

**BEFORE THE COMMISSIONERS APPOINTED BY THE QUEENSTOWN
LAKES DISTRICT COUNCIL**

IN THE MATTER of Stage 3b of the Proposed
District Plan

**CORBRIDGE ESTATE LIMITED
PARTNERSHIP**

Submitter

BRIEF OF EVIDENCE OF JASON GREGORY WATKINS

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INTRODUCTION

1. My full name is Jason Gregory Watkins, I am a Management Consultant, residing in Wanaka. I hold the qualifications of Master of Science (Hons) and Master of Business Administration from the University of Canterbury. I am contracted by Corbridge Estate Limited Partnership (CELP) to manage development opportunities for the Property. I have been working on the proposed Corbridge Golf proposal since 2017.
2. I have considerable experience in the housing sector and I am currently General Manager of Nautilus Modular, a modular building company based in Wanaka. Nautilus Modular has aspirations to supply buildings and housing throughout New Zealand, Australia and Oceania and I have driven the development of the company growth and marketing strategy. The three main market segments that Nautilus Modular is targeting is worker accommodation, visitor accommodation and residential housing.
3. In 2017 I initiated and chaired the Upper Clutha Housing Group. This Group was formed in response to concerns by local businesses that a shortage of housing and the cost of housing was significantly affecting the ability of businesses in the Upper Clutha to recruit and retain employees.

BACKGROUND

4. In 2010 the aggregated Corbridge Estates property was purchased by a consortium which subsequently investigated development opportunities for the site. In the interim it has been leased for the purpose of arable farming.
5. In 2013 resource consent (RM120572) was obtained to subdivide the property into 35 allotments each with a residential building platform and a balance farming lot with communal buildings, a boatshed, jetties, utility buildings and earthworks. The consent was granted with a 10 years lapse period. If this rezoning proposal does not meet with

approval Corbridge will implement the existing consent as its next best option.

6. Since 2015 the existing wool shed within the site has been used as a venue for weddings and events. Consent RM150918 authorises up to 65 events (of varying scale and timing) to occur at the venue.
7. In 2016/2017 plans were made to proceed with the 35 Lot development as consented. However, after comprehensive assessment it was determined that the potential of the property extended beyond what had been consented (effectively an exclusive community of 35 private residences) and further evaluation was required.
8. In 2018 the CELP generated a new proposed development plan for the property which was derived from an assessment of the local economy and the demand for services and amenities that did not exist in the Upper Clutha Basin. In particular, this research reviewed the supply and demand for high end accommodation in the Wanaka area and also the growth of high end golf tourism in New Zealand. It was identified that there was limited supply of suitable accommodation in Wanaka for premium tourists and that New Zealand as a country lacked a Championship (Marquee) level golf course that had a world class hotel and a range of high end accommodation options onsite.
9. At the core of this plan was to fully consider the opportunities to develop the property in a way that was innovative, meaningful, and aspirational. The CELP visualised a development model that would be a gold standard across all its constituent elements and a legacy for future generations and developments of its type in New Zealand.

SCOPE OF EVIDENCE

My evidence will cover the following:

- (i) Description of the overarching proposal;
- (ii) Discussion of the elements of the proposal;
- (iii) Discussion of the impacts of Covid-19 on the proposal.

OVERARCHING PROPOSAL

10. The CELP proposal for Corbridge is to develop the property into a world class destination including a Marquee golf course, visitor accommodation and related ancillary commercial activities, commercial recreation and recreation activities, some residential accommodation and worker accommodation to provide for the needs of the project's construction and subsequently operational staff. This proposal is presented in the Corbridge Draft Master Plan. The Draft Master Plan is included in the evidence of Mr Curley.

11. The vision for Corbridge is "to generate a unique, sustainable, and innovative lifestyle ecosystem where residents, guests and visitors can experience an integrated way of living and recreating - 'creating a destination of stay". A basic Master Plan has been prepared for the property and a future development would consider the following guiding principles;
 - i. Provide a range of accommodation types in an integrated socially sustainable environment;
 - ii. Limit measurable effect on neighbours;
 - iii. Highlight and utilise the natural landscape;
 - iv. Develop the ecology and enhance the agricultural modified landscape;
 - v. Provide infrastructure that promotes recreation and healthy activities;
 - vi. Manage and control transportation around the development and provide connectivity to existing networks, in particular local cycleways;
 - vii. Create minimal or zero load on QLDC infrastructure;
 - viii. Utilise sustainable energy sources where possible and have minimal reliance on external sources.

Attached at Appendix 1 is a series of images that we have produced as part of our master planning that gives some conceptual depictions of the proposal. It should be noted that it is conceptual and the buildings do not necessarily take into account the building controls that are being

proposed, particularly those associated with building material and colour etc. Building height in the Hotel and High Density Visitor Accommodation areas is also not depicted at the full height. However, I believe they are useful in demonstrating what we are seeking to achieve at a high level. That being a high quality development with sympathetic design that highlights the natural landscape.

DESCRIPTION OF COMPONENTS

Golf Course

12. Fundamental to the Corbridge proposal is to develop a world class golfing environment which will see premium visitors hosted in a rural setting with substantial golf related offerings, which includes a Championship level 18 hole course (Marquee status), 9 hole par 3 course, driving range, chipping and putting greens, Clubhouse and other associated amenities.
13. The Corbridge property is perfectly suited for a golf course due to its variable topography, natural features, spectacular river escarpments and wide expansive views of the surrounding mountains. Several golf course designers have visited the property and one designer (whose company has designed over 100 world class courses around the globe) has commented that Corbridge was the best suited site he had seen for a course in his entire career.
14. The golf related elements of the proposal are aspirational in that CELP wishes to provide leadership in New Zealand premium golf course design through a design philosophy that not only highlights Corbridge's natural attributes, but produces a world class Course with minimal disturbance to the natural environment. Furthermore, the development of golf elements will be driven by sustainability principles, so that the development and ongoing maintenance and growth of the Course is guided by a minimum impact management ethos. In particular; initiatives will be put in place to conserve, recycle and reuse water, the use of chemical pesticides/fertilisers would be limited, earthworks required to form the course will be kept to a minimum and be sensitive to the natural landscape and topography of the site. Finally grass

selections will be driven by the goal of reducing irrigation demand and topical treatments where practical.

15. The golf proposal is aspirational on a number of levels:
 - (a) CELP is seeking to attain the status of a Marquee course in New Zealand (of which there are only 14),
 - (b) Engage an internationally renowned golf course designer that has not previously designed a course in New Zealand.
 - (c) Employ a range of environmental techniques to minimise the environmental footprint of the course and support regeneration of the natural environment where possible.
16. In doing these things we believe we will create a highly unique product within New Zealand, that will serve to further enhance Queenstown Lakes and New Zealand as a premium golf destination.
17. The Corbridge golf proposal will be complimentary to the high end international and domestic golf tourism market in the Queenstown Lakes District. Currently, New Zealand's most mature golf destination is the Queenstown Lakes with three of the country's 14 Marquee courses located within the District. The Corbridge Course will supplement and compliment the current market by adding to the District's 'golf trail' of Marquee courses and extending that trail to include the Upper Clutha area. The only other Marquee course in the South Island is Christchurch's Clearwater Golf Resort, leaving a sufficient geographical gap in the market and an opportunity for more world class golf courses to be built in the Queenstown Lakes District.
18. From a commercial perspective the golf course is critical to the success of the Visitor Accommodation elements of the Corbridge proposal. Likewise the development of the golf course cannot proceed without the support of the accommodation - in that sense the two are inextricably linked.
19. With regard to international tourism, golfers remain the highest spenders and some of the most satisfied travellers of any special

interest group. Additionally, they show a willingness to travel in shoulder seasons and spend a significant amount of time in regional New Zealand. They are a low volume, high spend, mature clientele. This is discussed in greater detail by Mr Brandeburg.

20. CELP saw that Wanaka was largely missing out on these tourists given that the only current Golf offering available to them is the Wanaka Course.

Hotel (*Hotel/Golf Club Facilities Visitor Accommodation Activity Area (AA4)*)

21. Central to the Corbridge proposal and business model is the development of a high end hotel. It is intended that the hotel would be locally themed, 'state of the art' and at least a 5 star plus rated venue. The hotel would reflect the overarching design 'character' of Corbridge and exhibit architectural qualities that are complementary to the landscape, the spectacular alpine environment and be inspired by buildings in Central Otago rural areas.
22. There are no large scale high end hotels associated with any Marquee courses in New Zealand. Some Marquee Courses have a relatively small number of onsite accommodation offerings, such as villa's and suites. However, none currently have a comprehensive offering of accommodation types at a scale that is proposed at Corbridge. The opportunity for "stay and play" exists in limited form in New Zealand, the Golf/Hotel model has been proven successful around the world. Golf resorts increase length of stay, encourage visitation from couples (who spend more), and make a larger impact on local employment.
23. Likewise, there are no large scale high end hotels within the Upper Clutha Basin. There is evidence that Wanaka has an undersupply of hotel/motel rooms relative to the size of its visitor economy. As a result of this, the accommodation shortfall has been met by informal accommodation provision such as Air B&B. This (anecdotally at least) has consequent effects on the affordability and availability of housing and rental homes for residents. It is CELP's view that an international standard golf resort with high end accommodation would contribute

significantly to Wanaka's tourism market, especially from a premium sector perspective.

24. Corbridge is a few minutes vehicle transport away from the Wanaka Airport. This provides a possible opportunity for visitors to the District to be accommodated in the Corbridge complex, prior to embarking on a flight or arriving on a flight, particularly if the Airports possible expansion plans come to fruition. This would be of practical benefit to visitors who have travelled to/from the District and are seeking high end accommodation in close proximity to the Wanaka Airport. However, the Corbridge development is not reliant on expansion occurring at the Wanaka Airport.
25. In-depth planning for the hotel has not be undertaken, but key considerations will be;
 - i. Design features that highlight the natural landscape
 - ii. Use of locally themed materials in the construction (e.g. schist stonework, wood)
 - iii. A small range of restaurants and bars to service hotel guests and other visitor accommodation users
 - iv. Celebration of local foods, wines etc in restaurants and bars;
 - v. Conference facilities for 500 – 800 people designed to accommodate banquet events through to smaller events;
 - vi. State of the art in room amenities;
 - vii. Provision of a range of health and recreation activities that utilise the natural landscape;
 - viii. Sustainability principles deployed throughout the design, construction, and ongoing operational processes (power, waste etc.) of the hotel facility.
26. CELP intend the hotel to be designed and constructed to accommodate further expansion of the complex and increase hotel room numbers if market demand warranted. Such a strategy would allow flexibility in the development model and represents an opportunity to phase construction in response to market factors and long term growth. This approach will also allow the option of providing additional accommodation types to those originally offered and could result in the construction of a 'sister' hotel (post the construction of the

original complex) that represents a higher/lower rating depending on the market response.

27. Fundamentally, like the Golf Course, the hotel complex at Corbridge will be a hero of the property and will serve as the hub for onsite activities. The Corbridge hotel will be an exemplar for accommodation associated with Marquee golf courses in New Zealand. It would reflect a hybrid model of other premium golf course hotels from around the world, with a genuine Central Otago themed experience.

Visitor Accommodation Apartments (*Higher Density Visitor Accommodation Activity Area (AA3)*)

28. In addition to the hotel complex CELP is proposing a range of other visitor accommodation types including apartments. The rationale for the area and the development potential of this area for apartments is set out in the evidence of Mr Espie and Mr Curley. It is envisaged that the apartments will be self-contained and consist of multiple bedroom units suitable for larger groups, such as families/couples.
29. As discussed by Mr Brandeburg recent insights into golfer travel trends have revealed that not only do they prefer to stay onsite, but often in a type of visitor accommodation that allows them to travel with other couples or as a multi-generational family. Additionally, such apartments would be suitable for corporate groups who are attending conferences or undertaking company based activities.
30. Apartments will be congregated in multi-storey standalone blocks, which will be positioned and terraced in close proximity to the lake, maximising views of the spectacular mountain vista's and golf course.
31. Each apartment will have a 5 star plus stylish contemporary fit out boasting the same state of the art technology and features as the hotel. Maintaining a close affinity to the outdoors each apartment will feature an extensive outdoor terrace flowing through to entertaining and dining areas providing a seamless open plan connection with the landscape

Visitor Accommodation Villas (*Low Density Visitor Accommodation Activity Area (AA2)*)

32. The next complementary part of the accommodation product offerings is up to 100 'Villa' houses built in two clusters and strategically located in proximity to the Course. The villas will reflect an open space 'residential' design in that they would be standalone buildings that are located some distance from each other in a large park like setting.
33. The intention of this visitor accommodation type is to accommodate the visitor who wishes to experience the privacy and wide open spaces that Corbridge affords. In addition, these villas are another type of accommodation that would allow guests to travel with other couples or as a multi-generational family. As previously stated, this is integral to many golf travellers' requirements.
34. These villas will be fully self-contained and boast a luxurious fit out at a level (or higher) than the apartments. The design of the villas will align with the overarching Corbridge design character (previously stated). The villas will be surrounded by lawn and plantings (largely native and endemic) and the design will actively engage the connection with the outdoors and green spaces that will surround the houses.
35. The villa clusters will link to the hotel facility and golf course and visitors will have access to all services that the Corbridge complex will offer.

Fairway Visitor Accommodation and Residences (*Fairway Visitor Accommodation Activity Area (AA1)*)

36. Hundreds of golf courses around the world and in New Zealand have residential housing or visitor accommodation as an integral element of the development. Often housing is 'embedded' around the Course, lining the fairways and surrounding the greens. The attraction for residents is that their property will overlook the Course and the turf and plantings resemble a magnificent garden on a grand scale.
37. It is the intended to site up to 150 residential style visitor accommodation units within the golf course. It proposed that 35 of

these units will be available to be used for residential activity. These buildings will be sited strategically around the 18 hole course and the 9 hole par 3 course, giving guests and/or residents open views of the course and the surrounding environment.

38. To ensure the retention of green wide open spaces, the spatial separation of the accommodation units will be significant and each course hole will only have an average of 6 units.
39. Strict design guidelines will be put in place for the building design, ensuring the Corbridge character is maintained but still allowing the units to celebrate and enrich the Corbridge environment. The design controls will importantly link designs to the landscape and ensure that architecture and landscape design is complementary to the golf course and the broader Corbridge environs. As these buildings will be viewed by all that play the Course it is critical that the design controls ensure a continuity of design and appearance that will contribute to the Corbridge experience.
40. Like the Visitor Accommodation residential clusters, the golf course residential housing will link to the hotel facility and golf course and guests/residents will have access to all services that the Corbridge complex will offer whilst also enjoying the privacy and exclusivity that the fairway location will offer.

Worker Accommodation (*Worker Accommodation Activity Area (AA5)*)

41. The Corbridge proposal incorporates a provision for up to 300 units for worker accommodation. It is envisaged that these dwellings will provide accommodation for;
 - i. Construction workers involved in the development; and
 - ii. Workers associated with the accommodation and golf course elements of Corbridge; and
 - iii. Potentially people in the district seeking accommodation who may be working on other projects or have locally based roles (particularly seasonal workers).

42. Corbridge considers this to be a particularly unique and important component of the project. The rationale for it is the clear worker accommodation shortage that the Queenstown Lakes District has been experiencing for several years. The following (individually and collectively) are contributing to what is being experienced in the District;
- i. Overall high percentage increases in house pricing (purchase and rentals)
 - ii. Increase in rental accommodation being removed from the market to supply the growing (and more lucrative) visitor accommodation market (e.g. Airbnb)
 - iii. Increases in quantity of workers being employed in particular sectors (e.g. tourism/building)
 - iv. High growth in resident population
 - v. Relatively low payment rates for some roles (e.g. hospitality and seasonal workers)
43. There are various ways to calculate housing affordability, but a common approach is to compare median house prices (MHP) with median household income (MHI). Calculations were undertaken for the Queenstown Lakes District in October 2018 and it found that the District had the highest multiplier in New Zealand at 12.24. It appears that the definition of affordability differs between commentators, but it is generally defined somewhere between 3 – 6 multipliers. Based on these figures the Queenstown Lakes District is over twice the maximum higher threshold for affordability.
44. As stated above the need for onsite Worker Accommodation for the Corbridge project relates principally to availability and cost of accommodation in the Wanaka accommodation market and need for practical alternatives. The Corbridge Worker Accommodation proposal addresses both of these factors. Having an inventory of accommodation options for workers associated with the Corbridge construction and ongoing operations ensures that these workers can have quality accommodation at affordable rental rates. This initiative provides a self-sufficiency element to the provision of worker accommodation (without relying on the broader accommodation

market) and mitigates risk associated with retention/recruitment of workers due to accommodation challenges.

45. The self-sufficiency element for worker accommodation is not just crucially important for the Corbridge proposal, but also seeks to respond to any potential negative impact of the Corbridge development on the housing market of Wanaka and its immediate environs. If large numbers of workers associated with the Corbridge development had to seek accommodation off-site, it is highly likely that this would have an impact on housing stock and exacerbate possible shortages and/or result in increased rental rates around the District due to increased demand pressure. Considering the challenges that have existed in the Wanaka housing market in the recent past, CELP considered it necessary to address this issue as part of its planning.
46. As stated, cost is an important element in the provision of worker accommodation. CELP is able to address this at two levels. Firstly, typically land and dwelling costs form the total cost of a property. If that property is rented out then the rental rate will reflect that combined cost of the property. In the case of Corbridge the land targeted for worker accommodation is part of the greater Corbridge property, which was purchased some time ago and its relative cost is embedded in the original property purchase. Therefore, there will be no land component integrated into the worker accommodation rental rates. This will greatly reduce rental rates and by implication affordability for occupants (compared to other offerings in the market).
47. The second component of reducing the cost model relates to the intention to use Wanaka based Nautilus Modular as the supplier of the buildings for the worker accommodation. Nautilus Modular produces and installs modular buildings and will be offering a mass production manufacturing solution for the Corbridge project. Through mass production the Nautilus Modular product will offer a high quality product which will be cost effective, compared to traditional building methods due to scalability in production and installation and build time efficiencies. The Nautilus Modular system produces modules in off-site manufacturing plants and these plants can produce sufficient modules

for several houses per day. Once modules are taken to site, it would take between 3 – 7 days to complete installation of modules and make the buildings ready for occupancy. Typically, a house built by traditional methods could have a build time of 3 – 7 months (depending on size), so clearly Nautilus Modular buildings have a superior build time. The production and build time efficiencies and mass production elements of the Nautilus Modular model will result in pricing efficiencies for the Corbridge development and these in turn will contribute to rental rate cost reductions for worker accommodation.

48. The intention to use Nautilus Modular as the building provider for worker accommodation is not solely based on cost, but also a commitment to providing quality highly liveable buildings and environments with a strong sustainability ethos. The Nautilus Modular product has high ceilings, insulation several times greater than building code minimums and use hi tech moisture control and ventilation systems. These buildings are designed as quality liveable dwellings and unlike many worker accommodation solutions from the past or present they are not rudimentary or basic. Furthermore, Nautilus Modular has adopted a minimal waste and sustainability philosophy in its operations and this has alignment with Corbridge's own philosophies.
49. Nautilus Modular have developed a residential community model called Nautilus Communities, which is the model that Corbridge will seek to deploy on a large scale for its worker accommodation needs. The evidence of Mr Falconer provides more detail on the 'Nautilus Communities'. The concept seeks to provide a viable high quality living environment for worker accommodation – something that is often not achieved.
50. Corbridge also considers that providing this type of accommodation will provide an exemplar to other large developments to demonstrate how challenges such as worker accommodation can be overcome to support greater community wellbeing overall.

WHY INCLUDE THE RESIDENTIAL AND VISITOR ACCOMMODATION

51. As mentioned in the evidence of Mr Brandeburg the costs of constructing a Marquee Course are significant. The residential and visitor accommodation (villas, apartments etc) components can be sold down to help provide funding for the development. Once operational they also support the ongoing maintenance and operation of the golf course, whilst the golf course works to attract visitors/residents to the accommodation.
52. The proposed development is an integrated financial and business model. The financial model is predicated on some elements (such as the Fairway Visitor Accommodation and Residences) being sold to provide capital for construction of the hotel and other visitor accommodation offerings. These funds will be supplemented by seed capital, but ultimately key phases of the project will require cash flow derived from property sales or operational income from other elements.
53. This model is not unique and commonly premium golf courses in New Zealand and overseas will have various revenue streams derived from one or more elements (e.g. visitor accommodation, residential accommodation, activities) and these cash flows assist with the completion and growth of a development over time. Each location may differ in how revenue is derived and the scale of elements, but the costs associated with developing a Marquee golf course are of such a quantum that it would not be viable to develop a Marquee Course and then fund it solely on revenue streams associated with playing the Course. This is supported by the evidence of Mr Brandeburg.

IMPACT OF COVID-19

54. Obviously, when CELP began planning this, a global pandemic was not on the horizon. There is no doubt that COVID-19 is having and will have a significant impact on the Wanaka economy for some time.
55. Whilst this obviously creates some business risk for CELP, we also see it as an opportunity for the development to play a key role in supporting economic activity within the Upper Clutha Basin whilst the tourism economy recovers.

56. The medium and longer term impacts of Covid-19 on international and domestic golf tourists will not be known for some time, nor when a recovery may commence. However, due to the financial demographic and overall characteristics of the golf tourism sector, this market segment may have a greater ability to rebound compared to others. This is discussed in further detail by Mr Brandeburg.
57. The construction timeline of this development will be a number of years. If this re-zoning were to be approved CELP estimate a 2-3 year lead time for the initial stages of the development. Based on the analysis of previous economic downturns (and assuming a slower recovery from COVID-19 due to ongoing restrictions on travel) this has a good chance of aligning with the recovery of the tourism sector.
58. Mr Colegrave covers the potential economic contribution of this development in greater detail in his Evidence.
59. We also believe that this proposal will assist in addressing some of the adverse effects of high tourism volumes from reappearing in the future.

This is achieved through the increase in visitor accommodation supply that will be provided by Corbridge and through the provision of worker accommodation that will ensure that demand created by Corbridge is largely self-contained.

Jason Watkins

On behalf of Corbridge Estate Limited Partnership

Date 26 May 2020

APPENDIX 1 – CONCEPT IMAGERY OF CORBRIDGE PROPOSAL



Artist Impression, looking east across the lake toward the proposed lake side hotel, golf club house and visitor accommodation



Artist Impression, looking east across the lake toward the proposed lake side hotel, golf club house, golf course and visitor accommodation



Looking south from the Clutha River escarpment, an artists impression of a residential property overlooking the golf course



Looking north from the Lake, an artists impression of the golf course and lakeside visitor accommodation



An artist impression depiction of possible worker accommodation houses, in the earlier cul-de-sac configuration (which we will be superseded by the Nautilus shaped configuration)