 3.2.1.5.1 *Provide for a wide variety of activities and sufficient capacity within commercially zoned land to accommodate business growth and diversification. (policy as notified)*

65 The proposed provisions covering the Village Activity Areas of the JPZ will provide for a wide variety of activities and some capacity for business growth and diversification.

Chapter 4 Urban Development

4.2.3 Objective *Within Urban Growth Boundaries, provide for a compact and integrated urban form that limits the lateral spread of urban areas, and maximises the efficiency of infrastructure operation and provision.*

66 By providing for a range of employment, commercial (including limited retail) and other activities within close proximity of resident and visitor accommodation with the JPZ, the Village Activity Area is consistent with this objective. Also the flexible rather than prescriptive approach to the total areas of different activity types permitted within the Village Activity Area will help accelerate development within JPZ encouraging the efficient operation and provision of infrastructure.

Policy 4.2.3.1 *Provide for a compact urban form that utilises land and infrastructure in an efficient and sustainable manner, ensuring:*

Connectivity and integration;

67 By providing for a range of residential, visitor accommodation, education, health, employment and other activities within the Village Activity Area the proposed development controls sought for the JPZ encourage connectivity and integration.

The sustainable use of public infrastructure;

68 By encouraging a faster rate of development of, and higher density within, the JPZ the proposed development controls sought are consistent with the sustainable use of public infrastructure.

Convenient linkages to the public and active transport network;

69 The proposed development controls for the JPZ encourage active forms of transport and discourage the use of motorised transport.

□ *Housing development does not compromise opportunities for commercial or community facilities in close proximity to centres.*

70 The proposed development controls for the for the Village Activity Area are explicitly directed at providing commercial and community activities in close proximity to residential and visitor accommodation development at Jack's Point.

COUNCIL'S S42A REPORT

71 I have reviewed those parts of the Council's s42A Report covering the retail economic effects of the proposed Village Activity Area. In particular I have reviewed the evidence of Mr Timothy Heath dated 17 January, 2017 and appended to the s42A report, and talked with him about his evidence.

72 The s42A Report and Mr Heath's evidence did not take into account that the Henley Downs retail and commercial area (Village) was deleted from the operative plan in the notified version, and is now eliminated and not replaced.

73 The s42A Report and Mr Heath's evidence also did not acknowledge the submitters' proposed:

- (a) Elimination of the Education Innovation Campus (EIC) Activity Area from the Proposed Plan; and
- (b) The combining of the Education Activity Area (E) with the Village Activity Area;

74 As a result Mr Heath proceeded on the incorrect assumption that the proposed zone increases land available for commercial and retail use. The Operative Plan had 2 Village areas for Jacks Point and Henley Downs, with a total of 28.95 ha. The notified PDP had only one Village, the EIC and the Education and Health activity areas, a large component of which was targeted to education activities. That is all now consolidated into the proposed Village area of 26.80 ha, a portion of which is also envisaged for education, not commercial or retail. This is a **decrease** from the Operative position and a **decrease** from the notified position in terms of land available for commercial, retail and community activities.

75 For example:

- (a) Para 5.23 of Mr Heath's evidence does not make it clear that the overall commercial yield actually decreases with the form of Zone that Jack's Point is now advancing; and
- (b) Mr Heath's comment at paragraph 7.1 is not correct:

On the basis that the Jacks Point Village already has more than sufficient allocation of developable land for the purposes of retail and commercial activity within the ODP, the proposal to increase the area from 15.07ha to 18.70ha in my opinion has no economic basis without any relevant retail or commercial caps in place.

76 The ODP had 28.95 ha of commercial land in Henley Downs and Jacks Point Villages. The proposal now advanced is a reduction of that to 26.80 ha consolidated into one village, with a large component of that to be used for education.

77 Mr Heath at paragraph 5.2 of his evidence states that Jack's Point would not be able to play a higher order comparison retailing role with retail activity being largely orientated at the convenience shopping needs of local residents and businesses. I agree with this and I would expect the changes proposed for the Village Activity Area would lessen concerns Mr Heath expresses in his report (e.g. paragraph 6.5) that:

“Enabling the development of a village that is larger than sustainable by its localised and visitor market to play a broader role and function is likely to generate adverse retail distributional effects on Remarkables Park and Five Mile and on Queenstown’s market efficiency”.

78 In my view, the retail and commercial/professional service activities within the Village Activity Area will generally be to provide the convenience shopping and other needs of Jack’s Point residents, overnight visitors and businesses. They will not play “a broader role and function” and they will not usurp the role of the larger comparison shopping centres within the District (in particular Queenstown CBD and Frankton) because of:

- (a) The population base of Jack’s Point;
- (b) Jack's Point being isolated from other population centres within the District;
- (c) The 200 m²restriction on the permitted size of individual retail and commercial activities;
- (d) Other centres in the District having a wide range of retail and commercial activities and are already well established;
- (e) These other centres also being the places of employment for some Jack's Point residents and places of destination for other trips so commuting to work and other trips will be combined with comparison shopping trips at these other established centres. This will limit still further opportunity for

comparison shopping of any significant scale to become established in Jack's Point; and

- (f) Growth in the district generally will dissipate any redistribution of trade effects for other centres.

79 Also as noted earlier in my evidence, it is now proposed to reduce the area of land available for commercial, retail and community activities from that in the ODP and in the notified PDP. Therefore I consider that the limited level of constraint imposed on retail and other commercial development proposed by the submitters is appropriate and consistent with economic efficiency, given the economic benefits of limiting constraints on development where no externality costs arise.

CONCLUSION

80 The proposed relief sought by the submitters in relation to controls on activities within the Village Activity Area are appropriate having regard to:

- (a) The relative isolation of Jack's Point from other residential and business centres in the District;
- (b) The number of persons who will be resident within Jack's Point;
- (c) Other business centres within the District (in particular the Queenstown CBD and Frankton) being of significant scale and well established;
- (d) The economic benefits from a reasonably flexible approach to future development to meet market demand; and
- (e) The economic and social benefits from providing Jack's Point residents, visitors and businesses convenience retail shopping and commercial/professional services within the local area.

81 The relief sought by the submitters is consistent with enabling "*people and communities to provide for their ... economic ... wellbeing*" and having regard to "*the efficient use and development of natural and physical resources*".

DATED this 3rd day of February 2017

Michael Copeland

APPENDIX 1 - CURRICULUM VITAE OF MICHAEL CAMPBELL COPELAND

DATE OF BIRTH 3 October 1950

NATIONALITY New Zealand

EDUCATIONAL Bachelor of Science (Mathematics) 1971

QUALIFICATIONS Master of Commerce (Economics) 1972

PRESENT POSITIONS

(Since 1982) Economic Consultant, Brown, Copeland & Co Ltd

(Since 2010) Director, Healthcare New Zealand Holdings Limited

PREVIOUS EXPERIENCE

1978-82 NZ Institute of Economic Research
Contracts Manager/Senior Economist

1975-78 Confederation of British Industry
Industrial Economist

1972-75 NZ Institute of Economic Research
Research Economist

1990-94 Member, Commerce Commission

2001-06 West Coast Regional Council Trustee, West Coast
Development Trust

2002-08 Lay Member of the High Court under the Commerce Act 1986

2003-11 Director, Wellington Rugby Union

2010-13 Director, Southern Pastures

GEOGRAPHICAL EXPERIENCE

- New Zealand
- Australia
- Asia (Cambodia, India, Indonesia, Kazakhstan, Malaysia, Nepal, Pakistan, People's Republic of China, Philippines, Tajikistan, Sri Lanka, Uzbekistan, Viet Nam)
- South Pacific (Cook Islands, Fiji, Kiribati, Tokelau, Tonga, Tuvalu, Vanuatu, Western Samoa)
- United Kingdom

AREAS OF PRIMARY EXPERTISE

- Agriculture and Resource Use Economics (including Resource Management Act)

- Commercial Law and Economics (including Commerce Act)
- Development Programme Management
- Energy Economics
- Industry Economics
- Transport Economics

RESOURCE MANAGEMENT ACT SPECIFIC PROJECTS

- Port storage facilities at Westport;
- The proposed Clifford Bay ferry terminal;
- The proposed pipeline and related facilities to utilise water from the Waikato River for metropolitan Auckland;
- A container terminal expansion by the Ports of Auckland;
- The proposed Variation No. 8 to the Wellington City District Plan covering height and other controls on development of the airspace above the Wellington railway yards;
- Proposed expansion of Paraparaumu town centre within the Kapiti Coast District;
- Wellington City Council's heritage preservation policy;
- Solid Energy's proposed West Coast Coal Terminal at Granity;
- Solid Energy's Mt William North coal mine at Stockton in the Buller District;
- The proposed Waimakariri Employment Park;
- The designation of land for a proposed motorway extension in the Hawke's Bay;
- The Hastings District Council's Ocean Outfall – two consent renewal applications;
- A proposed new shopping and entertainment centre in Upper Hutt;
- Rezoning of land in Upper Hutt from Business Industrial to Residential;
- New regional correctional facilities in Northland, South Auckland, Waikato and Otago;
- Proposed controls on wake generation by vessels travelling within the waterways of the Marlborough Sounds;
- The expansion of marina facilities within the Marlborough Sounds;
- Southern Capital's proposed new township at Pegasus Bay, north of Christchurch;
- Renewal of water resource consents for the Tongariro Power Development Scheme;
- Economic analysis inputs to a Section 32 report for the Waitaki Water Allocation Board;
- The imposition of land use restrictions within noise contours surrounding Christchurch International Airport;
- The expansion of the Whangaripo Quarry in Rodney District;
- The economic significance of Winstone's proposed quarry at Wainui, in the north of Auckland City;
- A proposed five star hotel development for Wanaka;
- Holcim's proposed new cement plant near Weston in the Waitaki District;
- TrustPower's proposed new wind farm at Mahinerangi in Central Otago;
- TrustPower's proposed new Arnold hydroelectric power scheme on the West Coast;
- McCallum Bros and Sea Tow Limited's appeal before the Environment Court regarding extraction of sand from the Mangawhai-Pakiri embayment north of Auckland;
- The development of the Symonds Hill pit at Winstones' Hunua Quarry;
- The rezoning of land for residential development at Peninsula Bay, Wanaka;

- The rezoning of land for more intensive residential development at PekaPeka on the Kapiti Coast;
- A gondola development for the Treble Cone skifield;
- A gondola development for the Snow Farm and Snow Park skiing and snowboarding facilities;
- The extraction of gravel from the bed of the Shotover River;
- The proposed Hilton hotel development on Wellington's Queen's Wharf;
- Land use restrictions in relation to the Runway Extension Protection Areas for Christchurch International Airport;
- A new residential and commercial development by Apple Fields at Belfast on the outskirts of Christchurch;
- A proposed business park development on land at Paraparaumu Airport;
- The proposed redevelopment of Wellington's Overseas Passenger Terminal;
- The proposed Central Plains irrigation scheme in Canterbury;
- The staging of residential and business development at Silverdale North in the Rodney District;
- The redevelopment of the Johnsonville Shopping Centre;
- A Plan Change enabling the relocation of existing development rights for a residential and commercial development on Mount Cardrona Station in the Queenstown Lakes District;
- A new Pak'n Save supermarket at Rangiora;
- New supermarkets at Kaiapoi, Whitby, Silverstream and Havelock North;
- The extension of the TeRereHau wind farm in the Tararua District;
- MainPower's proposed new wind farm at Mount Cass;
- Fonterra's proposed new milk processing plant at Darfield and its subsequent expansion;
- Fonterra Pahiataua milk powder plant expansion;
- Fonterra's proposed new coal mine in the Waikato District;
- Assessment of the economic significance of ANZCO's Canterbury operations to the Canterbury regional economy;
- Resource consent extensions for Oceana Gold (New Zealand) Limited's gold mining operations at Macraes Flat in north-east Otago, the Globe Mine at Reefton and a proposed underground gold mine at Blackwater on the West Coast;
- Designation of land for NZTA's Waterview motorway project in Auckland;
- Designation of land and resource consents for NZTA's Transmission Gully motorway project in Wellington;
- Designation of land and resource consents for NZTA's MacKays to PekaPeka Expressway;
- Designation of land and resource consents for NZTA's PekaPeka to Otaki Expressway;
- Resource consents for NZTA's Basin Reserve Bridge Project;
- Resource consents for NZTA's Puhoi to Warkworth motorway extension;
- Resource consents for the Ruataniwha Water Storage Scheme;
- Assessment of the economic effects of a Queenstown Airport Corporation's proposed Notice of Requirement for the designation of additional land for aerodrome purposes;
- Assessment of the retail effects of proposed Plan Change 19 to the Queenstown Lakes District's District Plan;
- Assessment of the regional and national economic significance of Lyttelton Port;

- The economic benefits of utilising a Recovery Plan under the Canterbury Earthquake Recovery Act for the rehabilitation and enhancement of facilities at Lyttelton Port;
- The economic effects of the Lyttelton Port Company's Capital Dredging Project;
- Meridian's proposed new Mokihinui hydro scheme;
- Assessment of the economic effects of alternative wreck recovery options for the MV Rena;
- Assessment of the economic benefits and costs of Transpower's corridor management approach to giving effect to the National Policy Statement on Electricity Transmission in District and City Plans;
- Assessment of economic effects of a proposed extension to Arrowtown's urban boundary;
- Assessment of the economic benefits of overhead deployment of ultrafast broadband infrastructure;
- Assessment of the economic benefits of the proposed Ruataniwha Water Storage Scheme;
- Preparation of evidence for Transpower in relation to the proposed Ruakura development on the outskirts of Hamilton City;
- Preparation of two reports reviewing the economic benefits of the Hobbiton movie set at Matamata;
- Assessment of the economic benefits of renewal of a water discharge consent for Silver Fern Farm's Belfast meat processing plant;
- Preparation of evidence for Transpower in relation to the Proposed Auckland Unitary Plan;
- Preparation of evidence for Transpower, Ngāi Tahu Property Limited, the Lyttelton Port Company, Canterbury International Airport Limited, Tailorspace Limited, Church Property Trustees, the Roman Catholic Bishop of the Diocese of Christchurch, Pacific Park Limited, Fulton Hogan and the Christchurch Aggregates Producers Group in relation to the Proposed Christchurch Replacement District Plan;
- Preparation of evidence for Darby Planning LP, Soho Ski Area Limited, Treble Cone Investments, Lake Hayes Ltd, Lake Hayes Cellar Ltd and Mount Christina Limited in relation to economic issues concerning the Rural and Rural Recreation and Rural Lifestyle Chapters of the Proposed Queenstown Lakes District Plan;
- Preparation of evidence for Coastlands Shoppingtown Limited in relation to the proposed Kapiti Coast District Plan;
- Preparation of evidence for Tinline Properties Limited in relation to a proposed plan change to enable the establishment of an out of centre supermarket.