

**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)

**STATEMENT OF EVIDENCE OF FRASER COLEGRAVE ON BEHALF OF
POUNAMU HOLDINGS 2014 LIMITED**



ATKINS | HOLM | MAJUREY

Mike Holm
PO Box 1585
Shortland Street
AUCKLAND 1140

INTRODUCTION

Qualifications and experience

1. My full name is Fraser James Colegrave.
2. I hold a first-class honours degree in economics from the University of Auckland (1996). I have 23 years' commercial experience, the last 20 of which I have worked as an economics consultant.
3. I am the Managing Director of Insight Economics Limited – an economics consultancy based in Auckland. Prior to that, I was a founding director of another consultancy – Covec Limited – for 12 years.
4. During my consulting career, I have successfully led and completed more than 500 projects, including several in the Queenstown Lakes district. These include:
 - (a) Economic evidence on plan change 24 (affordable housing);
 - (b) Economic/retail analysis on plan change 16 (Three Parks);
 - (c) Detailed land-use projects for plan change 19;
 - (d) Demographic and dwelling demand projections for QLDC;
 - (e) Analysis of funding options for the proposed Convention Centre;
 - (f) Projections of retail supply/demand (to support retail planning);
 - (g) Economic evidence in respect of PAK'nSAVE resource consent application;
 - (h) Economic evidence in respect of the extension of Millbrook Golf Resort;
 - (i) Economic evidence in respect of the rezoning of Mt Cardrona Station to a mixed-use golf resort;
 - (j) Economic evidence in respect of the rezoning and expansion of The Hills golf resort;
 - (k) Economic evidence in respect of the Skyline upgrade/expansion;

- (l) Economic/retail needs assessment for Three Parks;
- (m) Retail distribution assessment for Three Parks;
- (n) Economic analysis of proposed rezoning in Frankton Flats;
- (o) Economic analysis of proposed rezoning in Homestead Bay; and
- (p) Economic analysis of proposed rezoning in Coneburn Valley.

Involvement in project

5. I have been asked to assess the likely economic effects of the relief sought by Pounamu Holdings 2014 Limited ('Pounamu'), including potential adverse effects on the commercial area at Mull Street, Glenorchy.

Expert Witness Code of Conduct

6. I have been provided with a copy of the Code of Conduct for Expert Witnesses contained in the Environment Court's Practice Note dated 1 December 2014. I have read and agree to comply with that Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

Executive summary

7. This evidence assesses the likely economic effects of Pounamu's proposal to enable additional commercial activity on its Ms Woolly's site in Glenorchy, which currently contains a general store and campground. Specifically, Pounamu seek a commercial precinct over half the site, with a bespoke rule limiting future commercial activities to a maximum building coverage of only 12% site area (compared to 80% under the default Commercial Precinct maximum building coverage rules). In addition, Pounamu seek that GFA thresholds on retail and office activities exclude back of house functions such as storage
8. To set the scene, I first profile Glenorchy's population and demography, then I project its future retail demand. In short, local retail demand is projected to increase from \$52 million in 2018 to \$145 million in 2043 – an increase of \$93 million.

9. Next, I acknowledge Covid-19's severe short-term impacts on health, society and the economy, but note that planning for the future must continue. This is particularly true given the long lead times associated with developments, which include planning, design, consent, and construction. These often take several years. Hence, maintaining a pipeline of development will help ensure investment and employment opportunities continue to be delivered in the district.
10. I then perform a desktop study of the Commercial Precinct in Glenorchy, which is located on Mull and Argyle Streets. My review characterises it as a mixed-use area dominated by accommodation, tourist services, and cafes, with very little retail activity. More than 40% of the zoned land is currently vacant, and the building stock is generally old.
11. Given the limited retail/commercial reach of the commercial area on Mull Street, and noting the 12% limit building coverage proposed by Pounamu for the Ms Woolly's site, I consider it unlikely that the proposal will have any adverse effects on the existing commercial area.
12. I also note that the centre of the existing Commercial Precinct is only a 5-minute walk from the subject site. Thus, spatially, the two areas will most likely act as one (broader) commercial offer, not two competing nodes. This is confirmed by comparing the 5-minute walk to other district centres, particularly Wanaka and Queenstown, which are roughly a 10-minute walk from one side to the other.
13. Next, I discuss the proposed exclusion of back of house functions from the calculation of GFA thresholds. I show that this would increase the size of enabled retail and office tenancies by about 40%. However, because the total GFA enabled by the proposal is limited to only 12% of site coverage, this merely enables the fixed increment in GFA sought by the proposal to be configured more flexibly without increasing total commercial activity. Accordingly, I consider that it will have no material impacts on other centres, either in Glenorchy, Queenstown, or further afield.
14. Having considered possible adverse effects, I then consider likely economic benefits in developing the Mrs Woolly's site. I note that the process of planning for, designing, constructing, and fitting out new buildings will take at least two years, and draw-in workers from a diverse range of fields. Based on the latest indicative costings, I estimate that redevelopment of

the site could create full-time work for 80 people for two years and create \$7.7 million of household incomes. Plus, once operational, the proposal will create significant ongoing employment.

15. Finally, I note that the proposal will improve local self-sufficiency, thereby reducing the need for locals and visitors to travel to Queenstown to meet their day to day household needs. This, in turn, will generate significant and enduring economic benefits, including reduced travel costs, fewer accidents, and less congestion in and around the Queenstown town centre.
16. Overall, my evidence shows that the proposal will avoid any material adverse effects, while enabling a range of important economic benefits. Accordingly, I support the proposal on economic grounds.

Scope of Evidence

17. In this evidence, I;
 - (a) Identify and briefly describe the subject land;
 - (b) Summarise the relief sought by Pounamu;
 - (c) Profile local demography and estimate current and future retail demand originating in Glenorchy;
 - (d) Explain the need to continue progressing long-term plans despite the severe short and medium-term effects of Covid-19;
 - (e) Assess the likely Impacts of the proposal on the commercial zoned area at Mull Street;
 - (f) Analyse Pounamu's proposed changes to retail and office unit size thresholds;
 - (g) Consider the economic impacts of future onsite construction and operations on regional GDP, incomes, and employment;
 - (h) Briefly consider likely wider economic benefits;
 - (i) Respond to issues raised in the section 42A report; and
 - (j) Provide an overall summary and conclusion.

LOCATION AND DESCRIPTION OF SUBJECT LAND

18. The Pounamu submissions deals various with pieces of land in the Glenorchy township, however, my evidence will address the land referred to as the Mrs Woolly's site.
19. The subject land is located at the corner of Coll Street and Oban Street in central Glenorchy, as shown in Figure 1 below.

Figure 1: Subject land in relation to proposed Commercial Precinct, Glenorchy



20. The subject land comprises three sites, as follows:
 - (a) Lot 1 DP 26928 (64 Oban Street): 2,525m²;
 - (b) Lot 2 DP 26928 (51 Oban Street/62 Coll St): 10,824m²;
and
 - (c) Lot 3 DP 26928 (60 Oban Street): 2,837m².
21. These sites are located to the north of Coll Street and to the east of Oban Street. The combined area of the sites is 1.6186 hectares ('ha'). I treat them as one site for the purposes of this evidence ('the subject site'). The subject site is owned by Pounamu . Pounamu acquired the site in early 2014.
22. The site presently contains two distinct commercial activities, in the form of the Mrs Woolly's General Store ('General Store'),

and the more recently established Mrs Woolly's Camping Ground ('Camping Ground').

23. The General Store is located in the extreme north-western corner of the site, in close proximity to Oban Street. It sells a variety of products, including takeaway food, fresh groceries, alcohol, homeware gifts, outdoor gear and clothing and hardware. The building that contains the General Store is approximately 503m² in area over two levels. , while the 'commercial' GFA of this building is 345m², being made up of retail space (156m²), storage/kitchen (98m²) and office space 91m². To the rear of the General Store is a large storage/warehouse shed which is approximately 340m² in size. This supports the existing commercial and visitor accommodation uses on site.
24. The Camping Ground is operating under a temporary resource consent (RM181247), which will expire on the 13th of November 2028. The Camping Ground can accommodate up to 140 overnight paying guests via 35 tenting sites. The Camping Ground can also cater for appropriately sized campervans, caravans, and tiny homes on wheels.
25. Pounamu established the camping ground as a temporary operation while plans are being worked on in terms of the wider redevelopment proposal for the site. The mid to eastern portion of the site is presently vacant of built form. This area was previously used as a camping ground prior to 2014. It is expected that Pounamu will replace or recycle all of the existing structures on the site during future redevelopment.

SUMMARY OF PROPOSED RELIEF

26. The following relief is sought by Pounamu in relation to the subject site. For ease of reference, the proposed VASZ and Commercial Precinct areas are shown in Figure 2 below.
 - (a) Visitor Accommodation Sub-Zone: That the Visitor Accommodation Sub-Zone ('VASZ') remains on the subject site, and further, that it be extended over the entire subject site (in an easterly direction).
 - (b) Commercial Precinct: That the Commercial Precinct is imposed over the portion of the subject site that is contained in the current VASZ. That land is 8,328m².

- (c) Additional restriction: Via Rule 20.5.5 in the Settlement Zone, a maximum building coverage of 80% is enabled in the Commercial Precinct. However, Pounamu seek (via a bespoke rule) that a maximum building coverage of 12% applies for commercial buildings (excluding visitor accommodation activities within the VASZ, and basements of commercial buildings). This limitation will cover existing commercial activities at the General Store (368m²), plus future commercial activities.
- (d) Exclusion of back of house from GFA calculations: Pounamu opposes Policy 20.2.3.2 and Rule 20.5.3, which restrict individual retail and office activities to 200m² and 100m² gross floor areas ('GFA'), respectively. Pounamu submit that these limitations should apply only to GFA directly associated with the activity, and exclude associated office, storage, reception, waiting areas, staffroom and bathroom facilities.

Figure 2: Subject Site with Proposed VASZ and Commercial Precinct



Source: PB – LM – Pounamu Holdings Ltd PDP Submission, p. 10.

LOCAL DEMOGRAPHY AND RETAIL DEMAND

Population & Demography

27. I used 2018 Census data to profile the local area and provide context for the proposal.¹ Table 1 summarises key information about Glenorchy residents and compares it to the district and New Zealand averages.

Table 1: 2018 Census Data – Demographic Overview

Summary Information	Glenorchy	District	New Zealand
Total households	180	13,180	1,653,790
Usually Resident Population Count	450	39,150	4,699,760
Census Night Population Count	720	47,020	4,793,360
Average Household Size	2.5	3.0	2.8
Age in broad groups			
Under 15 years	11%	17%	20%
15-29 years	19%	23%	21%
30-64 years	59%	49%	45%
65 years and over	11%	11%	15%
Median Age (years)	40	37	37
Gender			
Female	50%	49%	51%
Male	50%	51%	49%
Ethnic Group			
Asian	3%	9%	13%
European	86%	78%	62%
Māori	5%	5%	15%
Middle Eastern Latin American African	2%	4%	1%
Other Ethnicity	1%	1%	1%
Pacific Peoples	2%	1%	7%
New Zealander	1%	1%	1%
Religious Affiliation			
No religion	70%	64%	52%
Buddhism	1%	1%	1%
Christian	26%	30%	39%
Hinduism	0%	2%	3%
Islam	0%	0%	1%
Judaism	0%	0%	0%
Māori religions, beliefs	0%	0%	1%
Other religions, beliefs	1%	2%	2%
Spiritualism & New Age religions	1%	0%	0%
Partnership Status			
Partnered	65%	68%	61%
Non partnered	35%	32%	39%

28. Table 1 shows that Glenorchy had 450 usual residents as at March 2018 (census date), in 180 households. This gives an average household size of 2.5, which is slightly lower than the

¹ The local area used for this demographic assessment is the Glenorchy census area unit.

district and national averages. Further, relative to the district average, Glenorchy residents are:

- (a) Slightly older;
- (b) Less likely to be Asian and more likely to be European;
- (c) Less likely to have a religious affiliation; and
- (d) Less likely to be partnered/in a relationship.

Work and Study

29. Table 2 displays census information about Glenorchy residents' work and study habits, along with the corresponding district and New Zealand averages.

Table 2: 2018 Census Data – Work and Study

Study Participation	Glenorchy	District	New Zealand
Part time study	3%	3%	3%
Full time study	10%	16%	21%
Not studying	87%	82%	76%
Work and Labour Force Status			
Employed Full time	70%	66%	50%
Employed Part time	15%	14%	15%
Not in the Labour Force	13%	18%	31%
Unemployed	2%	1%	4%
Status in Employment			
Paid employee	70%	76%	83%
Self-employed (no employees)	17%	14%	10%
Employer	11%	9%	6%
Unpaid family worker	3%	1%	1%
Occupation			
Clerical and Administrative Workers	8%	9%	11%
Community & Personal Service Workers	12%	12%	10%
Professionals	15%	16%	23%
Sales Workers	6%	11%	9%
Labourers	12%	10%	11%
Machinery Operators and Drivers	4%	4%	6%
Managers	25%	22%	18%
Technicians and Trades Workers	18%	16%	12%
Total Personal Income			
\$5,000 or less	8%	7%	13%
\$5,001 – \$10,000	5%	4%	5%
\$10,001 – \$20,000	12%	10%	17%
\$20,001 – \$30,000	13%	12%	14%
\$30,001 – \$50,000	28%	29%	20%
\$50,001 – \$70,000	17%	18%	14%
\$70,001 or more	17%	20%	17%

30. Table 2 shows that Glenorchy residents have similar work and study habits to the rest of the district, although there are some

marginal differences. Specifically, compared to the district average, Glenorchy residents:

- (a) Are more likely to be in the labour force and more likely to be employed;
- (b) Less likely to be an employee and more likely to be self-employed;
- (c) Less likely to work as a “professional” and more likely to work in the trades or as managers; and
- (d) Less likely to have personal incomes in the top bracket (\$70k +)

Households and Dwellings

31. Table 3 presents statistics about households and dwellings.

Table 3: 2018 Census Data – Dwelling Information

Dwelling Occupancy Status	Glenorchy	District	New Zealand
Dwelling Under Construction	1%	3%	1%
Residents Away	7%	11%	5%
Empty Dwelling	26%	16%	5%
Occupied Dwelling	65%	69%	89%
Dwelling type - private dwelling			
Separate house	89%	81%	84%
Joined dwelling	6%	18%	15%
Other private dwelling	5%	2%	1%
Tenure of household			
Dwelling rented	34%	37%	35%
Dwelling held in a family trust	13%	24%	13%
Dwelling owned or partly owned	53%	39%	51%
Number of bedrooms			
One bedroom	9%	6%	6%
Two bedrooms	22%	15%	19%
Three bedrooms	45%	42%	43%
Four bedrooms	16%	29%	24%
Five or more bedrooms	8%	9%	7%
Motor Vehicles			
No motor vehicle	2%	3%	7%
One motor vehicle	31%	25%	34%
Two motor vehicles	43%	45%	39%
Three motor vehicles	14%	17%	13%
Four motor vehicles	6%	7%	5%
Five or more motor vehicles	4%	4%	2%
Years at Usual Residence			
0 years	31%	29%	20%
1-4 years	29%	39%	34%
5-9 years	10%	15%	17%
10-14 years	15%	8%	11%
15-29 years	12%	7%	13%
30 years or more	3%	1%	5%

32. Again, the characteristics of Glenorchy households and dwellings reflect the district averages, albeit with a few minor differences. They include that, compared to the district average, Glenorchy:
- (a) Dwellings had a lower occupancy rate on census night, with more residents away;
 - (b) Dwellings are more likely to be separate. i.e. stand-alone dwellings;
 - (c) Households are more likely to own the dwelling they live in; and
 - (d) Households are less likely to have lived at their current address for less than 5 years.

Population Projections and Retail Demand

33. Figure 3 and Table 4 show the Statistics New Zealand's latest population projections for Glenorchy.

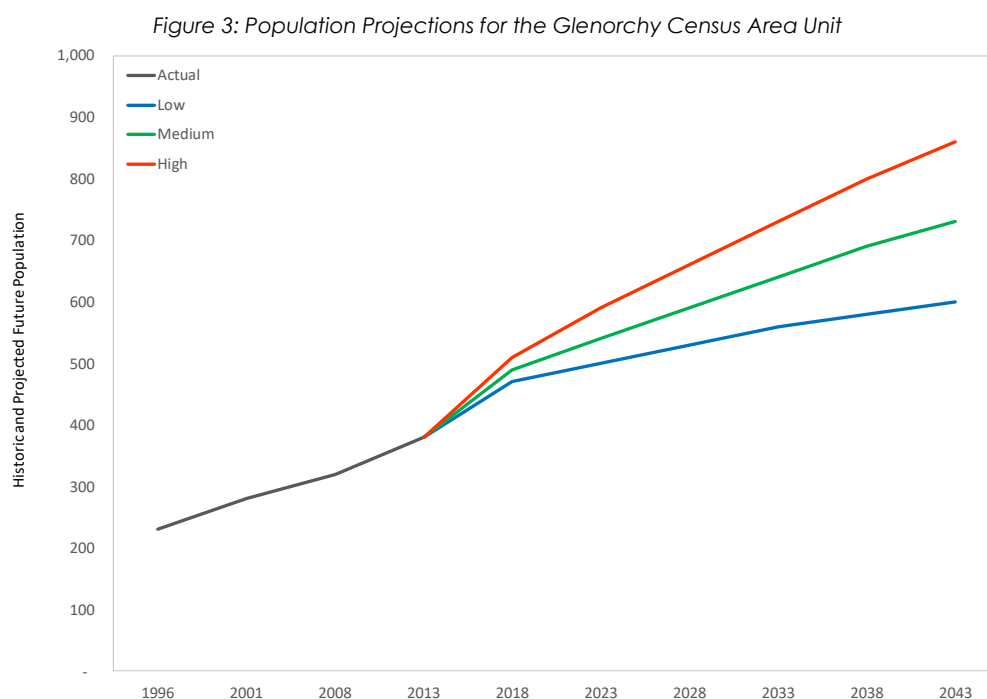


Table 4: Population Projections for the Glenorchy Census Area Unit

Year	Low	Medium	High
2018	470	490	510
2023	500	540	590
2028	530	590	660
2033	560	640	730
2038	580	690	800
2043	600	730	860
Change	130	240	350

34. The population of Glenorchy is projected to increase by between 130 and 350 people between 2018 and 2043. I used these projections to estimate current and future retail demand from Glenorchy residents.
35. Estimating the level of retail expenditure originating in Glenorchy is an important step in analysing the possible effects of the proposal, because it identifies the quantum of local spending potentially available to Glenorchy businesses.
36. Table 5 presents my retail model's estimates of core retail spending by Glenorchy residents and businesses from 2018 – the closest 'current' year available – to 2043. These figures exclude out-of-region spending by residents on holiday or business trips, which are not part of the "contestable" market for local stores.
37. In addition, my projections assume that:
- (a) Population growth will follow the Stats NZ medium projection;
 - (b) Inflation-adjusted spending per household will continue to grow by 1% annually;
 - (c) Business spending will remain constant per employee; and
 - (d) Tourism spending will grow at half of its historic rate.

Table 5: Estimated Retail Spend by Glenorchy Residents/Businesses, 2018 – 2043 (\$m ex GST)

Core Retail Store Types	2018	2023	2028	2033	2038	2043	Change
Clothing, Footwear & Personal Accessories	\$1.9	\$2.4	\$2.9	\$3.5	\$4.3	\$5.3	\$3.4
Department Stores	\$2.6	\$3.2	\$3.9	\$4.8	\$5.9	\$7.2	\$4.6
Electrical and Electronic Goods Retailing	\$2.0	\$2.5	\$3.0	\$3.7	\$4.5	\$5.5	\$3.5
Food and Beverage Services	\$25.6	\$31.7	\$39.1	\$48.2	\$59.6	\$73.5	\$47.8
Food Retailing (incl. Supermarkets)	\$7.2	\$8.8	\$10.6	\$12.8	\$15.6	\$18.8	\$11.5
Furniture, Floor Coverings, Houseware & Textiles	\$1.4	\$1.8	\$2.2	\$2.6	\$3.2	\$3.9	\$2.5
Hardware, Building & Garden Supplies Retailing	\$4.7	\$5.8	\$7.0	\$8.6	\$10.5	\$12.9	\$8.2
Pharmaceutical and Other Store-Based Retailing	\$5.3	\$6.6	\$8.1	\$9.9	\$12.2	\$15.0	\$9.7
Recreational Goods Retailing	\$1.2	\$1.5	\$1.8	\$2.2	\$2.8	\$3.4	\$2.1
Grand Total	\$52.1	\$64.2	\$78.6	\$96.5	\$118.6	\$145.4	\$93.3

38. To summarise: my projections shows that Glenorchy core retail spending is projected to increase from \$52 million in 2018 to \$145 million in 2043 – an increase of \$93 million. The largest growth is in food and beverage services, which is projected to grow by almost \$48 million over the next 25 years, followed by

food retailing including supermarkets, with growth of \$11.5 million.

Likely Impacts of Covid-19

39. With the outbreak of COVID-19, New Zealand faces a 1-in-100-year health and economic challenge. At the time of writing, the pandemic continues to evolve, and has already caused global immense social and economic disruption. Despite that, it is important to now look forward to the economic recovery phase and keep planning for developments and investment over the medium to longer term.
40. The need to take a longer term view and keep planning for the future is supported by the resilience of international tourism to past economic downturns, where it has generally recovered within a few years.
41. For example, Figure 4 shows NZ international visitor arrivals data from 1990 to 2019. It demonstrates that during three previous economic shocks: the 1996/7 Asian Financial Crisis; the impact on air travel and confidence following 9/11 in 2001; and the 2008/9 Global Financial Crisis, the dampening effect on international visitors was relatively short-lived. While we accept that things may be different and take longer to recover this time round, an optimistic outlook is considered appropriate.

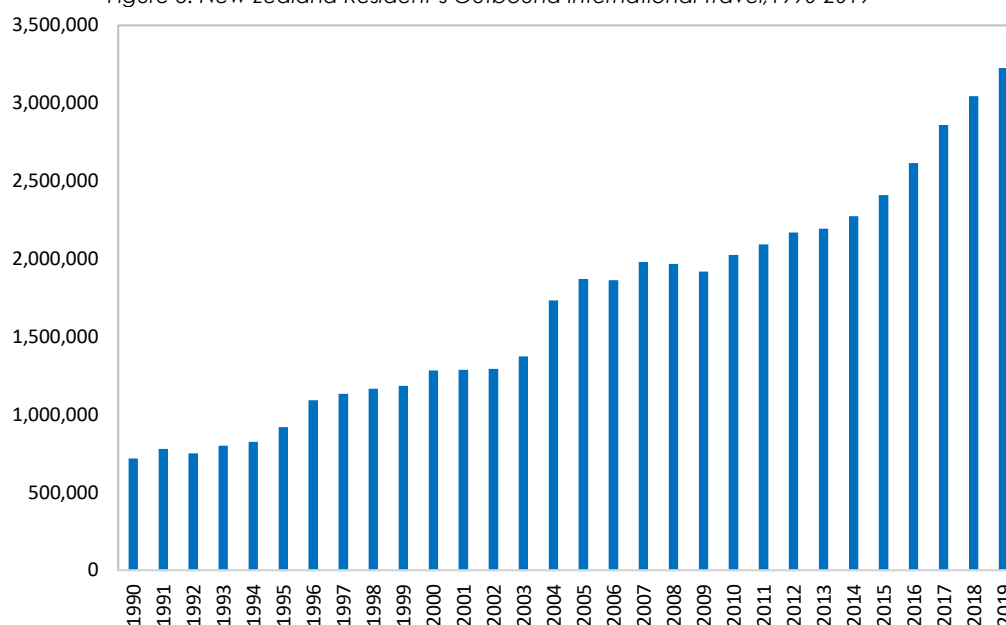
Figure 4: International Visitors to New Zealand, 1990-2019



Source: Statistics New Zealand, 2020.

42. In addition, there is a significant opportunity to repatriate outbound tourism spend and redirect it as domestic tourism. Figure 5 shows outbound international travel by New Zealand residents from 1990 to 2019. In 2019, the number of New Zealand residents departing for overseas travel was 3.22 million. This is 83% of the 3.89 million international visitor arrivals to NZ in the same year.

Figure 5: New Zealand Resident's Outbound International Travel, 1990-2019



Source: Statistics New Zealand, 2020.

43. Unfortunately, concrete data on the value of outbound tourism is unavailable given its overseas nature. However, ballpark estimates can be inferred from the value of international tourism in NZ. For example, in the year to March 2019, 3.89 million international visitors to NZ spent \$17.2 billion, which equates to \$4,420 per visitor. If we apply the same average spend to NZ outbound tourists, we can estimate its value at just over \$14 billion.
44. If I assume that a proportion of that spend by New Zealand residents abroad is redirected to domestic tourist locations, such as the Queenstown Lakes District, demand for visitor activities and expenditure could be partly-supported by New Zealanders in the short to medium term. Further, the prospect of a Trans-Tasman/South Pacific 'bubble' where New Zealand borders are open to Australian and Pacific residents would assist the recovery of tourism activity and expenditure.
45. Overall, while I acknowledge the severity of the short-term impacts of Covid-19 on health, society and the economy, planning for the future and the recovery phase must begin.

This is particularly true given the long lead times associated with developments, which include planning, design, consent, and construction. These often take several years. It is therefore crucial to maintain a pipeline of development projects to ensure investment and employment opportunities continue to be delivered in the district.

ASSESSMENT OF IMPACTS ON COMMERCIAL ZONED AREA

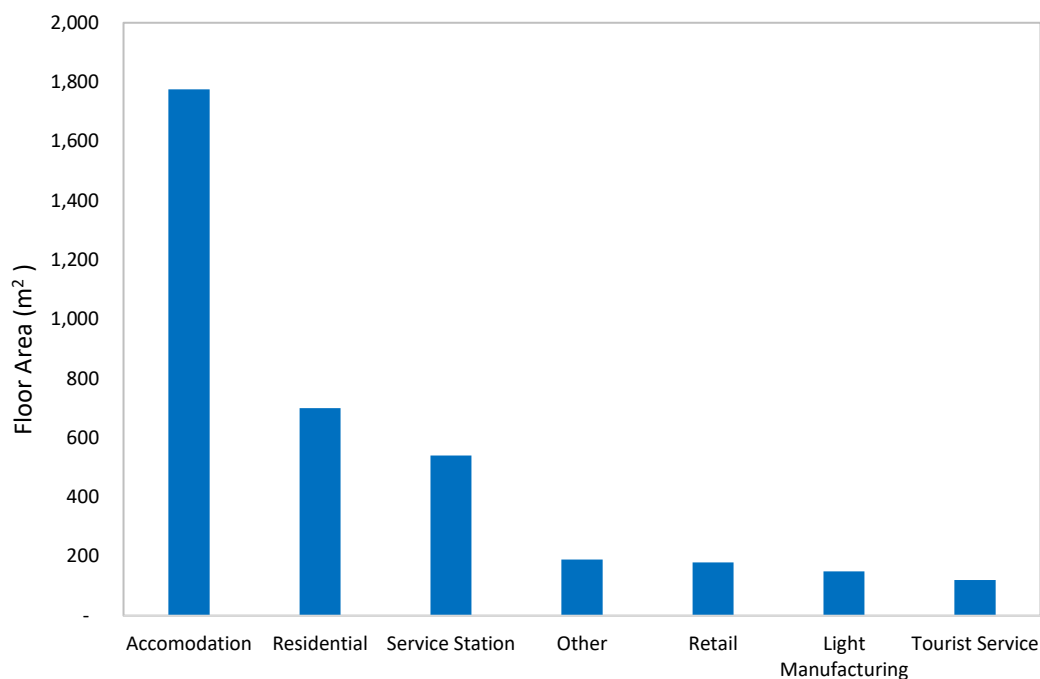
46. Under the Resource Management Act 1991 ('RMA'), decision makers must not have regard to effects ordinarily associated with trade competition when evaluating development proposals. Instead, they must only consider possible flow-on effects arising from trade competition, which are commonly known as retail distribution effects.
47. Such effects may occur if a new development reduces the patronage of competing businesses so severely that some close, causing the roles and functions of their respective centres to decline so significantly that the social and economic wellbeing of their communities is undermined.
48. A strong body of case law confirms that trade impacts must be significant to go beyond the effects that are ordinarily associated with trade competition, and that impacts on individual stores are irrelevant because they represent pure trade competition.
49. The Commercial Precinct in Glenorchy, as set out in the QLDC Proposed District Plan ('PDP') Stage 3, is located on Mull and Argyle Streets, as shown in Figure 6. The total land area within the Commercial Precinct is approximately 2.5 hectares (ha).

Figure 6: Proposed Commercial Precinct, Glenorchy



Source: QLDC Proposed District Plan maps, 2020.

50. A desktop review of land use within the precinct characterises its role and function as a mixed-use centre dominated by accommodation, tourist services, and cafes. There are also local level functions, for example a service station incorporating vehicle repairs and a post shop, and a community hall. Figure 7 demonstrates that the majority of GFA in the precinct is in accommodation uses. A service station has the second largest floor area. Retail uses comprise only 180m², or 5% of existing GFA.

Figure 7: Current Floor Area (m²) - Glenorchy Commercial Precinct

Source: Property Guru Data, 2020.

51. Analysis of the parcels within the Commercial Precinct using Property Guru data shows a total of 3,655m² GFA. With a land area of 17,463m² (occupied sites only), this gives an overall floor area ratio of 21% (Table 7).

Table 6: Floor Area in Commercial Precinct, Glenorchy

Calculation of Floor Area Ratio	Values
Total floor area	3,655 m ²
Total occupied site land area	17,463 m ²
Current floor area ratio	21%

52. The Commercial Precinct includes several vacant parcels. Specifically, there were 7 vacant commercial sites, and 5 vacant residential sites, which comprise 42% of total land area (see Table 8).

Table 7: Vacancy in Commercial Precinct, Glenorchy

Vacancy in Commercial Precinct	m ²	# of sites
Vacant Commercial	5,477	7
Vacant Residential	4,848	5
Total Vacant	10,325	12
Total Zoned Land Area	24,879	29
Vacancy as % of Total	42%	41%

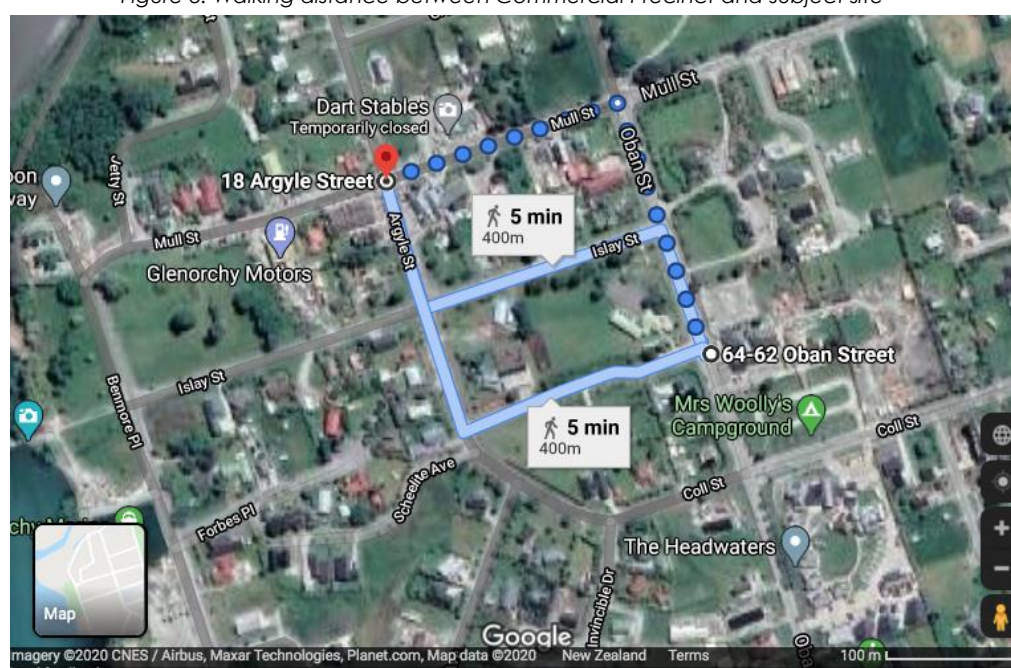
53. Not only is the precinct quite sparsely developed, but its building stock is also relatively old. Of the 16 buildings for which age data was available, half were built between 1900 and 1969, with only two (12.5%) built since 2000. Four buildings were of mixed age or have been remodelled. Thus, overall, the building stock is quite old, so there is limited evidence of tangible demand for development in this location over the last 20 or so years since the zone has been in effect.
54. Further, some of the land in the Commercial Precinct adjoining Islay Street has little to no profile from Mull Street – the main commercial strip. It is therefore unlikely that this land would be attractive to retail or café type uses given their lack of 'main' street visibility.
55. I also understand that several properties at the western end of the Commercial Precinct on Mull Street are located in a flood hazard risk area. While they may still be commercially feasible to develop, the overall development costs will be greater as the land will need to be built up to avoid future flood risks.
56. The data set out above illustrates that the proposed Commercial Precinct currently has a mixed-use character, absent a strong retail offer. Accordingly, the addition of commercial space at the subject site is unlikely to have a major effect on the Commercial Precinct.
57. Also, importantly, there has been some form of commercial offering operating from the subject site since the 1970s, when a smaller store was opened as part of the campground. Hence, there has been a commercial presence on the subject site for several decades.
58. Further, the amount of additional commercial GFA proposed is minor, because the applicant proposes to limit it to 12% of the part of the site for which it seeks a commercial zone, which is only 8,328m². This produces far less potential future GFA compared to the 80% limit normally allowed within the zone.
59. Table 9 sets out calculations estimating the commercial GFA enabled by the proposal, and compares it to the GFA enabled by the standard zone rules. In short, the total commercial GFA enabled by the proposal is 999m². Subtracting the current General Store GFA (of 368m²) leaves only 631m² additional. By contrast, 6,294m² of extra GFA could be delivered under normal zone rules.

Table 8: Calculation of Estimated Commercial GFA at subject site

Subject Site	Pounamu Proposal (m ²)	Default Zone Rules (m ²)
Land Area of proposed Commercial Precinct	8,328	8,328
GFA cap as % of site area	12%	80%
Total Commercial GFA potential	999	6,662
Current General Store commercial activities	368	368
Additional Commercial GFA enabled	631	6,294

60. Moreover, as shown in Figure 9, the subject site is relatively close to the existing Commercial Precinct. According to Google maps, it is only a 400 metre (or 5-minute) walk from the existing Mrs Woolly's General Store to the centre of the commercial area.

Figure 8: Walking distance between Commercial Precinct and subject site



61. Given the flat land contour, and noting the close proximity between the two areas, I consider that any future commercial offer at the subject site would likely complement and strengthen the overall commercial offer at Glenorchy, not compete with it. Spatially, the two could be thought of as comprising one (broader) commercial offer.
62. Comparing the distance from the subject land to the Commercial Precinct with the size of other retail and commercial areas in the Queenstown Lakes district ('the district') provides context and scale.
63. For example, Table 10 shows the location, length from end-to-end, and walk time for four other commercial locations in the

district. The Cadrona Commercial Precinct, as proposed in the QLDC PDP, is around 450 metres long. In Wanaka, the new Three Parks Commercial area is 630 metres long. Larger town centres in the district, Queenstown and Wanaka, are around 700 metres long in one direction, with an approximate walking time of 10 minutes. This compares favourably to the distance and walk time from the centre of the Glenorchy Commercial Precinct to the subject site, a distance of around 400 metres with a walk time of 5 minutes.

Table 9: Scale of other Commercial / Retail areas in the Queenstown Lakes District

Location	Length (metres)	Description	Walking time
Cadrona Commercial Precinct	450	along Cadrona Valley Road	5 minutes
Three Parks Commercial, Wanaka	630	Length of Sir Tim Wallis Drive	8 minutes
Wanaka Town Centre	700	along Ardmore Street	10 minutes
Queenstown Town Centre	700	Lake Street to Henry Street	10 minutes

64. In conclusion, the proposed Commercial Precinct currently has a mixed-use character absent a strong retail offer. Accordingly, the proposal is unlikely to have any notable effect on the Commercial Precinct, particularly given its proximity to the subject site. Overall, I consider that the two areas are likely to effectively operate as one broader commercial offer, not two competing nodes.

ASSESSMENT OF GFA EXEMPTIONS

65. Pounamu opposes Policy 20.2.3.2 and Rule 20.5.3, which restrict individual retail and office activities to 200m² and 100m² GFA, respectively. It considers that the thresholds should apply only to floorspace directly associated with the activity, and therefore exclude associated office, storage, reception, waiting areas, staffroom and bathroom facilities ('back of house functions').
66. The typical ratio of 'actual' retail and commercial floor area to 'back of house' functions is roughly 70 : 30. Applying this split to the proposed exclusion of back-of-house functions, increases the allowable overall GFA to about 280m² for retail, and 140m² for offices.
67. I understand that a key reason for these GFA limits is to avoid commercial activity occurring away from the Queenstown and Wanaka town centres, which could undermine their roles and functions as the primary focal points for district economic activity.

68. To assess the likelihood of that occurring because of the proposed GFA threshold changes on the subject site, I used Property Guru data to compare the total floorspace enabled by the proposal to the current sizes of those two centres. My logic was that, if the proposal enables only a relatively small amount of GFA overall, enabling it to be accommodated in slightly larger units is unlikely to matter.
69. In short, the Property Guru data shows that the Queenstown Town Centre has around 157,000 m² of retail, office, accommodation and service floorspace. Wanaka Town Centre has around 65,000 m². Given that the proposal enables only 999m² of GFA including the current Ms Woolly's store, I consider it extremely unlikely that enabling larger unit sizes would have any discernible effect on the two main centres of Queenstown and Wanaka, particularly given their distance from the subject site.
70. Instead, I consider that this proposed change would merely enable more flexibility in the future built form of the subject site without creating any undue pressure on other commercial areas, particularly given the 12% overall cap. Indeed, proposed changes to unit sizes only allow the fixed additional commercial GFA of 631m² to be configured differently, without increasing the overall quantum. Accordingly, any impacts would be less than minor.

ECONOMIC BENEFITS OF COMMERCIAL SPACE CONSTRUCTION AND OPERATIONS

71. The process of planning for, designing, constructing, and fitting out new commercial space on the subject site will take at least two years. The process will draw in workers from a diverse range of fields and hence create jobs for district workers while also lifting household incomes. For example, the following workers would be required to complete the project, many of which would be sourced from the district:
- (a) Architects;
 - (b) Planners;
 - (c) Lawyers;
 - (d) Quantity surveyors;
 - (e) Civil and structural engineers;
 - (f) Site preparation workers;

- (g) Building contractors and sub-contractors;
 - (h) Plumbers;
 - (i) Electricians;
 - (j) Glaziers, and so on.
72. To quantify the regional benefits associated with this boost in local economic activity, I used a special type of economic analysis called multiplier analysis to translate future development into corresponding gains in district incomes and employment.
73. Multiplier analyses are used around the world to capture both the direct economic effects of projects, plus their flow-on effects. These flow-on effects occur when the organisations directly involved with the project source goods and services from their own suppliers to complete the job. Multiplier analyses trace these "supply chain effects" throughout the economy to calculate both the direct and flow-on effects of new projects.
74. I used the latest regional multiplier tables for the Otago Region to translate the expected cost of development (stated as \$25 to \$30 million in the evidence of Paul Brainerd) into estimates of future incomes and employment. In short, my calculations suggest that future redevelopment of the subject site would create full-time employment for about 80 people for two years and generate more than \$7.7 million in household incomes.
75. In addition, once built, the new commercial space will employ dozens of people permanently and generate thousands of dollars of household incomes each year. Again, these boosts in district incomes and employment will be particularly important to help aid recovery from the devastating economic effects of Covid-19. For instance, at the time of writing (20 May 2020), more than 1.4 million New Zealand workers had taken up the wage subsidy scheme at a total cost of more than \$10 billion. This represents roughly half of the national workforce.

ADDITIONAL POSITIVE ECONOMIC EFFECTS

76. In addition to general economic stimulus during construction and operations, the proposal will also help to capture more expenditure locally. Indeed, while the Commercial Precinct zoning allows a broad range of uses, any new commercial development would be driven by market forces and would

therefore provide goods and services demanded by both locals and visitors. Consequently, it would capture expenditure that would have otherwise occurred elsewhere, most likely via a trip to Queenstown.

77. For example, the retail demand assessment set out above estimates that around \$52 million in expenditure is currently generated by Glenorchy residents and businesses. Due to the limited retail offer in Glenorchy, nearly all of this will 'leak out' to Queenstown. Providing more opportunities to capture this spend in Glenorchy would provide positive impacts, such as:
- Reducing the fuel cost, travel time cost and harmful vehicle emissions associated with the 90 km, 1.5 hour round trip to Queenstown.
 - Decreasing the risk of motor vehicle accidents by reducing vehicle km travelled.
 - Easing traffic congestion in and around the Queenstown centre.
78. To broadly demonstrate the potential benefits of reduced travel, I estimated the total distance travelled each year by Glenorchy residents to Queenstown for shopping and other household needs with and without the proposal. Then, I converted the travel time and cost differences to dollar estimates using estimated fuel efficiencies, fuel prices, and official rates for the value of travel time (from the NZTA economic evaluation manual) (see Table 11).
79. The assumed inputs values are shown below, and reflect local road conditions, current fuel prices, and the average fuel efficiency of the New Zealand light vehicle fleet.²

Table 10: Assumptions Used to Calculate Value of Travel Time and Cost Savings

Model Inputs and Assumptions	Status Quo	Proposal
Weekly Visits to Queenstown by Glenorchy Residents and Visitors	100	80
Average Trip Distance -1 way (km)	45	45
Average Travel Time 1 way (minutes)	45	45
Fuel Economy (litres/100km)	10	10
Fuel Price (\$/litre)	\$2.00	\$2.00
Value of Travel Time (\$/hr)	\$10.60	\$10.60

² The estimates of weekly trips are purely indicative and used only for illustrative purposes.

80. Table 12 presents the corresponding annual savings across various trip metrics, including total fuel and time savings. If 20 trips a week could be saved, Glenorchy residents and visitors would collectively reduce travel distances by 93,600 km per year, burn 9,360 fewer litres of fuel, and save \$35,260 in travel time and fuel costs.

Table 11: Estimated Annual Travel Time & Cost Savings for Glenorchy Residents/Visitors

Trip Metrics	Status Quo	Proposal	Savings
Annual Trips	5,200	4,160	1,040
Travel Distance (Kms)	468,000	374,400	93,600
Travel Time (Hrs)	7,800	6,240	1,560
Fuel Burned (Litres)	46,800	37,440	9,360
Fuel Cost	\$93,600	\$74,880	\$18,720
Travel Time Cost	\$82,680	\$66,144	\$16,536
Total Cost (Fuel + Time)	\$176,280	\$141,024	\$35,256

CONCLUSIONS

81. This evidence has assessed the likely economic effects of Pounamu's proposal to enable additional commercial activity on its Ms Woolly's site in Glenorchy, by imposing a commercial precinct on half the site, limiting GFA to 12% of site area, and altering the size thresholds for retail and offices.
82. Overall, my evidence shows that the proposal will not have any material adverse effects on other commercial areas, but that it will generate significant and enduring benefits, both during construction and operations. Accordingly, I support the proposal on economic grounds.

Fraser Colegrave

29 May 2020