

**BEFORE THE HEARING COMMISSIONERS  
AT QUEENSTOWN**

**IN THE MATTER** of the Resource Management Act 1991  
(the Act)

**AND**

**IN THE MATTER** of the Queenstown Lakes Proposed  
District Plan: Stage 3 – Chapter 20  
(Settlement Zone)(3307)

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**STATEMENT OF EVIDENCE OF PAUL AND DEBORAH BRAINERD**

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**ATKINS | HOLM | MAJUREY**

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## INTRODUCTION

1. My full name is Paul Steven Brainerd. I am retired, and work as a volunteer for various non-profit organisations in the United States and New Zealand. My wife, Deborah Rook Brainerd is joining me today to present our evidence.
2. I have a Bachelor of Science degree in Business Administration from the College of Business Administration, University of Oregon (1970), and a Master of Arts degree in Journalism and Mass Communications from the University of Minnesota (1975).
3. I have had three careers:
  - (a) In journalism;
  - (b) As an entrepreneur; and
  - (c) As a philanthropist.
4. As a journalist I was editor-in-chief of a daily college newspaper with a circulation of 35,000, and then worked for a metropolitan daily newspaper in Minneapolis, Minnesota.
5. During my business and entrepreneurial career I was a pre-press systems analyst; the Vice President of a customer service organization; President and Chairman of a 1,250-employee public company that I founded in 1984. After 10 years this company had sales of \$230 million and offices in 13 countries. I sold my company to Adobe Inc. in 1994 and served on the Adobe Board of Directors for two years.
6. Notably in my business career I invented Aldus PageMaker and coined the term "desktop publishing." In that context I was honored in the United States with an Entrepreneur of the Year award (1988), and with the international Gutenberg Prize (1994) bestowed for outstanding technical achievement in, or contribution to, printing technology.
7. In my philanthropic career I have created four non-profit organizations and served on six non-profit boards, chairing three of them. My focus has been on non-profit governance and finance, and on nurturing a new generation of more effective and engaged philanthropists.
8. My wife, Debbi Brainerd, has also served on six non-profits boards and chaired two of them.

9. My best known philanthropic works in the United States have been the environmental grant-making work of the Brainerd Foundation (US\$65 million to 500 organizations over 25 years); Social Venture Partners (3,400 partners in 40 cities in 8 countries and US\$70 million in grants given to 900 non-profits); and co-founding IslandWood with my wife Debbi (119,000 children over the past 20 years). I was honored with Seattle King-County First Citizen Award (1999) for outstanding civic service to the Seattle King-County area.
10. In New Zealand my wife and I started The Headwaters Project in 2014. The Project is intended to give back to the township of Glenorchy where we have a holiday residence. The Headwaters (a.k.a. The Glenorchy Marketplace) is a registered New Zealand charity that will donate its profits to the Glenorchy Community Trust which makes grants to local educational, environmental, and social welfare organizations.
11. My wife and myself hold no economic or beneficial interests in The Headwaters project. We have donated in excess of NZ\$40,000,000 to establish, operate and capitalize the project as a philanthropic gift to the Glenorchy community and surrounding Otago area.
12. My evidence sets out:
  - a) How the project began
  - b) Our other philanthropic projects
  - c) The Headwaters Project
  - d) Benefit to the community
  - e) Consultation with the community
  - f) Environmental sustainability
  - g) Staging of the project
  - h) Phase two development
  - i) Current situation
  - j) Conclusion

## HOW THE PROJECT BEGAN

13. Debbi and I have been visiting New Zealand for over 23 years and have fallen in love with the natural environment, the warm and friendly people, and the culture of this country.
14. Having built a holiday home in Glenorchy in 2012, we further extended our “roots” into New Zealand. We have made many friends amongst the locals, volunteered at the school, joined community organizations, and participated in community activities.
15. When the Glenorchy holiday park and general store was advertised for sale in 2014, we believed it could become our next community project. We saw that Glenorchy was growing both in terms of its population (35% from 2006 to 2013) and its tourism businesses, but the local holiday park was run down and in foreclosures. We thought that an investment of our expertise and capital, new retailing and marketing concepts, and a professional management team could make the business viable again.
16. At the heart of this project are the values we have experienced during our last 20 years exploring New Zealand and especially Glenorchy. We wanted to create a warm, welcoming, friendly environment, and a relaxed, low-key gathering place for locals and tourists alike.
17. Infused through the project at all levels is a commitment to the environment, the creation of a financially sustainable business and giving back to the community. This is our “triple bottom line” philosophy. We aim to encourage visitors to stay longer, to engage in local activities and to enjoy all that Glenorchy and the head of the lake has to offer. We love this special place, and our personal goals are to contribute in a sensitive and appropriate way to helping Glenorchy remain a healthy community that benefits residents, local businesses and visitors alike.

## OUR OTHER PHILANTHROPIC PROJECTS

18. Having worked in business for 40 years, we now donate all of our time and resources to community projects which we believe to be important to the health of the communities where we live.

19. Our business backgrounds include a diverse set of skills in general management, design, retail, finance, marketing, sales and technology that enable us to bring not only investment, but also our unique set of expertises to our projects.
20. As noted above, we have received several awards at local, regional and international levels for our philanthropic work and community service projects such as the Brainerd Foundation, IslandWood and Social Venture Partners.
21. These projects have given us a knowledge and experience in working with communities to achieve environmental and community-based goals. We believe strongly in community consultation and engagement to ensure the best outcomes for the community.

### **The Brainerd Foundation**

22. In 1995, alongside my sister Sherry Brainerd, I set up the Brainerd Foundation as a grant-making organisation to safeguard the environment and build broad citizen support for environmental protection in Alaska, British Columbia, Washington, Oregon, Idaho and Montana in the USA and Canada.
23. For twenty-five years, the Foundation has given grants to groups working for environmental protection in many ways including advocating for changes in conservation policy, local conservation projects, and increasing the skills required for conservation organizations to carry out their work (i.e. fundraising, marketing skills, board development, etc.).
24. The Foundation is in the process of sunseting, or gradually closing its doors at the end of this year. In part, this has permitted Debbi and I to embark upon new ventures, such as the Glenorchy Marketplace project.

### **IslandWood**

25. IslandWood was Debbi's vision. In 1999 we decided to purchase 255 acres on Bainbridge Island (part of the Seattle metropolitan area) and build a residential environmental learning centre for children and adults in the woods.
26. In the two decades since, IslandWood has grown into an international leader in outdoor education. Each year more than 12,000 students from 160 schools learn to explore their connection to the natural world through visits to the

Bainbridge Island campus as well as related programmes elsewhere in the Seattle area.

27. The focus of the programmes, both for the young students, and for graduate students in the Master of Education program at the University of Washington, is community and environmental stewardship.
28. In 2007, Debbi and I received a lifetime achievement award from the Cascade Land Conservancy, for creating IslandWood and for our other conservation work in the Seattle area.

### **THE HEADWATERS PROJECT**

29. In 2014 we engaged a team of people to help us create a project that we believed would be both financially and environmentally sustainable. We employed New Zealand architects, designers, engineers, planners and artists to create the project, starting with Phase One, 'Camp Glenorchy' that opened in March 2018.
30. In addition, The Headwaters has employed a Managing Director and team of people to run the day-to-day operations of the Mrs. Woolly's General Store and campground, and Camp Glenorchy. The Headwaters is the first or second largest employer in the community.
31. Our goals for the project include:
  - (a) To serve both visitors and locals to Glenorchy with accommodation, food and a variety of products and services;
  - (b) To develop and implement a business plan that is both financially and environmentally sustainable;
  - (c) To provide local employment and training opportunities;
  - (d) To serve as an example of environmental sustainability that will inspire others; and
  - (e) To contribute the profits back to the Glenorchy Community Trust which will serve the community with healthcare, education, environment, and the arts.

32. Our larger vision for the project includes building on a sense of place in Glenorchy, and creating a project that is educational, warm, inviting, and contributing to what makes Glenorchy a special place.
33. The Headwater's name was selected based on input from the local community. It refers to Glenorchy being located at the headwaters of the Rees and Dart Rivers that feed into Lake Wakatipu.
34. We have donated the land, buildings, and assets to the benefit of the community.

### **BENEFIT TO THE COMMUNITY**

35. Benefit to the community is a central feature of this project, and the Marketplace Project has already provided numerous benefits to the community. Five of these benefits are detailed below:

#### ***Provision of local employment***

36. The project has created eighty-two new jobs in Glenorchy. Of the eighty-two new jobs created:
  - (a) Twenty-two are full-time positions employed by The Headwaters (the operating company) or Pounamu Holdings 2014 Ltd (the development company); and
  - (b) Sixty are part-time positions. Fifty-five of these part-time positions are employees of The Headwaters and the remaining five are positions created in connection with the development of the project.
  - (c) Total annual wages paid to employees in the above positions as of 31 March 2019 was \$1.9 million.

#### ***Support of local business through increased tourism***

37. The project has encouraged tourists to visit Glenorchy and patronize other local businesses and enjoy the variety of outdoor activities that Glenorchy has to offer.
38. The project has attracted additional visitors and encouraged those who are already coming to the township to stay longer, supporting the economic health of the community overall.

39. Several local businesses owners have said that the project has had a positive impact on their businesses. One business owner who initially opposed the development of Camp Glenorchy has told us he was wrong and now supports the project.
40. Our subjective evidence of the project's economic benefit to the community is supported by the expert economic evidence of Fraser Colegrave. Phase 1 (Camp Glenorchy) of the Headwaters Project has undoubtedly had a positive economic impact on Glenorchy as a whole in terms of benefiting other businesses and providing employment to a large number of locals. I feel confident that Phase 2 will continue to increase the economic benefits to other businesses and the wider community.

### ***Provision of goods and services***

41. Mrs. Woolly's General Store has provided the township with local access to groceries, fresh vegetables and fruits, ready-made meals, clothing and a variety of products needed day-to-day in a rural community. It is now possible to purchase these products locally and reduce the number of trips people have to make to Queenstown. This has been especially helpful to the elderly and those who are sick or have mobility issues.
42. Debbi and I have been told repeatedly that the store has made a positive difference to the quality-of-life in the community. Some residents have said they wouldn't have moved to Glenorchy without the presence of the store.

### ***Glenorchy Community Trust***

43. All profits from the operations of the Glenorchy Marketplace project will flow into the Glenorchy Community Trust (GCT), to be invested in enhancing the liveability and vibrancy of the Glenorchy community itself.
44. The Board of Trustees is comprised of six community members that meet twice a year to make grant decisions. Debbi serves on the Board of Trustees and intends to step down once the Trust has established itself and the project has achieved its goal of profitability.
45. My wife and I have made \$61,500 in personal contributions to the GCT since 2015. This has allowed the GCT to be formed, develop its grant guidelines, and start making grants to the community organizations over the past five years. The



Headwaters has also sponsored events with proceeds going to the GCT.

46. Specifically, trust funds have been invested in the Glenorchy School's gymnastics group, Glenorchy Medical Clinic in support of the community nurse, the Glenorchy Community website, Routeburn Dart Wildlife Trust, Glenorchy Heritage and Museum Group, Glenorchy Village Fair, Sigourney Kelly (in support of a post graduate degree in nursing), James Glover (in support of Outward Bound participation), and the Glenorchy Play Group for pre-school children.

### **Civil Defence Centre**

47. The commons (Homestead) building at Camp Glenorchy is designed as a Level 4 building and has been designated a Civil Defence Centre in the case of an earthquake or other natural disaster. As such, we can house and feed up to 100 people for up to a week in the event of a major earthquake.
48. The Homestead building was used once during 2019 to house thirty-six Glenorchy residents after they were evacuated from their homes when the Rees River flooded a portion of the township.

### **CONSULTATION WITH THE COMMUNITY**

49. Debbi and I believe that for any community project to be successful, engagement and consultation with the local community is essential. We have met with hundreds of locals, both in groups and as individuals over the past five years.
50. We continue to listen and learn from others to develop and shape the project so that it can serve the local community and visitors. We have asked many questions, including:
- (a) How we can create buildings and accommodation, which meet the needs of the community and the tourists who visit Glenorchy?
  - (b) How we can offer an array of products and services, which meet the needs of both locals and visitors?
  - (c) What are the current challenges for the operation of a general store and accommodation in Glenorchy, and what facilities will increase the odds of long-term

financial success and viability for generating profit into the GCT?

51. We have worked with several members of Ngāi Tahu in Invercargill to integrate their culture and history into the project.
52. Educational signage was developed at Camp Glenorchy to explain the natural and cultural history of the area. Local and national artists were engaged to provide artwork for all the buildings at Camp Glenorchy.
53. We maintain a web site providing information about the project at: [www.glenorchymarketplace.co.nz](http://www.glenorchymarketplace.co.nz) and have issued project updates to the community on a regular basis during the past five years.

#### **ENVIRONMENTAL SUSTAINABILITY, BEAUTY AND CRAFT**

54. Debbi and myself have sought to ensure that a high-level of environmental sustainability, beauty and craft has been incorporated into the design and operation of project buildings. Phase 1 used the Living Building Challenge (LBC) as its sustainability standard. LBC is recognized as the most rigorous performance standard for built environments in the world. It calls for the creation of building projects at all scales that operate as cleanly, beautifully and efficiently as nature's architecture. The LBC asks a simple question:

***What if every single act of design and construction could make the world a better place?***

55. All of the project's new buildings have a smaller, more sustainable environmental footprint and are a model of sustainable design and operation. By integrating the latest technologies our buildings use less energy and water, providing healthier indoor air quality, reducing waste and pollution, all while reducing our carbon footprint.
56. We provide public tours of Camp Glenorchy to help others discover how they too can take actions toward sustainable living and have a positive impact on the environment. These tours are offered to the general public two times a day and to specialized groups wanting detailed technical information upon appointment. To date over 3,000 people have participated in these tours.

57. We collect data from 1,400 data points across the project that monitor energy and water use every day. This data is freely available to students and researchers at college and universities to independently assess the various sustainable systems in use at Camp Glenorchy. This is one of the few projects in the world to generate detailed sustainability data of this type and make it available for academic research.
58. Camp Glenorchy has exceeded its goals of using 50% less energy and water than traditional buildings. The buildings are producing more energy and water than they use (i.e. net positive). Camp Glenorchy was awarded LBC pedal certification for energy, water, beauty, and place in April 2020. It is the fourth project in New Zealand to receive LBC certification and the first visitor accommodation project in the world to be certified by the International Living Future Institute.
59. Beauty & Craft details were incorporated throughout Camp Glenorchy using local and national artists, recycled materials, and crafts people.

#### **STAGING OF THE LARGER PROJECT**

60. We staged the development of the project into two major phases in addition to making investments in the existing infrastructure.
61. Phase 1 (Camp Glenorchy) was completed in March 2018 with seven cabins; two bunk huts; commons building with a community kitchen, dining room, living room and meeting space; amenities building with toilets and showers, guest laundry, outdoor fire shelter, and a maintenance building. Camp Glenorchy is consented to accommodate up to fifty-six overnight guests in beds. An important aspect of Camp Glenorchy is the multi-purpose Humboldt Room that is located with the main commons building.
62. Investments have been made in improvements to the general store, commercial kitchen, public toilets, Mrs Woolly's campground and site infrastructure (wastewater, electrical, landscaping and buildings).
63. In 2019 and until February of this year we increased revenues and were moving towards our projected financial goals. That all changed over one week when the Covid-19 lockdown was announced.

## **PHASE 2 DEVELOPMENT**

64. We began updating our project masterplan in 2017 to incorporate what we had learned from Phase 1. The design team was re-established with new architects while keeping the engineering team that worked on the mechanical, electrical, and water systems at Camp Glenorchy.
65. Phase 2 (located on the Mrs Woolly's site) includes additional visitor accommodation to meet the needs of the customers we serve. For example, weddings, family groups, educational groups, and not-for-profit charities that use Camp Glenorchy require sleeping and meeting accommodations for up to 120 people. The current facilities cannot meet those requirements and we have been asked repeatedly to expand our facilities to allow these groups to stay in Glenorchy.
66. The Phase 2 draft masterplan which is presently being worked on includes six additional cottages with either two or three bedrooms and nine studio units with one bedroom (see Appendix A). This will allow us to accommodate approximately 70 additional people with any spill-over being able to make use of the other accommodation available within the community.
67. There is a new dining and meeting room facility called the Woolshed to support the new rooms and a flexible multi-use space called the Wool Yards to serve a number of purposes - including a lobby space for the Woolshed and weekend community events focused on craft and locally grown and prepared foods (see Appendix B for renderings of the proposed buildings). These buildings will host meetings, functions, and community events.
68. A rough estimate of the capital construction costs for Phase 2 is \$25-30 million. Provided that the zoning changes requested are approved resource consent applications would be filed with the Queenstown Lakes District Council (QLDC) and Otago Regional Council in 2021. Construction could then begin in 2022.

## **CURRENT SITUATION**

69. The Covid-19 pandemic has resulted in Camp Glenorchy being closed and general store revenues being reduced by

over 60%. We have been forced to reduce staffing and expenses to survive economically.

70. There is uncertainty when international tourists will return to New Zealand and how long it will take to return previous levels of business activity. The Queenstown area has been particularly hard-hit given its dependence on tourism and hospitality. We expect that employment and economic activity will not return to previous levels for 3-5 years.
71. Despite the current situation we remain optimistic regarding the long-term success of The Headwaters. We think that New Zealand and Glenorchy are well-positioned to recover economically in a post-Covid world.
72. While the short-term risks of investment have increased significantly, we made the decision to invest an additional \$2.5 million this financial year to cover operating losses caused by Covid-19 and continue the required planning for Phase 2 to proceed.

#### **PROPOSED DISTRICT PLAN**

73. We submitted our comments on the Proposed District Plan (PDP) in November 2019. While we supported many aspects of the PDP we also opposed certain sections of the PDP that would prevent us from proceeding with The Headwaters project.

#### **Proposed Policy 20.2.3.2 and Rule 20.2.3.2**

74. This policy and rule would limit individual retail activities to 200m<sup>2</sup> gross floor area (GFA) and limit individual office activities to 100m<sup>2</sup> GFA. We oppose this policy for the following reasons:
  - (a) The imposed limits are arbitrary and impose a planning policy that would penalize successful Glenorchy businesses in the future.
  - (b) Using GFA as the standard in the PDP adds an unfair burden on the Glenorchy business owners and does not serve the community interests. For example, Mrs. Woolly's provides four public restrooms for use by visitors that occupy 18m<sup>2</sup>. QLDC has not replaced the two existing public restrooms in the township centre for several years. Under the PDP, the provision of what are de facto public toilets at Mrs Woolly's would

reduce the space that could be used for retail activities.

- (c) This appears to be an unusual provision to include in planning rules and in our experience we have never come across such small GFA numbers as are proposed for these activities. We understand the reason these rules were included in the PDP was to protect the commercial interests of Queenstown. However, in my view, it is highly unlikely that any retail and/or office space which exceeds the proposed limits in Glenorchy will have any effect on similar businesses in central Queenstown due to geographical distance between the two areas. My view is supported by the expert evidence of Mr Colegrave in this regard.

75. We ask that the proposed limits exclude the 'back of house' areas as presently included in the policy and rule.

#### **Commercial Precinct and Proposed Rule 20.5.5**

76. We have requested that the Commercial Precinct be imposed on the front half of the Mrs Woolly's site in order to provide certainty around the redevelopment of the commercial activities included in Phase 2 of the project.
77. We do not consider that the Commercial Precinct or future potential commercial activities on the Mrs Woolly's site will compromise other businesses in Glenorchy, or adversely affect the 'commercial heart' of Mull Street. On the contrary (and based on the positive downstream effects of Camp Glenorchy), we consider that Phase 2 of the Headwaters Project will strengthen other existing (and future) businesses on Mull Street, and more importantly, the wider community both economically and socially.
78. This proposed rule would limit maximum building coverage in the Commercial Precinct to 80%. Pounamu has proposed a bespoke rule for the front part of the site to limit building coverage to 12%. While the area proposed to be contained in the Commercial Precinct is 8,328m<sup>2</sup>, we recognise that a far smaller building coverage is appropriate.
79. Mrs. Woolly's General Store currently occupies approximately 368m<sup>2</sup>. The redevelopment of the front of the site will include the construction of two mixed use buildings. While we believe there is an argument that the use of these buildings will fall

under the proposed definition of Visitor Accommodation activities under the PDP, we do not want to repeat the process that we went through at Camp Glenorchy. Hence, this is why we request certainty with the placement of the Commercial Precinct on the Mrs Woolly's site.

80. We have proposed a bespoke rule that would allow commercial activities to occupy up to 12% of the site which equates to approximately 999m<sup>2</sup> to be used for commercial activities. This area equates to the building coverage of our existing general store (368m<sup>2</sup>), the proposed Woolshed (340m<sup>2</sup>) and Covered Yards buildings (288m<sup>2</sup>) but excludes public restrooms and basements used for mechanical and storage purposes.
81. In other words, we are asking for the PDP to include this bespoke rule to provide us with greater certainty so that we can file the resource consents and have the capital available to proceed with Phase 2 of the project in 2021 and 2022. Without this certainty the next phase of the project is likely to be delayed by at least 2-3 years.
82. We do not make this request lightly. The commercial realities in a post-Covid-19 world as well as our ability to sustain the project financially for an additional 2-3 years are very real issues for us personally and for the community of Glenorchy as a whole.

## **CONCLUSION**

83. This is a unique project in many respects:
  - (a) Providing a significant philanthropic gift to a rural New Zealand community with a thoughtful approach to the structuring of the gift to benefit the community;
  - (b) Building a project with environmentally sustainable goals and with technologies that have no precedent in local planning policies or national regulations;
  - (c) Engaging the community is a significant undertaking but is important so they have a stake in the outcome;
  - (d) Incorporating high levels of beauty and craftsmanship;

- (e) Creating a financial sustainable business that benefits the community through employment, new business opportunities and a community trust; and
  - (f) Requires time and patience to allow the community and regulators to build trust and understand that our vision for Glenorchy could actually work.
84. This evidence is intended to assist the hearing panel in understanding our personal vision for the Headwaters, the progress we have made towards achieving it during the past five years, as well as our willingness to continue to invest in the project despite the current economic and social challenges.

**Paul and Deborah Brainerd**














28 May 2020



# **APPENDIX A**

## **Masterplan**

**Legend**

-  Native Specimen Grade Trees (eg. Red/Mountain Beech, Kowhai, Ribbonwood)
-  Fruit trees (eg. Malus, Prunus, Pyrus spp.)
-  Native Tapestry Hedge (eg. Broadleaf, Koromiko, Kohuhu, Marbleleaf)
-  Native Wetland Planting (eg. Chionochloa, Juncus, Carex spp)
-  Informal Native Screen planting (eg. Wineberry, Broadleaf, Kohuhu)
-  Occasionally mown grass
-  Pedestrian /cart access (Exposed aggregate concrete)
-  Timber Deck / Boardwalk
-  Proposed stacked Schist boulder retaining wall < 1.5m high
-  Glenorchy Stone paving slabs in grass/groundcover planting
-  Carparks/footpaths -Permeable paving with gravel (eg. 'Cirtex Surepave')
-  Formed Road (seal)
-  1m high Post & Rail fence

Oban St



3	28/05/20	Rev Pigeon PI
2	28/05/20	Draft
1	28/05/20	Preliminary
Mark	Date	Description
Sheet Scale	1:500@A3	
Issue/Revision	Revised Draft	
Project ID	275	
CAD File Name	275-1D.vwx	
Drawn By	Drawn By	
Checked By	Checked By	
Consultant	Fulton Ross Architects	
Client	Pounamu Holdings Ltd	
Project Title	The Headwaters Glenorchy Rd, Glenorchy	
Sheet Title	Site Plan Overall	
Drawing No.	L03 of 5	

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Coll St

Old Dairy Close

## **APPENDIX B**

### **Architectural Renders**





WOOLSHED AND COVERED YARDS - View from back paddock





WOOLSHED AND COVERED YARDS- View from Oban Street





3 BED COTTAGE





2 BED CABIN





STUDIO UNITS