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REMARKABLES PARK LTD

6 Other Comments

Would you like to comment on any other aspect of this draft 10 Year Plan?

See attached submission

Submission on the Queenstown Lakes District Council Ten-Year Plan 2015 – 2025

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Transport Planning

Traffic congestion, which is becoming a major and growing issue in the downtown and on SH6, has not unsurprisingly been confirmed as an issue requiring Council attention, with the two principal areas of concern being in and around Frankton as well as in central Queenstown.[1]

RPL supports Council's desire to address congestion but does have reservations about:

- the lack of urgency being afforded to addressing congestion,
- the compatibility of other Council initiatives with the Transport Planning goal of reducing congestion, and
- the approach to funding initiatives that address congestion.

Lack of Urgency

Congestion in the areas identified by Council is not a new phenomenon. Notwithstanding that congestion has intensified considerably within the last 2-3 years, it has existed for considerably longer.

Some commentators seem to attribute a generic causal factor of 'unanticipated rapid growth' to the current congestion predicament – this is somewhat lazy and fails to acknowledge various well-telegraphed drivers that should have alerted planners to impending problems. Some of those well-telegraphed drivers behind the recent intensification include:

- Residential development along State Highway 6 between Frankton and Kingston (e.g. Jacks Point and Lakeside Estate)
- Residential development along Kelvin Peninsula
- Hotel development at the base of Kelvin Peninsula
- Commercial and industrial development on Frankton Flats
- Retail and office development at Terrace Junction and Remarkables Park Town Centre
- Growth of activity at Alpine Aqualand / Queenstown Event Centre

[1] 2015-2025-TYP-Consulation-Document, page 11

- Remarkables Primary School
- Growth of activity at Queenstown Airport
- Residential development in the Quail Rise / Tucker Beach area
- Residential development at Shotover Country, Lake Hayes Estate, Bendemeer, Threepwood (and other areas East of the Shotover River through to Arrowtown and Gibbston)

  (In essence, most recent Queenstown developments of any scale.)

Given the long lead-times between project conception and completion for virtually all of the drivers listed above, it would be reasonable to expect effective congestion mitigation measures to be in place now or, failing that, to at least be well understood and well along the path to implementation.

Not only have effective congestion mitigation measures not been put in place on a timely basis, there does not appear, with one exception, to be any well understood mitigation measures on a path towards implementation. Those being considered appear to be at the conceptual stage at best. The one exception is the new SH6 Eastern Arterial Road (EAR), with construction underway for the first leg into Shotover Park and the Frankton industrial area. Unfortunately the continuation of the EAR through to Remarkables Park Town Centre and Queenstown Airport, funded in the 2014-15 Annual Plan, has yet to be developed and is now delayed so as to only be scheduled for construction over the next three years.

The draft 10 Year Plan includes 'placeholders' for Queenstown Town Centre and Frankton Flats Strategy Implementation[2] with a combined 10-year total spend of $3.259m allocated to each area at a rate in the order of $150k per annum. Given the amounts scheduled, these placeholders do not seem to contemplate significant works.

In addition to ongoing growth from further intensification of the above, there are a number of new projects that can be expected to further exacerbate congestion, including:

- Industrial and commercial development adjacent to Glenda Drive including Shotover Park
- Completion of stages of development at Five Mile
- Residential development at Bridesdale Farm and Queenstown Central
- Proposed residential developments in and around Arrowtown
- Establishment of the new Wakatipu High School at Remarkables Park
- Increased investment from NZSki at The Remarkables
- Infrastructural enhancements at Queenstown Airport designed to facilitate more growth

Central Queenstown and Frankton Flats' roads are on a trajectory of much greater congestion unless immediate action is taken.

[2] Supporting-Document-Volume-1 PDF, page 49

The ‘Roading Future Proposed Capital Works Projects’ schedule[3] shows $10.205m being allocated to the EAR during the 2016 to 2018 period. As noted, this is now delaying the funding and construction approved in the 2014-15 Annual Plan and, as such, this is an unacceptable timetable for delivery. With immediate funding the EAR could be operational by April 2016.

> **RPL submits that Council should place the utmost urgency on delivering effective congestion mitigation measures and must accelerate delivery of the Eastern Arterial Road. Further, rather than shaving investment from roading[4], material investment in roading assets should be anticipated to implement those measures. The $3.259m ‘placeholders’ for Frankton Flats and Queenstown Town Centre Strategy Implementation is unlikely to deliver effective solutions, especially when spent at a rate of around $150k per annum.**

Compatibility of Other Council Initiatives with Goal of Reducing Traffic Congestion

For any individual, company, government, local council, or other entity to be effective at achieving its strategic goals, it is vital that the entity undertakes integrated long-term planning that critically assesses the impacts of its various projects and activities to understand their relationship with broader strategic goals. It is often the case that advancing one project or activity may progress some goals while being detrimental to achieving others.

A strategically effective entity will identify, in advance, the potential misalignment of project and activity outcomes with achievement of the entity’s strategic goals. Once identified, plans will be developed or altered to mitigate that potential misalignment. Identification of potential misalignment and development of effective mitigation measures are features of competent integrated planning, the alternative is ad hoc planning.

One glaring incompatibility between the goal of reducing traffic congestion in central Queenstown and another very heavily promoted Council initiative – the Council’s Convention Centre, Lakeview Subdivision (**Lakeview Convention Centre**) and the doubling in size of the downtown commercial area as sought in Plan Change 50.

If Council is successful in delivering its Lakeview Convention Centre and CBD expansion, and the developments become operationally busy, it’s intuitive that added pressure will fall upon central Queenstown’s roading network.

While proposed capital works in the draft 10 Year Plan do make reference to various roading, footpath and parking projects associated with the Lakeview Convention Centre, the amounts involved do not appear to contemplate sufficient works to fully mitigate the imposition of a Lakeview Convention Centre and CBD expansion upon central Queenstown.

It is likely that the potential impact of a busy Lakeview Convention Centre and CBD expansion upon traffic congestion in central Queenstown has been underestimated. Further, it is reasonably foreseeable, if not certain, that significant capital expenditure will be required in the future to mitigate that impact.

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[3] Supporting-Document-Volume-1 PDF, page 49
[4] The proposed roading capital programme has been reduced by $68m, 2015-2025-TYP-Consulation-Document, page 15

RPL submits that if the draft 10 Year Plan continues to incorporate a Lakeview Convention Centre, the full cost of mitigating anticipated traffic impacts must be incorporated into the schedule of proposed capital works. Failure to do so materially understates the true cost of the proposed Lakeview Convention Centre to ratepayers. Furthermore, those costs should all be funded by the CBD and not other parts of the district that have funded their own development notwithstanding they too have wider district benefits (e.g. Remarkables Park Town Centre serves 3.5 million shoppers per annum).

Approach to Funding Initiatives that Address Congestion

As discussed above in the Lack of Urgency section, the only project that has developed to the point where it is a well understood implementable mitigation measure for traffic congestion is the Eastern Arterial Road (EAR). While originally shown as being fully funded in the 2014-15 Annual Plan, it has now been pushed back to a 2018 completion date and is shown as costing $10.205m spread over 2016, 2017 and 2018.

It is understood that Council regards EAR costs as being 80% driven by growth and 20% by an increase in level of service[5] notwithstanding this is an arterial road serving more than 200 businesses (70 in Remarkables Park Town Centre and 140 in Shotover Park and Frankton industrial area) and the airport, a public utility, and the High School where development (and traffic) is now starting and will be open in 2018. RPL supports the concept of recognizing growth and level of service components on the basis that:

- The EAR will provide capacity for future growth (part of the growth allocation)
- The EAR will help to restore the pre-congestion level of service that has suffered due to past growth (balance of growth allocation)
- The EAR will provide a new, more convenient, connection from the Southwest corner of the Frankton area through to the Northeast corner, and places in between (level of service allocation)

In all of these circumstances, 80% is a gross over assumption of growth.

A mechanism available to Council to fund growth-related infrastructure is the Development Contribution regime. In fact the sole purpose of the Development Contribution regime is:

> "… to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term."[6]

Notwithstanding concerns over many aspects of the Development Contribution regime, if it continues to be part of the bureaucracy associated with development governance, it should be utilised to provide, as far as possible, equitable funding of growth-related costs. With regard to the EAR, this is not the case – it appears that the Development Contribution regime has not been used to build up a fund for the EAR, nor is it proposed to use the regime to collect future contributions towards this critical piece of growth-related roading infrastructure. Rather, it appears that Council is proposing that the EAR will be 100% funded by third

[5] Council response to a request for further information on EAR funding treatment
[6] Local Government Act 2002, section 197AA

parties[7], with those parties being understood to be NZTA and a small selection of landowners (possibly as low as three) who will essentially border the new road. This proposal fails to acknowledge the huge number of existing and future businesses, residences and developments that will benefit from the EAR.

While the proposed approach is inconsistent with statements contained in the consultation material[8], it does appear to be consistent with the Development Contribution disclosure tables that show net Council investment in new roads of only $2.362m over 10 years.[9]

Landowners adjacent to the new road's alignment will be well served by completion of the road - no question there – but this does not translate into 100% allocation of non-NZTA funded costs to those landowners being remotely equitable.

Although not intended to be exhaustive, the Lack of Urgency section above contained lists of drivers for growth in demand for roading infrastructure. Most of those drivers have their origin outside of the land adjoining the EAR alignment and all of them are relevant to demand for the EAR.

If it is accepted that most recent developments of any scale have contributed to the demand for the EAR, and that future developments will continue to benefit from the roading capacity enabled by construction of the EAR, there are two implications with respect to funding generally, and Development Contributions specifically:

1. Demand for the EAR has been identified for many years. In fact full EAR funding in the 2014-15 Annual Plan shows Council was aware of the imminent need for the EAR.
2. It would be wholly inequitable to seek 100% funding for all EAR costs not funded by NZTA from the handful of landowners who will essentially border the new road.

   RPL submits that the proposed approach to funding the non-NZTA funded portion of EAR costs is inequitable and must be critically reappraised. If it is not it will lead to litigation related to Council's failure to develop the EAR and any attempts to not utilise existing and forthcoming Development Contributions for that work. Litigation is a further cost to the community and private sector litigants. All of this seems to be a complete waste of resources when the wider community are totally frustrated daily by the need for this road to be built and operational. It is time the Council accepts its responsibility and agreements to build this road and puts a stop to the nonsense that this road is not a high priority that does not need to be funded by Council. Further,

[7] Council response to a request for further information on EAR funding treatment
[8] 2015-2025-TYP-Consulation-Document, page 11, paragraph 3 contains the statement "Budget for Council's share of funding for the Eastern Arterial Route around the back of the airport is included in this draft plan.' - which clearly implies a non-zero Council contribution to the EAR.
[9] Supporting-Document-Volume-2 PDF, page 160

RPL submits that, while the Development Contribution regime is part of the bureaucracy associated with development governance, that regime is the obvious tool for Council to use for more equitable treatment.

Development Contributions

RPL opposes the collection of all development contribution levies. They are an inefficient and inequitable means of funding infrastructure. They are inefficient because they are added onto the cost of land together with a developer's margin. They are inequitable because they have not been paid by a lot of existing residential and commercial developments. This is particularly so for roading contributions (which are quite a recent addition) but is also true of other development contributions charges, which were previously termed "Headworks Charges" and were charged at a much lower level. Given new building pays GST, but not existing building, why lump on another cost driving up the cost of land. Council should be doing everything it can to lower the cost of land development. This would also help stem the rise of existing house prices, which are pulled up by the price of new land.

RPL recommends that Council, like some other councils in New Zealand, dispenses with development levies in order to make land supply more affordable. RPL nonetheless supports two of the changes to the Development Contributions Policy contained in the Ten Year Plan.

RPL supports the proposal to only require reserve contributions in situations where there is limited provision of reserves. RPL suggests that, when assessing the existing provision of reserves, council should also take into account the full range of recreational facilities available to residents, including commercial recreation facilities. Council should also direct that in some situations a reduced provision of reserve (ie less than 27.5 m^2 per lot) will be adequate to meet the local community's need.

RPL also supports the proposal to use standard valuations, dispensing with the current practice of requiring individual site specific valuations to be obtained by council at the developer's cost each time a reserve contribution is to be calculated. RPL considers that there should be an open and fair process for calculating the valuations and that they should generally reflect the value of the land being developed for reserves, rather than the land that is the subject of a subdivision.

However, RPL is very concerned that the current policy continues the practice of calculating and taking development contributions both at the time of subdivision and at the time of development. It is time for a change to this practice. Council did make some changes to its development contributions policy in response to the Local Government Amendment Act but some of the old practices have survived unchanged. RPL submits that council should take the opportunity to make a correction now.

Section 197AA of the Local Government Act 2002 sets out the statutory purpose of development contributions as follows: "*The purpose of the development contributions provisions in this Act is to enable territorial authorities to recover <u>from those persons undertaking development</u> a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.* " (Underlining added)

There is a distinction between subdivision and development that is not recognised in the council's policy. Subdivision by itself does not generate demand for council services.

Subdivision is a process that usually involves the subdivider constructing services (roads, footpaths, stormwater piping, water piping and sewerage) and vesting them in council. New lots created at the time of subdivision do not add any demand to council's infrastructure or reserves until buildings are erected or uses are established on the land. There is no demand on council's water, sewerage or roading, nor a requirement for reserves, until a business commences operation.

For a subdivision of bare commercial or industrial land Council's current practice is to make an estimate of the level of development that might occur on the site and require the subdivider to pay contributions for the estimated level of development prior to requesting titles for the new lots. This estimate is based on 75% of 75% site coverage (56% of the site) even though most developments never achieve such a high coverage. At a later date, after the land has been sold and the purchaser lodges plans for a proposed development on the site, the council assesses development contributions again. If the level of development exceeds the previous estimate, council charges the new owner the excess development contributions. Notably, if the developer opts for a level of development that is less than the earlier estimate council never gives a credit to the subdivider, further driving up the cost of land.

The same reasoning applies to residential subdivisions where levies are on-charged with a margin. The purchaser carries that cost to his development together with the interest cost on the higher price. Council has an obligation to improve the supply of affordable land, not implement policies that increase the price of land.

A more logical approach is to continue the practice of requiring the subdivider to install the essential infrastructure for new lots but to charge development contributions only when the actual development to be constructed on the new lots is known. It is submitted that this approach fits with the statutory purpose mentioned above *"to recover <u>from those persons undertaking development…".</u>* While it may be common to refer to a subdivider as a "developer", he is not in fact "undertaking development" that causes council to spend money on servicing growth and council does not have a mandate to require him to pay development contributions.

There is no equitable reason for council to continue the practice of collecting development contributions from the subdividers of residential sections and certainly there is no reason to continue this practice for commercial or industrial subdivisions where there is an informed purchaser who is the actual developer. It is the purchaser/developer - not the subdivider – who controls the timing, type and level of development that will be constructed on a commercial or industrial site. It is the purchaser/developer – not the subdivider - who will determine the level of demand on council services.

The requirement on a subdivider to pay development levies up front inhibits subdivision of land and delays the availability of titles.

Furthermore, the statutory provision requires that council only recovers "a fair, equitable and proportionate portion". It cannot be fair or equitable to guess at the development contribution in advance, based on an anticipated level of development, when there is a simple way to avoid having to guess. Neither is it fair or equitable to take a payment from the subdivider in advance and then not grant the subdivider a credit if the contribution made exceeds the contribution that would apply to the actual development subsequently undertaken on the site. Nor is it fair or equitable to collect a development contribution years in advance of the development occurring. It is often the case that land is subdivided but sits vacant and perhaps unsold for many years before it is developed and places any demand on council services. One way to correct these unfairnesses would be to assess and collect the development contribution only once and to do it at the right time - which is when the actual development is known. That way the correct amount will be calculated and the correct party will be required to pay it.

Ferry Services

The Infrastructure Strategy in the Ten Year Plan identifies “water based ferry services” as one of the principal options for responding to problems associated with traffic growth (Vol. 2 p35). It notes that there are currently limited public transport options operating in the district and proposes to *develop ‘park and ride’ facilities and connection with ferry services on Lake Wakatipu* (p36). It states that *improving accessibility and safety of people getting to, and on public transport will increase the viability of alternative transport and help reduce congestion*.

RPL supports the proposal to facilitate the establishment of commercial ferry services but considers that the scope should be widened to include not just Lake Wakatipu (which would incorporate Queenstown Bay, Frankton Arm and Jacks Point) but also include the upper Kawarau River. This would allow other communities such as Lake Hayes Estate, Shotover Country, Kawarau Falls, and Remarkables Park including Remarkables Park Town Centre to also be included. We note that, in addition to helping to relieve traffic congestion, ferry services are sustainable, do not wear out roads and are particularly tourist friendly.

RPL encourages council to set aside funds to investigate and develop this concept in conjunction with private enterprise.

Parks and Reserves

The Queenstown Lakes district has 40 playgrounds and the schedule at pages 63 and 64 of Volume 1 of the Ten Year Plan indicates that playground renewals are proposed to be undertaken at all 40 of them during the ten-year period of the plan. The same schedule also lists another 35 reserves and identifies proposed expenditure on improvements on each of them. This is in addition to $3,6866,000 allocated to “minor reserve works”.

Noticeably absent from the list is any planned expenditure on parks or reserves in the vicinity of Remarkables Park Town Centre, which attracts approx. 3.5m visitors p.a.. The nearest playground is the Kawarau Falls Park in Remarkables Crescent but it is very much a neighbourhood park. It is relatively remote from the Remarkables Park Town Centre and it is not readily seen or discoverable by visitors to the town centre.

As previously requested, it is submitted that council should allocate funding towards development of a new playground in the vicinity of the Remarkables Park Town Centre. In making this submission it is noted that council spent a significant sum developing a high quality playground at Jacks Point and has allocated another $200,000 towards upgrading of that same playground during the next decade. A playground at Remarkables Park could be sited in a high visibility area with easy pedestrian links to the RPTC, the new RPTC North retail area (The Landing), the proposed new high school and the commercial recreation area that is currently under development. There is good reason to believe that it would have a very high level of use by the community and a quality playground similar to others already constructed in the district is both justified and highly desirable. RPL and their clients are contributing to development levies and there is no reason why funds should not be set aside for this purpose at a level equal to that spent at Jacks Point.

In a similar vein we submit that the council should think ahead and plan for the development of playing fields on land council owns, adjacent to RPL land at the confluence of the Kawarau and Shotover Rivers. The site proposed contains 4.6 ha of flat land (sufficient for three playing fields) bounded by a north facing sloping bank. The land adjoins the Queenstown Trails network and could have vehicle access directly off the Eastern Arterial Road. While the site has been somewhat neglected in the past (it was used for a firewood cutting operation and has also been used as a site for drying sludge from the effluent treatment ponds) there is an opportunity to develop it in conjunction with implementation of the second stage of Project Shotover.

Council intends to dispose of treated wastewater from Project Shotover on land at the delta (as an alternative to the existing discharge to the Shotover River). RPL submits that council should investigate developing playing fields on the site using a subsoil irrigation system fed from Project Shotover. The two activities would be very complementary; using and dispersing the near pure water and maintaining playing fields, which would be a desirable use of this land. A sum to undertake this investigation should be allocated in the Ten Year Plan together with a sum for the staged development of playing fields in conjunction with the implementation of the next stage of Project Shotover.

Convention Centre

It is not a core council function to operate a convention centre. There is no requirement for it to do so. While some businesses would like to see a convention centre in Queenstown (notably accommodation businesses, CBD food and beverage suppliers and CBD retailers) the tourism sector is hardly languishing. All of the current indicators point to strong current tourism growth. Clearly Council does not need to intervene itself, risking ratepayers' money, to breathe life into the tourism sector. Where are the empty premises, or failing accommodation businesses? It is the businesses that want additional growth that need to underwrite the associated risk.

RPL strongly opposes the proposed rating model for the council's proposed convention centre. In particular RPL is totally opposed to adding any increase to residential rates or any increase to the rates of retail businesses outside the CBD to pay for the council's convention centre.

The strategy behind the decision to site the council's convention centre at Lakeview and rezone the surrounding land as Town Centre Zone was to encourage new tourist activities to establish in the Queenstown Town Centre rather than at Frankton or elsewhere in the district. In other words, to act as an anchor for those facilities. Against that background it is totally inequitable to rate Frankton based retailers and businesses and those further afield to fund a Queenstown CBD based convention centre.

RPL notes the already high level of cost associated with the consenting process for the council's convention centre and is concerned at the likelihood of on-going costs if the decision on Plan Change 50 is appealed. RPL submits that any planning or associated costs for the council's convention centre should similarly be borne only by CBD businesses and accommodation premises in the wider CBD area if they continue to want Council to invest in a Lakeview Convention Centre.

As a business that has announced its intention to develop a convention centre, RPL is also opposed to the council using rates to fund a competing business. Council has previously acknowledged that it should not be running businesses (viz its decision to quit camp ground operations). Council should not be competing with its own ratepayers.

For council to consider funding a convention centre it needs to both understand the business case for the convention centre (its long term financial viability) and the risks of future losses from running a convention centre business. Without full information and appreciation of the risks to individual ratepayers, council should not be investing ratepayer money into it.

Finally we note that other costs associated with establishing a convention centre on the Lakeview site (water, sewerage, stormwater and roading) are interspersed throughout the Ten Year Plan. RPL submits that all of those costs need to be listed together in one location to show the full costs associated with development of a convention centre on the Lakeview site. And these costs should also only be funded by those who directly benefit from the Lakeview site – not by residential ratepayers or retail business at Frankton or elsewhere in the district.

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