BEFORE THE ENVIRONMENT COURT
ENV-2007-304-000472

IN THE MATTER	of the Resource Management Act 1991	
	AND	
	IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
	BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
	AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
	AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND** (ENV-2007-AKL-0000611)
	AND	**THE WAREHOUSE LTD** (ENV-2007-AKL-000661)
	AND	**SYLVIA PARK BUSINESS CENTRE LIMITED** (ENV-2007-AKL-000544)
	AND	**FEDERATED FARMERS OF NZ INC** (ENV-2007-AKL-000659)
	AND	**WAITAKERE CITY COUNCIL** (ENV-2007-AKL-000632)
	AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
		Appellants
	AND	**AUCKLAND REGIONAL COUNCIL**
		Respondent

Evidence of John Mackay

On behalf of the Auckland Regional Council

1.0 Introduction

1.1. My name is John Mackay. I am a principal of Boffa Miskell Limited – an environmental consultancy of planners, urban designers, landscape architects and ecologists.

1.2. I hold the qualifications of Bachelor of Architecture and Diploma of Town Planning, both from the University of Auckland. I am a registered member of the New Zealand Planning Institute.

1.3. Since completing my qualifications, I have worked in a variety of roles, mainly in the public sector, doing work ranging from district plan development and master-planning to specific urban design and streetscape projects projects. These roles have often fallen in the area between architecture and planning, which has latterly become known as urban design.

1.4. I joined Boffa Miskell as an urban design specialist two and a half years ago, and have since been involved in some forty projects, including the Te Atatu Corridor Redevelopment Potential Study, Nelson Urban Growth Study, Orakei TOD Master-planning, Hobsonville Village Urban Design Options, Onehunga Development Framework and the Taupo Business Zone Structure Planning.

1.5. Of particular relevance to this hearing, I have been involved in the ongoing work to try to effectively implement the Regional Growth Strategy through the LGAAA.

1.6. In 2004 I was the Urban and Economic Strategy Manager at Waitakere City Council. As part of this role I was responsible for Waitakere's Growth Management Strategy and was the programme manager for the Growth and Transport Integration Project, which initiated the six plan changes that Waitakere City notified under the LGAAA. I gave evidence to the joint regional hearings panel on three occasions.

1.7. After joining Boffa Miskell I was commissioned by the ARC to help facilitate the Regional Classification Project and lead the Centres Specialist Group within the project.

1.8. The following year I was commissioned as one of four "critical friends," who helped the ARC facilitate a series of workshops to progress the Futures

Planning Project. The project was aimed at modelling and reaching agreement on future urban form and transport infrastructure to accommodate the predicted million more people in Auckland by 2050, and to drive the reviews of the Regional Land Transport Strategy and Regional Growth Strategy.

1.9. The role of the critical friends was to ask provocative but constructive questions, to independently critique options as they were developed and modelled, and to contribute alternative ideas. We also helped present the emerging options to executive and political committees

1.10. It may also be relevant that I have lived in both suburban houses and CBD apartments, and have experienced commuting on foot (Wellington and Auckland), by bike (Christchurch and London), train (Paekakariki, London and Henderson), bus (Christchurch and Auckland), and car (Henderson and Takapuna).

1.11. I have prepared my evidence in compliance with the Code of Conduct of Expert Witnesses in the Environment Court Consolidated Practice Note (2006). I confirm that my evidence is within my area of expertise, except where I state a reliance on the assessment of another person. I have not omitted to consider material facts known to me that might alter or detract from my analysis or conclusions I express.

1.12. My evidence will focus firstly on the nature of successful centres, the benefits of such centres– environmental, economic and social – and the role of good urban structure and of retail activities in contributing to their amenity. It will then turn to the nature of corridors, their role in the Regional Growth Strategy, and their limitations in achieving similar benefits to centres.

2.0 The Role of Amenity and Urban Design in the RMA and LGAAA

2.1. Section 7(c) of the Resource Management Act1991 (RMA) requires "particular regard to….the maintenance and enhancement of amenity values." Amenity values are defined as:

> "those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes:"

2.2. A purpose of the LGAAA (section 3(b)) is: "to require Auckland local authorities to change the policy statement and plans prepared under the Resource Management Act 1991 to integrate the land transport and land use provisions and make those provisions consistent with the Auckland Regional Growth Strategy."

2.3. The changes to the planning documents are for the purpose of contributing to the matters set out in Schedule 5, as follows:

> (a) "providing increased certainty in the assessment of resource consents, designations, and plan changes related to transport and urban form, and ensuring that transport and land use patterns are aligned to achieve sustainability, efficiency, and liveability in the Auckland Region"; and
>
> (b) "managing transport and transport infrastructure, facilitating a multimodal transport network, and facilitating integrated transport management"; and
>
> (c) "reducing adverse effects of transport on the environment (including improving air and water quality, reducing noise and stormwater, improving heritage protection and reducing community disruption and transport land use), and reducing the adverse effects and increasing the positive interactions of transport and land use"; and
>
> (d) "supporting compact sustainable urban form and sustainable urban land use intensification (including location, timing and sequencing issues, and associated quality, character, and values of urban form and design)";

(e) “integrating transport and land use policies to reinforce metropolitan urban and rural objectives of the Auckland Regional Policy Statement, the development of a competitive and efficient economy and a high quality of life, underpinned by a quality environment and amenity."

2.4. It will be noted that the LGAAA went well beyond the RMA in authorising a directive approach to urban form. Urban design deals with amenity and sustainable management at different scales, and it is the larger scale of metropolitan urban structure that much of my evidence is focussed on.

3.0 The Role of Centres in the Regional Growth Strategy

3.1. In its first century Auckland was settled mainly within the isthmus with small independent villages beyond the isthmus. After the Second World War, Auckland’s population boomed. The building of the Harbour Bridge, motorways and other connections opened up areas beyond the isthmus which developed into dormitory suburbs.

3.2. The suburbanisation of Auckland is often described as the market at work, and a response to what people wanted. In reality it was strongly dictated by planning policies that insisted that dwellings could only be in residential zones on quarter-acre sections, by subsidised Government mortgages that could only be used for detached suburban houses, and by the building of roads subsidised out of property rates.

3.3. In the late 1990s the eight councils of the Auckland Region worked together through a series of workshops and meetings to arrive at an agreed Regional Growth Strategy. The primary driver was a rapidly expanding population, and the prospect of Auckland doubling to a population of 2 million in the first half of this century. (After the first 10 of these 50 years the actual population growth has been ahead of forecast).

3.4. To prevent further sprawl over the rural hinterland, the Regional Growth Strategy sought to accommodate three-quarters of the population growth within the existing urban area, as defined by the metropolitan urban limit. Most of this residential intensification was to be in centres and corridors.

3.5. Past experience with infill intensification of suburban areas like Mt Eden, Mt Albert and Epsom had demonstrated that infill housing (sausage flats, townhouses, etc) could easily degrade the amenity of a suburban environment. A more sustainable approach, and one that offered more variety and choice of lifestyle, was to intensify in centres and major public transport corridors.

3.6. The Growth Concept 2050 map (Attachment 1 - *Auckland Regional Growth Strategy* - ARC 1999, pages 34-35) showed some 42 town centres earmarked for intensification, though the representation, reflecting the voluntary nature of the exercise, was patchy. Manukau City, for instance had 15 centres earmarked for intensification, North Shore City 4.

3.7. The Regional Growth Strategy was refined through three sector agreements and some statutory planning initiatives, but by 2004 it was clear that the implementation of the strategy was falling short. A number of strategies were identified to rectify this, one of them being the more systematic incorporation of the strategy into Regional and District Plans. This was to be achieved through the Local Government (Auckland) Amendment Act 2004.

3.8. Through this process the number of town centres earmarked for growth increased to 50, and there was a more even distribution regionally (Schedule 1 to Proposed Change 6 to the Auckland Regional Policy Statement (Proposed Change 6 to ARPS).

3.9. Nevertheless a report by SGS Economics and Planning Ltd (*Establishing a Classification for Auckland's Centres and Corridors – 2007*) confirmed the belief that a hierarchy of centres based on the logic of Auckland's distinctive geography, catchment size, accessibility and public transport service, would be more effective than the somewhat arbitrary and voluntary classification of centres to date.

3.10. To assist the process of identifying additional High Density Centres and Intensive Corridors for Schedule 1 to Proposed Change 6 to ARPS, a joint regional workstream known as the Regional Classification Project developed new levels of a hierarchy - 4 "regional centres" and 9-13 "principal" centres. The transport costs and other impacts of four scenarios based on this classification are now being analysed by a workstream called the Futures Planning Project. It generally points to an even greater focus on the use of

centres as the key to efficiently accommodating Auckland's future population growth.

3.11. It should be noted that this work (Regional Classification Project and Futures Planning Project) has taken place subsequent to Proposed Change 6 to the ARPS, and is relevant only as an indication of how the thinking is evolving in relation to Schedule 1 to Proposed Change 6 to the ARPS.

4.0 Defining the Ideal Centre

4.1. One of the tasks of the Regional Classification Project was to identify what high density centres should be seeking to achieve. I proposed the following definition, which was adopted by the group and incorporated in the working paper (Regional Classification Project – *Officer Working Paper on Centres* – 2008):

> "A high concentration of people, both day and night, within an attractive, walkable mixed-activity area; serviced by excellent public transport (and preferably good road access); well serviced by roads for the movement of goods and services; and a focus for employment and civic functions"

4.2. Why a high concentration of people? Because high concentrations of people support effective public transport, active street environments and economic productivity

4.3. Why both day and night? Because then transport and roads are working efficiently in both directions at rush hours, and some people can walk to work. Also car-parking spaces, cafes, shops and services get more efficient complementary use throughout the 24 hours.

4.4. Why attractive and walkable? Because then people will enjoy living, working and playing there and will happily walk around the centre rather than using a car for short trips.

4.5. Why excellent public transport? Because then a greater proportion of the residents, workers, students and shoppers will happily do without a car for many or all of their trips.

4.6. Complementary definitions were developed for the other two specialist groups servicing the Regional Classification Project - dealing with corridors and

business areas. The analysis of business areas stemmed from the more recent realisation that the region was starting to come up against a capacity problem for industrial and logistics activities, and would have to provide for this as well for residential growth.

4.7. We decided that the key difference between centres and business areas was whether it was practical to generate high concentrations of people, which make for efficient use of public transport and promote an active fulfilling street environment. In measuring concentrations of people we counted not just residents and employees, but also shoppers (shoppers were measured by the numbers present in a centre on average during business hours).

4.8. Residential and office accommodation require a reasonably high-level of environmental comfort. It is therefore commercially feasible to achieve high densities by stacking them up in multi-storey buildings. Industrial and warehousing activities, on the other hand, can be carried out in low-cost lightweight structures, which require more extensive land areas at a lower density.

4.9. The fourth major property activity – retail – comes in many varieties and is something of a special case. Retail is rarely successful above ground level. (The department-store has been replaced by large-format stores like "The Warehouse," and although these have sometimes been located up in the air, as at the Westfield mall in Henderson, it is significantly cheaper for them at ground level with extensive parking.)

4.10. Most smaller retailers require the passing foot traffic generated by strong town centres, but some larger retailers (such as "Pak N Save" supermarkets and "The Warehouse") are attractors in their own right, and find it cheaper to locate on standalone sites away from town centres.

4.11. I accept that an out-of-centre location can offer cheaper development costs for large-format retailers, and this might in turn lead to lower consumer prices for their goods.

4.12. In the bigger picture however, savings in product prices are likely to be offset by higher overall transport costs, and by the loss of the vigorous market economy of other retailers and services that is generated by strong centres. If high concentration activities like offices and retail are dispersed outside

centres, then existing centres suffer and the use of cars increases. This is particularly so when the retailer is servicing people's daily or regular needs, such as a supermarket. Most town centres in Auckland have only one supermarket and they are very vulnerable to large new out-of-centre supermarkets. There are plenty of examples of town centres being drastically affected by the loss of their supermarket – Glen Eden, Glendene, Te Atatu Peninsula, are recent examples from Waitakere City.

4.13. It is difficult to point to ideal examples of centres in New Zealand. Our cities originally developed in the 19th century to quite low densities, because of the ready availability of land and the use of timber construction. In the latter half of the 20th century this trend was reinforced by the subsidised construction of roads, the house-lending policies of central government and a planning philosophy which sought to separate activities into separate zones for commercial and residential

4.14. The nearest examples we have in Auckland to the ideal that would allow people to comfortably shop, work and play within walking distance of their homes are therefore older centres such as Devonport, Takapuna, and Newmarket. It is probably no coincidence that these centres also support high residential real estate values.

4.15. To understand the extremes of possible outcomes, it helps to look overseas. In the USA - particularly the newer cities of the sunbelt - there are plenty of examples where a pedestrian is almost a member of the underclass. Suburban developments are built without footpaths, office-workers drive to a standalone building surrounded by carparking in a peripheral "office park", shopping can only be done at a mall surrounded by carparks, and children have to be driven to school and leisure pursuits. And despite vast areas of land devoted to carparking and motorway networks, there is still traffic congestion.

4.16. In many European and East Asian Cities, on the other hand, the majority of people live perfectly fulfilling lives without needing to own a motor car. This is because efficient metro and public transport systems can deliver them to all parts of the city. The footpaths within the intensive inter-linked communities are well-used.

4.17. In the UK it is taken as proven that out-of-centre retailing is undesirable, and there are Ministerial Planning Policy Guidance notes outlining the policies to deal with the inevitable pressure of retailers wanting to develop large-format locations near major arterials and interchanges.

4.18. Even in the USA major planning movements such as New Urbanism and Smart Growth are making in-roads into the prevailing automobile-based sprawl.

5.0 Environmental Benefits of Strong Centres

5.1. The benefits of strong mixed-use centres as described above are environmental, economic and social.

5.2. Environmental benefits include the protection of rural and coastal areas from further sprawl, relieving the pressure of intensification on the amenity and attractiveness of existing suburbs, and the reduction of vehicle pollution - both water pollution from road runoff, and air pollution from exhaust gases. Most significant is the reduction of greenhouse gases.

5.3. The urban structure work of Peter Newman and Jeff Kenworthy of the Institute for Sustainability and Technology Policy in Perth is well-known and supports a focus on public transport and strong centres. In a number of publications they have compared a wide range of measures such as urban density and transport energy use per person for major cities of the developed world [e.g. Attachment 2].

5.4. The results show that east Asian cities like Tokyo (which displays a structure in which urban density is closely matched to public transport infrastructure) and the best European cities out-perform American cities by a factor of 10 to 20 times. Some preliminary work by Dr Mark Bachels applying the same measures to three New Zealand cities, found they were nearer the American end of the spectrum [reference for this?]. The potential to reduce energy costs, traffic congestion, and greenhouse gases is significant.

5.5. Work we did at Waitakere City to justify the inclusion of the Northern Growth Corridor within the metropolitan urban limit showed that for the average Waitakere commuter, trip length would be reduced by 3 kilometres, trip time by

a lot more (because more of the commuting is balanced against the tidal flow), and greenhouse gases by 12% (390kg per year). (Evidence of Ross Hill quoted at the joint regional hearings on Proposed Change 6 to the ARPS).

5.6. This was a reflection of better structuring of the location of employment and residence, but the same principle also applies to other major generators of urban travel like schools and anchor-type retail stores.

6.0 Economic Benefits of Strong Centres

6.1. Economic benefits come from agglomeration effects and the interaction stimulated by clustering multiple businesses in the same place. This was documented for the Futures Planning Project by Ascari Partners (*Assessing Agglomeration Impacts in Auckland - 2007*).

6.2. Another big economic benefit comes from the synergy when both public and private investment are complementing each other in a centre. Councils generally focus community facilities, streetscape amenities and major infrastructure assets in centres, and this investment of public money can only achieve its full value if other major destination activities like supermarkets are also drawing people to centres. Without that certainty the public investment is less likely to be made.

6.3. In 1995 Waitakere City Council held a week-long design workshop that developed a vision for the transformation of the New Lynn town centre. In the following years the Council spent money on creating a new main street (Memorial Drive), stream bridges and parks, and a community centre.

6.4. Five years ago I calculated that the vision for New Lynn and the associated Council investment had been responsible for the form of some $370 million of commercial, retail, and residential development. For every dollar the Council had put into New Lynn the private sector had invested another $30.

6.5. This private investment is a major contributor to the amenity of the centre. Shops for instance provide active, attractive street frontages with verandah shelter. (In the case of some centres they even contribute with voluntary special rates that are used to further improve public amenity).

6.6. The public investment in New Lynn has continued since with a new library, and the current undergrounding of the rail line through New Lynn.

6.7. Some work we did for the ARC last year for Auckland's *One Plan* (Auckland Regional Sustainable Development Forum – 2008) was to illustrate the level of expenditure that the relevant Auckland local authorities had committed through their ten-year LTCCPs to spend on projects that could be seen as supportive of the new rail network and its station nodes:

- Papakura District: $37,350,000
- Manukau City: $76,154,000
- Auckland City: $253,224,000
- Waitakere City: $171,557,000

6.8. Admittedly rail stations do not always correspond with town centres, but these figures give some indication of the value of assets that local authorities have committed to integrate with the much bigger investments of ARTA and Ontrack in the rail system.

6.9. The value of all this public investment in centres and transport nodes will be diminished if private investment in major retail attractors goes elsewhere. This may mean that a centre fails to achieve its full potential vitality and amenity. Or, worse still, its amenity may gradually be degraded and lost. We are all familiar with such "tired" centres, where diminishing patronage and returns are reflected in poor maintenance, uncleaned graffiti, broken street furniture and tree grates that have lost their trees. Henderson and New Lynn were showing all these signs before a combination of public and private investment started to kick in the late nineties.

6.10. The other major economic benefit of strong centres is the huge saving in transaction and energy costs resulting from reduced vehicle use and congestion. The Futures Planning Project is modelling four different scenarios for the distribution of growth in Auckland and will calculate the transport implications and costs of each.

6.11. The New Zealand Transport Authority has also commissioned a major piece of research, due to be published shortly, which aims amongst other things, to

value the impact of urban structure and design in New Zealand on real property assets and transport costs.

7.0 Social Benefits of Strong Centres

7.1. Strong mixed-use centres also offer social benefits. In particular they offer equity – allowing access to the activities of a full normal life for people who don't have the use of a car. Such people include the poor and disabled, but also penurious students, people too young or too old to qualify for a driving licence, mothers with children (and without a second car for school and recreation delivery), and so on.

7.2. Besides those who are disadvantaged in their access to private vehicle use, mixed-use centres also offer wider social choice to everyone. As the population ages and household structures change and get smaller on average, the percentage of people who are choosing to live in apartments in town centres is increasing.

7.3. This is evidenced by the phenomenal residential growth of the Auckland CBD, the population of which now exceeds 20,000. As recently as the mid-eighties it was inhabited mainly by caretakers, there were no food shops and very few cafes.

7.4. None of this is to suggest that the suburban lifestyle is inappropriate – it is clearly a valid choice for many households, particularly those with children. The point is that while the overwhelmingly suburban structure of Auckland is often described as a reflection of what the market wants, in reality it partly results from half a century of planning rules, mortgage lending criteria, carparking requirements and subsidised roading investments, which have effectively enforced single-purpose centres and suburban sprawl. As our demographic structure changes, we need to provide other choices.

8.0 The Role of Urban Design and Amenity in Strong Centres

8.1. It needs to be stressed that a successful strong centre requires many different factors to be working together, one of which is the quality of urban design and amenity. Henderson is an example of a mixed-use centre with a ample services and community facilities and a full range of shops from all the major

chains, yet traffic counts within the centre are 2.5 times higher than the standard traffic modelling predicts (Ross Hill work, quoted at joint regional hearing on Proposed Change 6 to ARPS). This is undoubtedly because the footpath connections and pedestrian amenity are so poor that people drive the short distances between one carparking area and another.

8.2. The NZTA research on the value of urban design is beginning to throw up other examples. The fact that commercial property values in Devonport are four times higher than those in Onehunga, or that retail rents are six times higher in Vulcan Lane than those in Customs St East, are at least partly a reflection of urban design quality.

8.3. My understanding is that there are two strands to the qualities and characteristics of the environment that give it "amenity."

- Physical amenity - natural and built – and its condition
- Functional amenity - resulting from activities and the diversity of people doing stuff.

8.4. The former includes:

- Well designed buildings and other structures, including heritage buildings.
- Landscaping and vegetation.
- A good balance of open and enclosed space.
- The presence of high quality street furniture such as lights, seats, rubbish bins, and signs.
- Freedom from hazards – safety.
- Freedom from adverse effects such as unpleasant noise, fumes, unsightliness and glare.
- Legibility or the ability to find one's way, or to 'read' the environment.
- The presence of sunlight.
- Shelter from wind, rain, hot sun and cold.
- A high level of maintenance in order to preserve all of the above.

8.5. Some of this physical amenity is provided by private development and some publicly by ratepayers. In relatively rare cases the public money is supplemented by a special rate levied (after a majority vote in favour) from the property owners in a centre.

8.6. But what is more important in my view is the functional amenity that comes from the presence of people partaking in the full range of activities that make up everyday life – shopping, window-shopping, partaking of leisure activities in the evening, and of course drinking cappuccino.

8.7. As well as workers and shoppers, there need to be people living in the centre so that the amenities are used over the widest possible period and eyes are on the street both day and night.

8.8. Most of this functional amenity is provided by the private sector, moderated through a District Plan, with its policies and rules about activities, bulk and location, frontages, carparking, design guidelines, etc.

9.0 The Role of Retail in Strong Centres

9.1. Retail of course is a vital component for the viability of a strong town centre. Those shops that people need to access regularly for their needs – supermarkets and convenience department stores like The Warehouse – generate high concentrations of people, who are also likely to access other shops and community facilities as part of the same visit to a centre.

9.2. It is not by accident that such stores form the "anchors" for a shopping mall. They receive a subsidised rent from the mall owner, in order to attract shoppers who can then be led past the smaller shops, which pay a much higher rent.

9.3. When a private initiative for a large-format retail development was planning to establish out-of-centre in Hastings, the Hastings District Council commissioned an economic study that indicated substantial economic benefits would accrue to the CBD and the city as a whole if the Council subsided the company onto reserve land alongside the city centre. (Richard Miller, *Evidence for HDC Proposed Plan Change 21* – 2005, and *Hastings Retail Strategy* – 2003).

10.0 The Role of Corridors in the Regional Growth Strategy

10.1. I now turn to the issue of corridors, which after the mediation process on Proposed Change 6 to ARPS, have become the particular focus of this hearing.

10.2. The on-again, off-again role of corridors in the Regional Growth Strategy is probably a fair indication that there has been some confusion and doubt about their value in sustainable urban development.

10.3. The original Regional Growth Concept map showed a web of corridors linking growth centres in Auckland City, including some or all of:

- Great North Rd – Grey Lynn to Blockhouse Bay
- New North Rd, - Avondale to Newmarket
- Mt Albert Rd – Avondale to Onehunga
- Dominion Rd – Newton to Mt Roskill
- Manukau Rd - Newmarket to Onehunga
- Great South Rd/Main Highway – Panmure to Newmarket
- Remuera Rd - Newmarket to Glen Innes
- Mt Wellington Highway – Glen Innes to Otahuhu

10.4. The Central Area Sector Agreement incorporated these corridors as part of "Strategic Growth Management Areas." The policy was that growth would be accommodated in the centres first and only later in the elongated corridors linking them.

10.5. However the election of a new Council in Auckland City resulted in the decision in 2003 to focus solely on centres and to remove the Strategic Growth Management Areas from the Sector Agreement

10.6. Corridors have since remained off the agenda in Auckland City, until the recent publication of the Future Planning Framework (Auckland City Council strategy document and website, 2009) and the Council resolution in June 2009 that

"officers commence work on precinct plans," one of which was "Church/Neilson Street high intensity business corridor." There was also an associated resolution: "That the General Manager, City Development, report ..... on the opportunity to do a corridor study from the Mt Albert town centre through Unitec to the Pt Chevalier town centre, and down to and including Western Springs and environs." (Minutes, City Development Committee, June 2009).

10.7. The only other corridors shown in the original Regional Growth Concept map (ARC *Regional Growth Strategy,* pages 34-35) were two in Waitakere City – Lincoln Rd and Hobsonville Rd.

10.8. As part of the Plan Change 16 response to the LGAAA, Waitakere City added the corridor of Great North Rd between Henderson and New Lynn, to the two original corridors.

10.9. Corridors have never been on the agenda for North Shore City or Manukau City, so although Schedule 1 of Proposed Change 6 to the ARPS was to identify high density centres and corridors, the only corridors listed were the two in Waitakere City: Lincoln Rd and Hobsonville Rd.

11.0 The Corridors Currently Listed in the Regional Policy Statement

11.1. The role of Lincoln Rd as a corridor has its origins in the political structure before the 1989 amalgamation of Auckland local authorities. The old Waitemata County had gradually consolidated into the west as Waitemata City. Initially its headquarters was in Henderson, but Henderson was a separate borough, as were New Lynn and Glen Eden. So Waitemata City built a new civic building in its own territory just off Lincoln Rd.

11.2. This was a rural area redeveloping as residential and industrial. Retail development was also seen as desirable - it raised property values and increased the rating base. So began a notorious series of Environment Court battles.

11.3. Lincoln Rd is now host to a variety of drive-through takeaways, car sales yards, clusters of small retail around carparks, businesses in converted houses, a hospital campus, and two large-format "centres:" Lincoln Centre and Lincoln North.

11.4. Lincoln Centre [Attachment 3] has a number of large–format stores (including The Warehouse, Superliquorman, the Barbecue Factory, etc.) based around a carpark, in which each retailer has dedicated spaces, so that shoppers drive from one part of the carpark to another.

11.5. Lincoln North [Attachment 4] was a small mall based on a Pak N Save supermarket as a single anchor. However it was recently fractured by the departure of Pak N Save to a location across the intersection, where it re-emerged as New Zealand's biggest Pak N Save alongside New Zealand's biggest Mitre 10 Mega and a vast carpark.

11.6. Having worked at the civic centre just off Lincoln Rd, I can vouch for the fact that nearly all the staff commuted by car, and many then used their cars during the day to drive to meetings at other departments (the Council leased space in other buildings nearby), cafes and lunch-bars. Although the Lincoln Centre was only 300 metres away on foot, the route was so unpleasant that people would invariably drive more than twice as far to get there.

11.7. Following a triple bottom line analysis, the Council built a new headquarters in the Henderson Town Centre, alongside and bridging over the new rail station. This was in accordance with the Council's Compact City Strategy, and followed other Council investment in the Henderson town centre such as the new central library and joint UNITEC campus, West Wave Aquatic Centre, Corbans Art Centre, and a number of park and streetscape projects.

11.8. In 2004 staff were surveyed about their travel behaviours both before and after the shift from the Lincoln Rd corridor to the Henderson town centre. There was an 18% mode shift away from commuting by car, an increase in bus and train usage from 3% to 13%, and an estimated reduction in greenhouse emissions of 126 tonnes per annum (Brent Bielby report – 2004).

11.9. Waitakere's draft *Growth Management Strategy* forecasts a population increase for the Lincoln Rd corridor of 1700 people to 2021. It forecasts employment growth of 6200 jobs, mainly from the Henderson Vineyards business campus, for which it says: "Proximity to the motorway and being strategically located on the busiest road in the city make the area an attractive business location. Major retail activities will however be encouraged to locate into the town centres."

11.10. Hobsonville Rd is currently State Highway 18, connecting from Westgate over the Greenhithe Bridge to the North Shore. With the construction of the new parallel motorway to the north of Hobsonville Rd the metropolitan urban limit will shift, and the area between the two will develop mainly as residential and business (industrial and logistics).

11.11. Waitakere's draft *Growth Management Strategy* anticipates that the Plan Change 14 area will provide 1500 jobs - both in the Hobsonville Village town centre and in the industrial zone to its west. The remainder of the corridor linking to Westgate is to be developed in the 2011-2021 period, with more industrial, medium-density residential, and a neighbourhood shopping centre at Trigg Rd. It is forecast to accommodate 3000 residents and 4000 employees. Again large-format retail is not envisaged outside the nominated centres. [Attachment 5]

[Proposed Change 6 to ARPS doesn't identify Gt North Road as a corridor hence the deleted text]

11.12. In short, the two corridors identified in Schedule 1 of Proposed Change 6 to the ARPS have targets for residential and employment growth, and future activities are specified, none of which includes the type of large-format retail that National Trading Co and the Warehouse Ltd have in mind.

12.0 Defining the Ideal Corridor

12.1. It is clear from the above that Intensive Corridors were usually seen ~~in the Regional Growth Strategy~~ as a fallback option – the next best location after centres for residential intensification.

12.2. An essential condition for such an Intensive Corridor was that it be a major route for public transport services, so as to offer transport efficiencies.

12.3. It is probably also a factor that the heavy traffic in corridors has usually degraded the quality of the adjacent real estate, there is clearly no way of reclaiming the past, and the best way forward is to invest in much denser development that can afford, through its methods of construction and servicing, to deal with issues of noise and air pollution.

12.4. St Kilda Rd in Melbourne has sometimes been quoted as an example of an ideal corridor. [Attachment 6]. It is a broad boulevard lined with high-quality

apartment buildings, institutions, and some offices. At ground level there are avenues of big trees, trams and generous footpaths. Large-format retail is not present.

12.5. St Kilda Road's quality stems partly from the fact that the road reserve is 70 metres wide (the same width as the Champs Elysses. Most Paris boulevards are 30 metres). We ran into this problem at Waitakere City when an attempt was made to re-design Lincoln Rd as a transit boulevard. By the time allowance had been made for bus lanes, cycle lanes and trees – adding of course to the existing four lanes of traffic – the width of the road reserve was going to double from 20 metres to 40, and the properties on one side of the road would need to be demolished and re-developed.

12.6. While the St Kilda Rd ideal is seldom achievable, the standard 20-metre road reserve can at a pinch accommodate four lanes of traffic, carparking and trees, and footpaths. And be attractive.

12.7. In the early eighties, Auckland City had a District Plan zone that encouraged apartment blocks to develop along ridge-top arterials like Remuera Rd and Jervois Rd. The approach was aimed at reinforcing the landforms and achieving urban legibility, social choice, good transport options and pedestrian activity at street level.

12.8. However development was stopped dead in the water, when the owners of one high-rise apartment in Remuera Rd successfully appealed to the Supreme Court over the definition of "adjacent property."

12.9. A more typical development corridor is somewhere like Lincoln Rd or Wairau Rd on the North Shore, where urban development has been a mixture of large-format industrial, warehousing and retail.

12.10. Somewhere in between these extremes are corridors like Dominion Rd, where the original development was suburban housing along a tram route. Most of the houses have now been occupied by small businesses or replaced altogether by more car-based businesses or medium-density housing.

12.11. Nevertheless it is still possible to interpret Dominion Rd not so much as a corridor, but as a string of centres [Attachment 7] – the smaller neighbourhood centres where shops and dairies still cluster round an original tram stop, and

the larger centres like Valley Rd [Attachment 8] and Balmoral, where there is a centre-type zoning in place and the original shops once again have people living and working upstairs. Supermarkets and The Warehouse have been able to amalgamate properties behind the frontage shops in these centres, and set themselves up in the way they like with plenty of carparking.

12.12. In my view the ideal Intensive corridor, as envisaged by Proposed Change 6 to the ARPS, would be lined with continuous apartment housing – perhaps up to 6 or 7 stories high, and the streetscape would be re-configured into an attractive walking environment with pleasant stops to pick up public transport. The sort of cross-sections shown in *Liveable Arterials* [Auckland City Council 2006] are more achievable than St Kilda Rd or the boulevards of Paris.

There could be small convenience stores and cafes as of right, but if larger format convenience stores like a supermarket or The Warehouse made a convincing case for location in the corridor, they would have to comply with strict design guidelines, or better still, form the nucleus of a new zoned centre. I don't have an issue with their desire to build large shed-like structures and have lots of ground-level carparking and prominent signage at the entry point. I believe an issue does arise when those are the only things that they offer to the street. With Waitakere Plan Change 18 we aimed to ensure that key street frontages in town centres would be redeveloped to at least four stories in height, and would be active and attractive to pedestrians.

13.0 The Concept of Economic Corridors

13.1. It needs to be noted that the regional discussion about corridors has now moved on to the concept of the much broader "regional growth corridors."

13.2. These were defined by the Regional Classification Project (in "*Growing Smarter - Officer Working paper on Corridors. Feb 2008*) as "a linear cluster of land uses that:

- "Interact with each other such that the whole is greater than the parts;
- "Are linked together by a combination of good transport connections";

- "Provide additional opportunity for residential and business growth, intensification and development which complements centres and business areas."

13.3. This approach was probably partly inspired by the *Centres & Corridors Strategy for Sydney* (NSW Govt, 2005), which fostered the concept of economic corridors, exemplified by the "Global Sydney" corridor linking the airport through the Green Square intensification centre, the CBD, and over the harbour bridge to include North Sydney, Chatswood and the Macquarie Park innovation centre.

13.4. North Shore City Council in particular has begun to think of such a corridor linking its two major regional centres, Takapuna and Albany, in a wide swathe through Smales Farm, the Wairau Valley, Wairau Park, and the North Harbour industrial estate.

13.5. It makes sense to think of this dynamic swathe as an economic corridor of both specialist centres and lower density business areas that are interdependent. I know when I worked in Takapuna I often used my car to go to Wairau Park for specific goods or services.

13.6. Ironically Wairau Park [Attachment 9] has never been zoned for retail activities. It became a retail and leisure centre through the persistence of its developer, Rob Bucket. But because it was not zoned as a centre it has been developed as a totally car-based complex. When I did an informal survey on a pre-Christmas Saturday morning last year I found that there was an average of 18 cars driving on the street between carparks (as I was) for every pedestrian walking on the footpath.

13.7. When the harbour bridge and northern motorway were first built the Government proposed new centres at the points of greatest accessibility – the major motorway interchanges - but the established business community of Takapuna rallied to ensure this didn't happen. Consequently, rather than developing as normal mixed-use centres with complementary Council investment in facilities and infrastructure, these nodes (Smales Farm, Wairau Park, Constellation Drive) have been developed privately in highly specialised ways, are interdependent, and generate many vehicle trips between them.

13.8. Moving with this much broader definition of an economic corridor, the Regional Classification Project (Regional Classification Project – *Officer Working Paper on Corridors* – 2008) has proposed widening the existing corridors of Hobsonville Rd (widened to the new motorway), Lincoln Rd (to include Central Park Drive) and Great North Rd (to include West Coast Rd). It also lengthened the Great North Rd corridor westwards from Glendene to Henderson, and eastwards from Kelston through New Lynn, Avondale, and Pt Chevalier to Grey Lynn. In addition it identified the following new much broader corridors:

- Takapuna to Albany (and spanning between Taharoto Rd, Sunnybrae Rd, Northern Motorway, Apollo Dr, Albany Highway)
- Kingsland to Mt Roskill (Dominion and Sandringham Roads)
- Newmarket to Otahuhu (Great South Rd)
- Botany to Manukau City Centre (Te Irirangi Drive and Chapel Rd)

[Attachment 10]

13.9. This relatively new focus on "Regional Growth Corridors" demonstrates that the concept of corridors is still evolving in the Auckland context. This type of corridor is an economic construct, and would presumably not be reflected in a single District Plan zoning, but would comprise a linear grouping of complementary zones, centres, business zones and possibly residential and corridor zones.

13.10. In the context of this hearing, therefore, I believe the focus should remain on the concept of an Intensive Corridor that comprises a single transport route and its immediately adjacent land uses.

14.0 The Role of Retail in Corridors

14.1. In such a corridor, as I suggested above, small convenience stores and cafes add to the life and vitality of the intensified residential use, and consequently could be enabled as a permitted activity.

14.2. Larger format retail, on the other hand, carries a risk of degrading the pedestrian environment, requiring large areas of carparking, subtracting from the vitality of nearby centres, and causing friction in the transport function of

the corridor. It is right that a case should have to be made to enable such retailing in a corridor rather than a centre.

14.3. In my view, also, it is wrong to consider large-format retailing as a single category. In the context of Taupo, recently, I suggested that large-format retail should be allowed to locate out-of-centre only if it met most of the following tests:

- The goods on sale are predominantly a very infrequent purchase
- Most goods cannot be taken without a vehicle (and are not delivered)
- Retail is subordinate to wholesale or manufacturing
- The business activity requires an exceptionally large footprint that could not reasonably be found in a centre.
- The nature of the business requires a specialised type of building.
- The site is in a single tenancy
- The size or nature of the activity does not justify a plan change to create a centre.

14.4. These tests would be compatible with all the matters covered by Policy 2.6.5.9 of the ARPS, but are particularly aimed at any effects on the function and role of High Density Centres as outlined in sub-section (a).

14.5. A garden centre or a building supplies store like Bunnings, would meet most of these tests, whereas a supermarket or a department store like The Warehouse are much more central to everyday life and would fail the first three tests straight off. Conceivably, however, a case could be made for even a supermarket to locate out-of centre – having regard to the matters outlined in sub-sections (a) to (f) of Policy 2.6.5.9.

15.0 Conclusions

15.1. The essence of my evidence is that Auckland, with the aid of the LGAAA, is trying to move towards an urban structure focussed around high-density mixed-use centres that can offer the full range of services, leisure, employment

and accommodation. Such centres would be more sustainable – environmentally, economically and socially.

15.2. If large-format retail (particularly those which are regular destinations for shopping, such as supermarkets and major convenience stores) are enabled to locate outside centres or carefully managed Intensive Corridors, without having to make a case having regard to the matters outlined in Policy 2.6.5.9 or 2.6.5.11, it would have seriously adverse effects on the amenity and viability of such centres. The consequent weakening of a centre, whether by the actual loss of such anchor stores, or by the cumulative sapping of vitality and street life, would result in inefficiencies in the allocation of resources and have significant environmental, economic and social costs.

15.3. It would be harder for people to make the choice of leading full and enjoyable lives without needing to rely on the use of private motor vehicles, so the voluntary use of more efficient modes like walking and public transport would remain unusually low in Auckland.

15.4. Hence I support the joint Councils' position on Proposed Change 6 to the Auckland Regional Policy Statement,.

BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**Progressive Enterprises Limited** (ENV-2007-AKL-0000574)
AND	**Westfield (New Zealand) Limited** (ENV-2007-AKL-0000580)
AND	**The National Trading Company of NZ Limited** (ENV-2007-AKL-0000611)
AND	**The Warehouse Limited** (ENV-2007-AKL-000661)
AND	**Sylvia Park Business Centre Limited** (ENV-2007-AKL-000544)
AND	**Federated Farmers of NZ Inc** (ENV-2007-AKL-000659)
AND	**Waitakere City Council** (ENV-2007-AKL-000632)
AND	**Manukau City Council** (ENV-2007-AKL-000679)
	Appellants
AND	**Auckland Regional Council**
	Respondent

STATEMENT OF EVIDENCE OF MARK GAUNTLETT TANSLEY ON BEHALF OF THE RESPONDENT

1.0.0 INTRODUCTION & PREAMBLE

1.1.0 Introduction

1.1.1 My name is Mark Gauntlett Tansley and I am a Statistical and Retailing Consultant, based in Auckland. I have read the Code of Conduct for Expert Witnesses in the Environment Court (Consolidated Practice Note 2006) and I agree to comply with that Code. Except where I state that I am relying upon the specified evidence of another person, my evidence in this statement is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions which I express below.

1.1.2 I am a Registered Property Consultant under the auspices of the NZ Property Institute and the sole proprietor and director of Marketplace New Zealand Limited, a consultancy providing advice and information on demographics and retailing, mainly for commercial and resource management purposes. I also act as an expert witness in commercial disputes and arbitrations concerning retailing activities and/or land valuation in relation to such activities.

1.1.3 I have forty-two years' professional experience, throughout New Zealand, and have been called as an expert witness for thirty-seven of those. I have recent and ongoing work commitments with Auckland, Waitakere, Christchurch, Dunedin and Palmerston North City Councils, the Auckland Regional Council and with Waipa, Gisborne and Rodney District Councils. In addition, I advise a number of property developers, investors and retailers.

1.1.4 Of particular relevance in my list of client planning authorities are Palmerston North and Christchurch, where I was solely responsible for non-statutory reviews of commercial planning strategy, then significantly involved in preparing the statutory initiatives to implement the proposals (Change 28 / Decision W089/2007 in the case of Palmerston North; Variation 86 / Decision C152/2007 in Christchurch). In less comprehensive cases, much of my other tla work over the last decade or so has extended to the provision of advice concerning, or suggested specific amendments to and new provisions for, the wording of District Plan objectives, policies and rules.

1.1.5 Common ground in relation to my work for both the public and private sectors over the last fifteen or more years has been the continuing evolution of large format retailing and the difficulty for District Plans of dealing first with the manifestations of pent-up demand and second with the desirability of implementing proactive strategies, integrated with other resource management provisions. This in turn has meant that retail analysts like myself can not operate in a disciplinary vacuum, hence the broadening of my experience noted in paragraph 1.1.4.

1.2.0 Initial Involvement with the ARPS

1.2.1 The ARPS as notified in 1994 failed to adequately recognise that catering for growth was the primary resource management issue for Auckland. At least partly in response to advice I gave several subsequent submitters, then repeated in evidence before the ARC, this oversight was rectified by the decisions on submissions in 1995. From those decisions on the ARPS emerged the Auckland Regional Growth Strategy (ARGS) using a 1996 demographic base, to plan for a 25 year period to 2021, then a further 30 years to 2051. The final strategy was not published until the end of 1999, so is seen as more of a 20/50 year template, especially as the more detailed Sector Agreements were not completed until 2001.

1.3.0 Regional Business Activity Studies

1.3.1 ARC followed up the ARGS by commissioning work on business distribution, resulting (after two substantial research reports) in a Discussion Paper on "patterns, trends, requirements and policy implications for the Growth Strategy Update 2004/5", published in March 2003. Part 3 of that Paper discussed "Implications for Regional Growth Strategy Implementation". So far as I am aware, this extensive exercise was not superceded as the major study underlying proposed Change Nº 6 to the ARPS, insofar as regional business activity is concerned.

1.3.2 Identified resulting "Policy Issues" were outlined in sub-Section 7.1 of the Paper, their scope including (among many):

- the provision of land / floor space capacity to match business demands;
- the provision of quality physical environments for business and employment;
- the prospective roles and recognition of "de facto" centres such as business parks, vis-à-vis traditional centres; and
- the extent of employment / workforce self-sufficiency within regional sectors.

1.3.3 Sub-Section 7.2 synthesised perceived information and research gaps, in relation to the Policy Issues, into four "key areas". I am unaware of any substantive follow-up on their perceived shortcomings:

1. Developing an economic model to assess different scenarios and related uptakes of land.

2. Better information about existing and future employment capacities, especially to 2021.

3. More research on business location factors for TA District and local plans.

4. More communication with key stakeholders concerning changing business requirements and locations.

1.4.0 **Notification of Change Nº 6 and Hearings of Submissions**

1.4.1 The content of the proposed Change, notified two years after completion of the work I described in topic 1.2.0 above, was the only statutory guide to the extent to which the knowledge and information gaps were subsequently filled and resulting strategies implemented. In my opinion, the provisions of the Change fell well short of what should have been said about the need to provide capacity for commercial development, having particular regard to emerging trends in the retail sector.

1.4.2 I was subsequently approached by The Warehouse Limited and Waitakere District Council to see whether I would support submissions against the Change. In the former case, the Company's concerns were consistent with my views as summarised at the foot of paragraph 1.4.1, as to the broad scope of the Change. In the latter instance, they were focused on an absence of recognition of the need for a major expansion of the Massey North / Westgate commercial centre. I agreed to support both parties, the Council for specific reasons that lie outside the scope of this statement, though reflecting the need for more commercial capacity at the Massey North location.

1.4.3 I duly presented evidence in support of The Warehouse's submissions, in May 2006.

1.5.0 **Engagement by and Work for the ARC**

1.5.1 In August 2008, I was asked by Mr Matt Bonis, who had been engaged by the ARC, effectively to manage Change Nº 6 after decisions on submissions had been notified, whether I was able and prepared to assist the ARC to achieve a more appropriate and balanced format for the Change. I considered that such an opportunity might be more productive than that of a consultant advising The Warehouse Group as an appellant, but I was entirely in that Company's hands as to whether or not I could accept the invitation.

1.5.2 Early in September 2008, The Warehouse agreed to release me, on the understanding that my brief would extend to the preparation and presentation of evidence for the Environment Court hearing, concerning past and likely future retailing trends, ongoing demand for more retail supply and the general implications arising from those projections, insofar as regional capacity and distribution are concerned. I acknowledge the inherent trust and generosity of The Warehouse's decision.

1.5.3 Since that time, for a period of almost a year, I have provided background data on floorspace trends to Property Economics and participated in the ongoing iterations of Change Nº 6 and in the related internal caucusing around proposed amendments. I should stress that my role has been a limited one, primarily concerned with those matters of Objective and Policy expression concerning business activities, that were the subject of appeals and within scope of amendment, if appropriate. In the overall scheme of things, my participation has been relatively minor.

1.6.0 **Synopsis of my Current Position**

1.6.1 I consider that the 31 July 2009 Version of proposed Change Nº 6 – the Councils' Joint Position Version – represents a very substantial positive advance on the notified version, in relation to which I initially became involved (cf paragraph 1.4.2). The Change as now before the Court has significantly diminished the original tensions, and in my opinion, its thrust is very supportable.

1.6.2 From the outset, my concerns or reservations concerning the Change reflected the fact that the Regional Growth Strategy and the subsequent LG(A)AA emphasis was essentially about how to most effectively manage the Region's residential growth (cf paragraph 1.2.1) without commensurate consideration of business activity implications (cf paragraphs 1.3.2, 1.3.3, 1.4.1).

1.6.3 In a nutshell, the Change as notified lacked appropriate guidance or direction as to how the Region's retailing and related commercial needs were to be met. Whilst many types of commerce and associated professional and community activities are readily accommodated (in the physical and economic sense) in intensive commercial centres, not all can be established in existing or new high density centres, or by commercial development in intensive corridors. In part, that is because, increasingly, retail store formats are inherently unsuited to, or incapable of, operating in such environments. In part, it is because much of the latent and foreseeable new demand will arise in localities more appropriately and efficiently served, to a lesser or greater extent, in other parts of the urban area.

1.6.4 I acknowledge that the LG(A)AA requires Change Nº 6 to focus its primary directives upon reinforcing its residential intensification and related transportation efficiency objectives. From the outset, my concern was to ensure that, while giving effect to the LG(A)AA, the Change did not lose sight of the wider purpose of the RMA. The Joint Position Version has, in my view, rounded out Change 6 to that end, albeit not totally.

1.7.0 **Format of this Evidence**

1.7.1 The bulk of my evidence falls within topic Sections 3.0.0 and 4.0.0:

- Section 3.0.0 summarises Regional trends over a period of 11½ years, drawing upon household formation data in Appendix One and retail supply data in Appendix Two. It then looks forward, only as far as year 2021, to reinforce the implications, for retailers and consumers, of a Policy Statement that does not appropriately guide the District Plans of the Region.

1.7.1 cont

- Section 4.0.0 then considers those parts of Change Nº 6 that range from its topic 2.2 to sub-topic 2.6.6. I generally support the wording that has emerged from the mediation process, but consider that some amendments (minor in number, but significant in importance) are essential, if the provisions are to best give effect to the Objectives (which, in relation to retail / commercial Issues, are effectively encompassed within Objective 18).

- Within Section 4.0.0, I use the following abbreviations for appellants listed below:

Progressive Enterprises Limited	("Progressive")
The National Trading Company of NZ Limited	("NTC")
The Warehouse Limited	("TWL")
Westfield (New Zealand) Limited	("Westfield")

1.7.2 Appendices One and Two contain the technical information incorporated within Section 3.0.0. Appendix Three is a glossary of terms used in the evidence.

2.0.0 CONTEXT

2.0.1 It is appreciated that the Change is directly related to the LG(A)AA 2004, in particular its Schedule 5 and that its primary purpose is to coordinate planning for residential intensification and public transport initiatives. However, a major point about the Growth Strategy is that it proposes **selective** intensification, so much of the already developed urban area lies outside its direct ambit. As I noted in paragraph 1.6.3, the original drafting of Change Nº 6, in focusing on the high density areas and the new growth areas, did not adequately recognise the extent to which demand (in some cases already pent-up demand) for goods and services was likely to occur in the established urban areas. Under existing zonings, these areas exhibit constant dwelling consent activity and net household formation and that is continuing and will continue.

2.0.2 As the Country emerges from the 2008/09 recession, communal spending, expressed per household, will grow as economic productivity grows. These factors will create substantial new demand per household over time. In addition, more intensive area demands (ie around centres and in corridors) will need to be met to a lesser or greater extent in other areas, because outside some high order intensive retailing and commercial service activities, other retail activities in competition for land with multi-storey residential and offices in the intensive nodes and corridors will not find it economic to establish.

2.0.3 Whilst it may not be appropriate to specify the foregoing considerations in detail in the text of the Change, it is necessary to ensure that the Regional Policy Statement is not seen or used to preclude such alternative developments. Rather, it should direct the extent and circumstances of enablement as subject to criteria (as to appropriateness) in a manner consistent with paragraph 85 of the Wairau Pak'N Save decision (Nº W 075/2008).

2.1.0 **The Issues for Change Nº 6**

2.1.1 In my opinion, the key issues for the Change, insofar as retailing and related aspects of the regional future are concerned, are these:

1. To give effect to LG(A)AA 2004 in a manner consistent with the provisions of the RMA.

2. To identify a regional strategy or approach which recognises and accommodates the inherent tension between the "sustainable management" and "enablement" provisions of s5 RMA, in relation to retail and associated activities.

3. To provide a regional framework, not a template, recognising the significant differences between the sub-regional components (and parts thereof) and the fact that the intensification requirements of the LG(A)AA 2004 will not have uniform regional application.

4. To achieve the above in a manner that is appropriately directive, but does not result in undue emphasis on matters retail, within the RPS.

2.1.2 Before turning to the Change in light of the above comments, I have summarised, in Section 3.0.0, the circumstances that formed my opinions as to the original shortcomings of Change Nº 6 and the few remaining matters that I address in Section 4.0.0.

3.0.0 **REGIONAL EVALUATION**

3.0.1 I have been monitoring Auckland Regional trends for many years. For retail analysis, I refer to the seven TA's that form the Region, including all of Franklin District. It is a commercial nonsense to ignore those parts of the Pukekohe catchment (including the southern part of the Pukekohe Urban Area) which, for water-catchment purposes, fall into the Waikato Region.

3.0.2 The seven TA's contained about 358,250 occupied permanent private dwellings (private households)*[1] in March 1996 and some 452,500 in September 2007. Details are provided in Appendix One. That was an increase, over 11½ years, of just over 26%.

3.0.3 Over an equivalent period of 11½ years, supermarket trading space increased by 35%, general merchandise (gm)*[2] outlet trading space by 65%. The latter was comprised of about a 95% increase in stores above 500m² gfa, and a 39% increase in smaller gm outlets. Details are identified in Appendix Two, which includes the tabular data provided to Property Economics and acknowledged in Mr Heath's statement of evidence.

*[1] See definition 4 in Appendix Three.
*[2] See definition 3 in Appendix Three.

3.0.4 Salient data extrapolated from Appendices One and Two are tabulated in Table A below.

TABLE A : PROPORTIONATE INCREASES IN REGIONAL HOUSEHOLDS AND MAINSTREAM RETAIL TRADING SPACE* LEVELS

Regional Sector	Household Numbers	Bannered Supermarkets	Dept & Variety Stores	Household Gds Outlets	Apparel & Related	Other GM Outlets	GM Other Total	Large Format GM Sub-Set	Remainder GM Sub-Set
Northern Area	27.4%	**19.6%**	226.1%	45.1%	79.2%	86.8%	**85.6%**	171.5%	30.1%
m² /h'hold 1996		**0.44**	0.20	0.67	0.32	0.56	**1.76**	0.69	1.07
m² /h'hold 2007		**0.41**	0.52	0.77	0.45	0.83	**2.57**	1.48	1.09
Western Area	28.5%	**67.7%**	60.9%	59.4%	129.5%	115.3%	**84.6%**	122.1%	45.0%
m² /h'hold 1996		**0.29**	0.45	0.31	0.16	0.37	**1.28**	0.66	0.62
m² /h'hold 2007		**0.38**	0.57	0.38	0.28	0.61	**1.84**	1.14	0.71
Auckland City	21.3%	**45.9%**	9.4%	16.7%	81.3%	57.7%	**42.2%**	41.6%	42.6%
m² /h'hold 1996		**0.32**	0.40	0.68	0.46	0.79	**2.33**	0.99	1.34
m² /h'hold 2007		**0.39**	0.36	0.65	0.69	1.03	**2.73**	1.15	1.58
Southern Area	30.2%	**25.8%**	47.5%	93.8%	66.4%	97.2%	**77.0%**	110.1%	38.8%
m² /h'hold 1996		**0.43**	0.49	0.45	0.26	0.48	**1.68**	0.90	0.78
m² /h'hold 2007		**0.42**	0.56	0.67	0.33	0.72	**2.28**	1.45	0.83
Region	**26.3%**	**35.2%**	**57.2%**	**45.8%**	**81.1%**	**78.7%**	**64.8%**	**95.4%**	**39.1%**
m² /h'hold 1996		**0.37**	**0.39**	**0.55**	**0.33**	**0.59**	**1.86**	**0.85**	**1.01**
m² /h'hold 2007		**0.40**	**0.49**	**0.64**	**0.47**	**0.83**	**2.42**	**1.31**	**1.11**

Note: GM Outlet and Supermarket categories explained / clarified at pA14 of Appendix Two. Large format distinction explained at definition 5 of Appendix Three.

3.1.0 Supermarket Supply

3.1.1 The Regional increase was 35%, which reflected a modest gain (from 0.37m² to 0.40m²) in the Regional supply level per household. The increases varied substantially in extent, but generally reflected a closing of wide supply level disparities in 1996, to a more consistent distribution in 2007. However, within the 2007 sub-regional supply ratios, there is latent demand for more representation in a number of localities.

3.2.0 Department & Variety Stores

3.2.1 The Regional increase was 57%, with supply ratios per household up by a quarter over the 11½ year period. The gains reflected a very substantial Northern Area catch-up, from a very low supply ratio in 1996, but little change in Auckland City where the ratio fell by 10% (compared with a regional gain [m² per household] of 25%). Given Auckland City's higher pro-rata supply levels in all GM Outlets, this finding reflects the difficulties since 1996, in accommodating more department / variety store representation within that City.

* See definition 9 in Appendix Three.

3.2.2 This particular result illustrates past difficulties of market access for this important category of "anchor" gm outlets. There is already a latent demand in some areas for more supply in this particular category, in which the "discount" styles of department / variety store provide the bulk of the retail floorspace. Additionally, there is the prospect of ongoing and exacerbated problems, if district plans were to confine major retail initiatives solely to high density centres and intensive corridors. However, an expanded network of high density centres and new corridor-based prospects would provide opportunities to meet some of the current and future need for more department store supply.

3.3.0 Household Goods Outlets

3.3.1 Regional supply levels grew by a modest 16% over the 11½ years, with the Northern Area, through growth in the Wairau Park and other Wairau Valley floorspace, having the highest relative trading space per household. The Western Area is at the other end of the scale, with less than 50%, pro-rata, of the Northern supply level. As with department stores, the relative supply level fell in Auckland City, so that despite its dominance in business activity and employment, it was in 2007, effectively on a par, supply-wise, with the Region as a whole.

3.3.2 Auckland City's relative loss of status in this gm outlet category further mirrors the decline in Isthmus department store accessibility and reinforces, in a wider context, the comments in paragraph 3.2.2 above. Household goods supply is increasingly provided by way of larger format retailers and it is these, in particular, that have problems locating in a traditional centres-based system. The intensification policies of Change Nº 6 enable some household goods representation in high density centres and/or in intensive corridors. However, they are unlikely to cater for the bulk of the supply in this particular gm category, unless the Change acknowledges the need and provides provenance for commercial development in the existing urban areas, in situations where high density centres and intensive corridors can not alone enable the appropriate representation of retail activities.

3.4.0 Apparel & Related Outlets

3.4.1 Supply levels grew by a staggering 81% (more than three times the rate of household increase) and in the process, the ratio of supply per household increased by more than 40%. This appears to have largely represented brand or banner proliferation, mainly in small format stores, although larger format expansion was a contributing factor. There has been evidence, since September 2007, that these supply gains were not able to be sustained, once the 2008/09 recession reduced communal discretionary spending capacity.

3.5.0 Other General Merchandise Outlets

3.5.1 This category includes a range of both convenience and specialty or comparison shops, spanning both large and small format operations. Regional supply growth, at about 79%, was three times that of household formation and resulted in the supply ratio per household increasing by 40%, over the 11½ year period. This was largely attributable to a significant shift toward larger format operations, though the extent of that trend was constrained in Auckland City, by lack of zoned opportunities.

3.5.2 All areas participated in the rapid supply gains, but none more so than the Western Area, where trading space more than doubled and the supply ratio per household increased by 65%. By way of comparison, Auckland City's trading space ratio per household increased by only 30%.

3.6.0 All General Merchandise Outlets

3.6.1 The overall gm outlet increase of 65% was highest in the North and West (around 85%) and lowest in Auckland City (just over 42%). Although the Southern Area enjoyed the highest rate of household formation, it did not host the highest rate of supply increases. The biggest factor in determining the rate of change was the extent to which larger format expansion featured in the growth:

1. **Northern Area**

   Due mainly to a major correction in department / variety store supply ratios, the North moved from having a low large store supply ratio in 1996 to the highest ratio in 2007, in the process more than doubling the lfr trading space per household from just under 0.7m² to just under 1.5m². Larger stores went from representing 39% of the supply to nearly 58% of the supply, in the process. Supply levels per household among smaller gm stores barely changed. The new Albany Centre featured strongly in the larger format trend, but some Centres, such as Orewa, Browns Bay and Takapuna, lost ground. Supply outside Centres in the Wairau / Glenfield and Albany areas featured strongly in the larger format gains.

2. **Western Area**

   Rapid increases in apparel and related personal accessory shops and in other gm outlets lifted the overall Western gm outlet trading space ratio per household from just under 1.3m² to over 1.8m², mainly through larger store increases. Westgate Centre was the major in-Centre contributor, but New Lynn / Lynnmall lost larger format ground over the period. Main other contributors to the larger store gains were found along Lincoln Rd, in non-Centre locations.

3.6.1 cont 3. **Auckland City**

Auckland City's modest gm outlet supply gains reflected the out-of-step (relative to the rest of the Region) large store results, with supply increases actually less, pro-rata than were small store supply increases. From having the highest Regional ratio of larger format trading space per household in 1996, the City had – effectively – the equal lowest, only 11½ years later. No Centres materially contributed to higher gm outlet larger store growth, although expansion at Newmarket and the Sylvia Park Centre's advent were slightly more large store-orientated than the overall Isthmus trend. Dominion Rd and some other small Centres grew proportionately more in larger formats. However, the opposite trend was apparent in Auckland Central (the CBD) St Lukes, Onehunga and Otahuhu Centres and in some of the smaller Centre venues. Outside the main Centre network, relative large store expansion featured in the Harvey Norman Centre, Panmure, but not otherwise, across the board. There were and are few options in Auckland City, outside Centres with a B2 or B3 zoning, or the CBD.

4. **Southern Area**

This area's rapid growth in household goods supply (which appears to now be compensating for the very low gains in Auckland City) and in other gm outlets, led to a 77% gm supply increase, or just over a 35% increase in the trading space ratio per household. Larger format trading space gains accounted for more than three-quarters of the increases, so that the equivalent supply ratio per household increased by more than 60% (from 0.90m² to 1.45m²) whereas the residual (smaller store) supply ratio increased by only 6%. Growth in and around the Botany Centre and in the Supa Centa / Cavendish Drive precincts of the Manukau Centre were the main "in-Centre" venues of larger format-orientated expansion (though most of that expansion was on land not zoned specifically for commercial development). Apart from Clendon Centre, most dedicated centres changed little in relative terms, or lost ground in terms of catering for larger stores. In contrast, out-of-Centre larger format development at Southgate, Papakura, and even more so in Pukekohe, contributed significantly to the large store supply gains in this area.

3.6.2 It is apparent from the findings discussed (as well as from the particular studies I have undertaken within the Region over the same period) that many of the important Centres zoned for commercial activity have been and are incapable of accommodating any, or (for those that have growth potential) proportionately more, larger retail components. In most cases, the economics of urban intensification (and of a diminishing supply of suitable commercial land) will make it increasingly uneconomic or impractical for such Centres to accommodate likely future large store development. All potential supermarket supply gains, the great majority of gm outlet supply gains and, in addition, all or virtually all prospective supply gains in what I refer to as trade supply outlets* – building, plumbing, electrical, automotive,

…/

* See definition 7 of Appendix Three.

3.6.2 cont office and farm suppliers will be in larger format premises. Such expectations, in the context of prospective Regional growth after 2007/08, require in my view that the ARPS policies are flexible enough to ensure that future communal needs for equitable access to retailing and related commercial activities can be met.

3.7.0 **Future Regional Growth**

3.7.1 Nothing in the background data prepared for the ARC (as referred to in paragraph 1.2.1) identified that as the **existing** household count shares in economic growth, retail spending growth arises very substantially from the "established region" not just from additions to it (plus from tourism gains). Below is a simplistic (and not unrealistic) example of what I refer to:

1. If the Region were to grow from 452,500 households in September 2007 (cf paragraph 3.0.2) to 550,000 by March 2021, that increase would be 21.5%; an annual average of 7,220; much less than the assessed rate of just on 8,200 pa between March 1996 and September 2007 or the actual rate of 8,375 pa, between March 1996 and March 2006.

2. The increase in demand will be more than 21.5% unless the regional economy performs so badly over that period that its households have no more spending power (in future dollars) than they had in 2006.

3. The current extended recession has made no impacts on the trade of supermarkets (expressed per household in inflation-adjusted terms) from the September 2007 year to the June 2009 year. The equivalent result for all general merchandise outlets has been a real decline of about 2.2% expressed per household. A return to real household spending increases is considered imminent, so trading results to the September 2009 year may contain all the net shrinkage, at around or better than that level (2%).

4. Looking out to 2021 (or to 550,000 households) material household spending gains should be anticipated, especially in the gm outlet categories.

3.7.2 It is not necessary for the ARPS to specifically anticipate the extent of future retail market changes. However, it is in my view necessary that its Objectives and Policies are sufficiently broad-based to cope with lower or higher future demands, as circumstances dictate, insofar as guidance for District Plans is concerned. As the regional household base increases in numerical terms, its economic fortunes become the more significant determinants of demand / need increases. For example, if household growth from 2007/08 to 2021 proved to be 21.5%, a 14.5% increase in real gm outlet spending (including extra tourism spend) expressed per household would lift demand by 39% (1.215 x 1.145 = 1.39 = +39%). A 14.5% increase in real spending through gm outlets requires only a 1.0% pa increase over the full 13½ years, or about 1.3% pa over the next 11½ years (to compensate for the 2% fall in

…/

3.7.2 cont spending referred to in sub-paragraph 3.7.1,3). This would be a modest increase by recent historical standards and requiring only about a 1.1% pa increase in **overall** retail spending (because grocery, food and liquor consumption will grow less rapidly than consumption of general merchandise).

3.7.3 A 39% increase in gm outlet demand would support another 428,000m² of gm supply growth (based on the supply growth trend from 1996 to 2008). This is, for practical purposes, the same gm outlet supply level that occurred from late 1996 to early 2008 (431,000m² - see Table 3 in Appendix Two). Over that period of 11½ years, the percentage increase – from a smaller 1996 base – was a much more spectacular 65%. In retail gfa terms, 428,000m² of trading space would require an addition of well over half a million (circa 535,000)m² of gm outlet gfa. On top of that would be retail-related trade suppliers, much of the prepared food and beverage outlet business (mainly found in retail centres) as well as a wide range of medical and related health professional services, property, financial, personal, business and community services, entertainment, automotive and other sales and service categories.

3.7.4 I deliberately combined the household formation and real household / communal spending factors in paragraph 3.7.2 (21.5% and 14.5% respectively) to show how quickly the recent supply growth could be replicated. Neither of the factors is unreasonable, but whether it takes 11, 13 or 15 years to replicate the growth of the previous 11½ years is not important, as long as the Regional Strategy does not unreasonably stymie or delay appropriate initiatives. The subsequent approach of District Plans can vary, but only – in my view – as to emphasis. It is therefore vital that the ARPS avoids the situation where absolute "road-blocks" can be created for retail development, in those Plans. My evidence in Section 4.0.0 is very mindful of that potential situation.

4.0.0 ASSESSMENT OF THE CHANGE

4.1.0 Setting and Issues

4.1.1 Contextual topics introducing the ARPS include "2.2 The Setting – Auckland Today" which in a sense establishes the status quo, after which, topic "2.3 The Auckland Regional Growth Strategy" is introduced. I consider that the original absence of any mention concerning retailing in this preamble was inappropriate. The proposed new paragraph at p2 – 3 would remedy that absence. My view in principle concerning the disputed phrase:

> "*the emergence of large format retail*"

is that it should be included, given the trends identified in Appendix Two, as summarised in Section 3.0.0 above. There is no question that the dominance of

…/

4.1.1 cont larger formats in recent retail growth is one of the most obvious Regional changes, if not **the** most obvious, in the context of the undisputed wording. However, the term "large format" is not defined in the RPS (a situation I consider appropriate) so it would be more appropriate to amend the phrase (if scope permits) to:

> "*the emergence of larger format retail".*

This would appropriately identify the trend, without the RPS seeking or needing to be specific, as to what constitutes "large format".

4.1.2 Issues 2.4.1 and 2.4.10, as well as (peripherally) 2.4.3 and 2.4.6, are matters in which retail / commercial development is a factor.

4.1.3 The text of Issue 2.4.1, despite its wording and third bullet point, is all about housing. There are no forward-looking statements about economic development. It seems to me that this was an oversight, and/or that cross-reference to Issue 2.4.10 (or the rearrangement of Issues to renumber 2.4.10 as 2.4.2) would have averted that perception. Be that as it may, as there is no clarifying discussion about other aspects of economic activity (and none proposed) under Issue 2.4.1, I consider that the proposed and similar insertions by NTC and TWL at this point are inappropriate.

4.1.4 Issue 2.4.10 is clearly the "economic activity" Issue, in which it is appropriate for the ARPS to outline matters which provide provenance for its related Objectives and Policies. In that context, I have considered the proposed NTC and TWL passages (currently included in Issue 2.4.1) as contenders for Issue 2.4.10 and have discussed them in my topic 4.2.0.

4.1.5 Two new paragraphs and one significantly amended paragraph have been introduced to the text of Issue 2.4.10 through mediation. I subsequently refer to them as the "mediated paragraphs":

1. The first, at p2 – 20 (which may not be in its most appropriate place in the order) has a high density centre and corridor ("hdc/c") focus, referring to their roles and the need for their sustainable management.

2. The second, at p2 – 21 (significantly amended by strike-thru's) has what I would describe as a combined hdc/c's and business activity focus, identifying the former as the primary locations but acknowledging and providing general guidance about alternative locations for business.

3. The third mediated paragraph, which directly follows the second, has a business activity focus, acknowledging the need for zoning initiatives other than in hdc/c's and management of such zoning, in relation to activities not suited to hdc/c's. It acknowledges a prospective need for new greenfields land.

4.1.6 I consider, with reservations about the third, that these three passages, in the context of the rest of the text of Issue 2.4.10, are desirable and consequential. They provide appropriate provenance for those subsequent Objectives and Policies that remain unresolved. I do not consider that the sought amendments to the first two mediated paragraphs are vital to maintain that provenance, given that the appropriate degree of fine-tuning can be achieved at Objective and Policy level. However, the third mediated paragraph does not, in my opinion, provide an appropriate provenance for Policies concerning certain forms and groupings of retailing and related activities, which can not solely, or in any material sense, locate in hdc/c's to meet Auckland's latent and future communal needs.

4.1.7 I consider however, that by adopting and relocating four new words from the NTC's sought amendment, making the same adjustment as that put forward in paragraph 4.1.1 (also subject to scope) and adopting one sought deletion, the passage would be appropriately worded. In my opinion, the first sentence could be suitably amended to state:

> "*There ~~are~~ <u>is</u> in addition, a range of business activities, ~~(particularly large format retail including supermarkets)~~ including a limited range of retail (particularly larger format retail) activities which due to form, scale or customer base ~~that~~ are ill-suited to locating in ~~existing~~ High Density Centres and Intensive Corridors.*"
>
> (Note: Two grammatical corrections also made.)

I agree with deletion of the word "*heavy*" near the foot of the same paragraph (p2 – 22).

4.1.8 Amended to the foregoing extent, that paragraph expands from the previous mediated paragraph's generality (cf sub-paragraph 4.1.5,2) and encompasses the reality facing many retailers. I do not support the direct reference to supermarkets, as many supermarkets are, can be and will be accommodated in hdc/c's and one could equally or even more appropriately instance other categories of retail or quasi-retail formats in this passage. Furthermore, the anchoring role of supermarkets in many centres, and in particular many smaller centres (defined as "neighbourhood centres" in Appendix D) indicates to me that locating supermarkets outside hdc/c's has more complex implications than would apply – for example – to a large home furnisher or hardware store. In my opinion therefore, a specific reference to larger format retailers without examples is appropriate and needs no further embellishment. It is the logical sequel to my support for the inclusion of such activities in topic 2.3 (cf paragraph 4.1.1).

4.2.0 **Proposed Further Passages in "Issues"**

4.2.1 NTC and TWL seek similar new paragraphs at Issue 2.4.1 that, in my view (cf paragraphs 4.1.3, 4.1.4) would be inappropriate there in principle, so are considered in the context of Issue 2.4.10:

4.2.1 cont 1. The NTC wording is hdc/c's-focused but, in my view, overlaps and duplicates what I have termed the first and second mediated paragraphs. I do not think it would add to the scope of Issue 2.4.10 to include this passage.

2. TWL's wording is more business-focused and forms a condensed version of all three mediated paragraphs, if my views on the third (cf paragraph 4.1.7) are accepted. I agree with the need for the Issue to refer to "*other appropriate areas*" but consider that can be, and has potentially been, achieved through the second and (amended) third mediated paragraphs.

4.2.2 NTC and TWL both seek an identical new paragraph, which has a wide-ranging business focus, to sit after the third mediated paragraph. In summary, it refers to community wellbeing, then to make provision (where appropriate) outside "*commercial centres*" for lfr, in intensive corridors or other locations, whilst managing adverse effects and avoiding adverse effects on "*commercial centres*". That defined term includes both "*high density centres*" and the less important "*neighbourhood centres*" (though potentially important to activities like supermarkets) and in my opinion has a real relevance to Policy 6.5.2.9, as discussed in paragraph 4.4.3. It seems to me that the passages are intended as alternatives to proposed amendments to the mediated passages and also intended to reinforce amendments proposed to the equivalent theme in topic 2.2 (cf paragraph 4.1.1). For the latter reason, as further reinforced by my final comment in paragraph 4.4.6, I am only comfortable with declining this NTC / TWL submission in conjunction with the views expressed in paragraph 4.1.7 and subsequent paragraph 4.6.2.

4.2.3 The relationship between economic growth, business development and the wellbeing of people and communities is expressed within the Issue Statement, in bold typeface. It has not therefore been overlooked. The other components of the proposed paragraph are – from careful examination – incorporated in the three mediated paragraphs (if the third is amended) and elsewhere under Issue 2.4.10, but in a wider business context. Whilst I am not opposed in principle to the theme of the proposed paragraph, I do not think it adds anything otherwise overlooked by way of provenance for wider or different Objectives and Policies, so I do not consider that the proposed paragraph (or parts of it) are necessarily added to the available text.

4.2.4 NTC and TWL seek minor (in terms of wording) amendments to two other paragraphs in Issue 2.4.10 (p2 – 21) and to paragraphs in Issue 2.4.3 (p2 – 10, 2 – 11) and Issue 2.4.6 (p2 – 17). I advance a neutral or no view about all bar that found at p2 – 11, where I consider the sought reference to "*trade competition effects*" to be gratuitous and unnecessary.

4.3.0 **Strategic Objectives (2.6.1)**

4.3.1 Change Nº 6 has adopted Objective 18, as a simple and uncontroversial Objective, to respond to the Issues concerning communal wellbeing, associated with development of retailing and commercial activities. In my opinion, the absence of a more explicit Objective package effectively means that Objective 18 is a lens,

…/

4.3.1 cont through which topics raised by way of Issues give rise to Policies. In considering whether the Policies are the most appropriate for achieving Objective 18, it seems to me that the implicit elements attributable to Issues 2.4.1, 2.4.3, 2.4.6 and, especially, 2.4.10 are likely to be relevant.

4.4.0 Strategic Policies Urban Structure (2.6.5)

4.4.1 The Urban Structure Policies are dealt with under four topic headings:

Policies 1-10 under "*High Density Centres and Intensive Corridors*";
Policies 11-14 under "*Other Existing Urban Areas*";
Policies 15-17 under "*Industrial Areas*"; and
Policies 18-21 under "*Future Urban Areas*".

This approach requires that Policies are focused on their topic.

4.4.2 Policies 1-10 seek to give effect to the LG(A)AA (as reflected in the Issues and Objectives) with Policy 1 stating the fundamental proposition and Policy 2 identifying that departures from Policy 1 may occur while hdc/c's are finalised, but must not compromise the achievement of Policies 3-10. The process referred to in Policy 2.6.5.2 is a complex one, especially in relation to the classification of corridors. Over whatever period that work may require, Policy 2 is therefore a link or bridge to other possible venues of urban intensification (including retail activities) whereby latent and foreseeable retail demands could be provided for, through the most appropriate district plan approach. Sylvia Park Business Centre and Progressive / Westfield seek to amend Policies 2.6.5.2 and 2.6.5.6(b) but I offer no evidence on these proposals. NTC seeks to delete a phrase from Policy 2.6.5.8(b) and add the phrase:

(excluding trade competition effects).

I consider that the amendment is inappropriate, for the same reason I advanced at paragraph 4.2.4.

4.4.3 The only other challenge to Policies under "*High Density Centres and Intensive Corridors*" is to the opening stanza of Policy 9 and its subsequent clause (a) concerning commercial activities in intensive corridors. The purpose of favouring the word "*could*", rather than a more directive term, is to reinforce Policies relating to centres (both "*high density centres*" and "*neighbourhood centres*"). Where intensive corridors give rise to material new commercial opportunities, the Policy indicates a preference for centres, as distinct from ad hoc development formats. The Policy is intended to be directive in **that** regard, and I consider it appropriate, for that reason. However, of equal practical relevance, some forms of intensive corridor development are highly likely to give rise to mixed-activity buildings on the main transport route frontages. For such buildings, the mixed-use interfaces are likely to be vertical, so Policy 9 provides ARPS provenance for commercial

…/

4.4.3 cont activities in intensive corridors to occupy ground floor premises, beneath office or residential activity at above-ground levels. In regard to clause 9(a), I do not consider that the word "*Any*" adds meaning, while I again consider the reference to trade competition effects to be unnecessary.

4.4.4 Policies under "*Other Existing Urban Areas*", in the absence of specific, relevant Objectives, can only look back to the Issues and in particular, to the Issue paragraphs discussed in sub-paragraphs 4.1.5,2 and 3 above. These identify, subject to my views about the wording (cf paragraph 4.1.7) of the third mediated paragraph, the need to provide for alternative locations (other than hdc/c's) as well as the conditions under which such provisions can be made.

4.4.5 Policy 11 is intended to be the "fallback position" for commercial activities seeking to establish within urban areas, but outside hdc/c's. For the reasons I gave in paragraph 3.6.2 and exemplified in sub-topic 3.7.0 above, it is in my view essential that the ARPS remains enabling, once it has given primary effect to the LG(A)AA. In the short term, Policy 2 reinforces the thrust of Policy 11, but in the mid-longer term, Policy 11 will be alone.

4.4.6 As with Policy 2.6.5.9, the adoption of the word "*could*" at the head of the Policy statement is deliberate, to defer to the primary Policy thrust of Policies 1 and 3-10. Again, it is directive, in that context, and I consider it appropriate to that extent. Another reason for adopting the word "*could*" is that the ARPS should not be seen as giving carte blanche to any form of retail / commercial development, where such is otherwise appropriate outside the hdc/c's. There is every reason to encourage and expect such development to adopt efficient, convenient and high amenity formats, all else being equal, whether incorporating large format activities, town centre activities, neighbourhood centre activities, or some other character (eg a discount or outlet store format). I accept these reasons for adopting the word "*could*" in Policy 2.6.5.11, but with the caveat described below.

4.4.7 I am concerned that by another interpretation, the word "*could*", in Policy 6.2.5.11, fails to be sufficiently directive concerning necessary commercial activity provisions outside hdc/c's, where appropriate. I consider that the tlas may interpret the Policy as optional, justifying a "do nothing" approach, and thereby use it (specifically its word "*could*") as a reason to place undue barriers in their district plan in relation to prospectively enabling commercial development. I therefore place a high degree of importance upon the contextual statements of the ARPS, specifically the clarity and unambivalence of the Issues (as discussed in paragraph 4.1.7) and on the statement of Methods (which I will discuss in paragraphs 4.6.1 – 4.6.2).

4.4.8 I do not agree with the sought Progressive / Westfield amendment as it would be inconsistent with uncontentious Policy 7. Also, I see no reason to exclude Policies 2.6.5.7-10 from the last line of Policy 11.

4.4.6 Beyond noting that there is a significant overlap between Policies 14 and 15, I offer no evidence on the resolution of the other outstanding matters. Future Urban Area Policies 2.6.5.18-21 are not contentious.

4.5.0 Conclusions about Issues, Objectives and Policies

4.5.1 In my opinion, the foregoing analysis clearly illustrates the importance of the matters for which I have contended at paragraphs 4.1.1, 4.1.5 – 4.1.7 and 4.4.5. In my opinion, the final form of the passages discussed in those paragraphs (together with the matter in paragraph 4.6.2 below) will determine the extent to which the ARPS is consistent with s5 of the RMA, while giving effect to the LG(A)AA (cf paragraph 1.6.4).

4.6.0 Methods – Urban Structure (2.6.6)

4.6.1 This topic is the natural sequel to Policies but the 19 Methods listed touch only upon future urbanisation of "*greenfield land*" for future land-extensive business activities. I consider that the absence of any mention about the provision for business in the existing urban area is unjustified and that something needs to be added to reinforce the Policy strand and s32 implications discussed above. In view of the prospective ambivalence surrounding the wording of Policy 2.6.5.11 (cf paragraph 4.4.7) I consider it very important that the provisions in topic 2.6.6 clarify the intention.

4.6.2 In relation to proposed Method 20, as advanced by NTC and TWL, I think that the word "*full*" (second line, p2 – 37) may be inappropriate. It could be interpreted as requiring every district plan to provide for every kind of commercial activity, whereas the reality is that smaller population-based and/or outlying districts will support a lesser range of traders and professional activities than larger, more urbanised authorities, closer to or encompassing the heart of the Region. Given that reference to "*the full range*" is flanked by the terms "*appropriate provisions*" and "*to enable the community to provide for its wellbeing*", I suggest that the following minor amendment would overcome the prospect of misinterpretation without losing the point that there is an onus on the tlas to give effect to the Policies:

> "*District ~~and Regional~~ Plans shall include appropriate provisions to provide for ~~the full~~ a range of Commercial Activities to enable the community to provide for its wellbeing.*"

For the reasons given in paragraphs 4.2.2, 4.4.5 – 4.4.7 and 4.6.1, I consider this an essential clarification of the Policy thrust.

4.7.0 Other Topics

4.7.1 My brief did not extend to the various matters which follow ARPS Topic 2.6.6 and I offer no evidence-in-chief concerning them.

5.0.0 MY CONCLUSIONS

5.0.1 For the reasons explained in sub-topic 1.4.0 of my Introduction, my evidence is mainly focused on enablement (or prospective disenablement) of the dominant retail trends in the Auckland Region. I acknowledge that the commercial activities for which Change 6 provides include other components (such as those identified in its Appendix D) and that the Change is not just about retailing. My evidence is intended to be taken and interpreted in that wider context.

5.0.2 Mediation has resolved many of the perceived original shortcomings of Change Nº 6, insofar as its "inclusivity" is concerned. The remaining matters are minor in extent and have been largely covered and commented on in this statement. In that limited sense, I consider that future Regional commercial needs can not be met by directing commercial development solely to high density centres and intensive corridors. It is appropriate and necessary for the Change to identify that such an approach represents the preferred strategy and in my view, that goal is achieved by Change 6. It is in accordance with s5 of the RMA for the Policy Statement to indicate that where the preferred strategy will not be undermined, and in otherwise appropriate circumstances, there are alternative routes to communal enablement, concerning commercial development. In my opinion, subject to the minor matters summarised below, the Change achieves that goal.

5.0.3 For the foregoing reasons, I support the passages in the mediated version of Change Nº 6, as referred to in Section 4.0.0, other than in relation to the wording matters raised in paragraphs 4.1.1, 4.1.7 and 4.6.2.

M G TANSLEY
28 August 2009

BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND** (ENV-2007-AKL-0000611)
AND	**THE WAREHOUSE LTD** (ENV-2007-AKL-000661)
AND	**SYLVIA PARK BUSINESS CENTRE LIMITED** (ENV-2007-AKL-000544)
AND	**FEDERATED FARMERS OF NZ INC** (ENV-2007-AKL-000659)
AND	**WAITAKERE CITY COUNCIL** (ENV-2007-AKL-000632)
AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
	Appellants
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

Statement of Evidence of Matthew William Bonis

INTRODUCTION

1 My full name is Matthew William Bonis (Matt Bonis). I am an Associate Planner of a planning consultancy based in Christchurch. I hold a Bachelor of Resource and Environmental Planning Degree with Honours from Massey University, and I am a member of the New Zealand Planning Institute. I have been employed in the practice of planning and resource management for 13 years both in New Zealand and the UK.

2 I began resource management practice in 1994. My first position was as a graduate planner at the New Plymouth District Council. From 1998 to 1999 I worked at a Planning Consultancy in Winchester, England, before returning to New Zealand in 2000. I held the position of Resource Management Co-ordinator at the Christchurch City Law Centre until June 2000, before taking a position as planner at the Christchurch City Council.

3 Between 2002 and 2005 I worked for the Christchurch City Council as a senior planner where I, along with two other town planners, shared responsibility for the preparation of a considerable Variation (Variation 86) to the Christchurch City Proposed District Plan on commercial and retail matters. In 2005, I joined Planit RW Batty and Associates as a Senior Planner.

4 I am engaged by the Auckland Regional Council (**ARC**) to evaluate the appeals made on the objectives, policies, methods and explanatory text associated with Proposed Plan Change 6: Giving Effect to the Regional Growth Concept and Integrating Land use and Transport to the Auckland Regional Policy Statement (**PC 6**).

5 I have not had a role in the initial formation of PC 6, or the associated Council hearings. I was requested in May 2008 to assist the ARC with the resolution, and / or preparation of evidence with regard to the PC 6 appeals on centres and corridors, and transport Issues. Consequently, I have been extensively involved in both individual discussions with the appellants, as well as Environment Court assisted mediation.

6 I have taken an active role in the Court assisted mediation (conducted by Commissioner Dunlop) on 16 March, 8 April and 25 May 2009, as attended by the councils, the specified commercial appellants and relevant other appellants and section 274 parties. The purpose of this mediation was to mediate the 'Centres and Corridors' component of the appeals to PC 6 as focused around Policies 2.6.5. I have also taken an active role in the Court assisted appeals on transport issues, which were conducted on 3 July, 6 July and 20 July.

7 I have read the Environment Court's Code of Conduct for Expert Witnesses, and I agree to comply with it. My qualifications as an expert are set out above. I confirm that the issues addressed in this statement of evidence are within my area of expertise.

8 I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed. Further, I record in my evidence those witnesses that I rely upon in order to make my assessment. In particular, I have relied upon the following experts:

- Mr Mark Tansley (Retail Demand and Policy);
- Mr Timothy Heath (Distribution);
- Mr John Mackay (Urban Design);
- Mr Steve Abley (Transport);
- Mr Paul Durdin (Transport Modelling);
- Mr Paul Osborne (Industrial Scarcity and Economics) and
- Mr James Baines (Social Amenity).

SCOPE OF EVIDENCE

9 My evidence addresses, with reference to relevant Resource Management Act 1991 (**RMA**) and Local Government (Auckland) Amendment Act 2004 (**LGAAA**) matters, the following:

Part A: Overview

- Background to PC 6 appeals
- The Joint Councils' Position
- Matters in dispute

Part B: the Statutory Framework and other Relevant Strategies and Plans

- RMA
- Management Plans and Strategies under Other Acts
- LGAAA and the Regional Growth Strategy 1999 (**RGS**)
- Summary with respect to the RMA and the LGAAA
- Other relevant Plans and Policy Statements

Part C: Setting the 'Urban Structure'

- Identified shortcomings of PC 6
- Urban Structure - Policy 2.6.5.2
- Urban Structure policies 2.6.5: High Density Centres, Intensive Corridors and Business Definitions
- The Centres Plus Approach – Policies 2.6.5.7, 2.6.5.8, 2.6.5.9, 2.6.5.11

Part D: Analysis

- The basis for directing the location of commercial activities
    - Effects on the transport network
    - Effects on business areas as physical resources
    - Effects on the amenity of High Density Centres
    - Effects on community facilities and functional amenity
    - Effects on the industrial land resource
    - Effects on the Compact urban form
- Integration of Land use and Transport
- Industrial Land Resource Scarcity

Part E: An assessment of the specific provisions in dispute

Part F: Overall evaluation under the RMA and the LGAAA

Part G: Conclusions on the Joint Councils' Position on PC 6

PART A: OVERVIEW

Background to PC 6 Appeals

10 PC 6 was promulgated in March 2005 in accordance with section 39(1) of the LGAAA, which required each Auckland local authority to prepare and publicly notify proposed land transport and land use changes to their Auckland planning documents.

11 Section 40 of the LGAAA sets out the purposes of those changes as being: to give effect in an integrated manner to the Growth Concept in the RGS; and to contribute, in an integrated manner, to a number of matters specified in Schedule 5 to the LGAAA.

12 The decision which is the subject of these appeals, was made by the councils (being the Auckland Regional, City, and District Councils) following a hearing by, and recommendations from, a joint hearing panel constituted under section 41 of the LGAAA. The councils jointly appointed a panel of Commissioners who heard submissions between April 2006 and May 2007. Recommendations from this panel were issued in May 2007. Each council then made its decisions on the recommendations and those decisions were issued in July 2007.

13 The appeals subject to this hearing were incorporated within a grouping known as the 'Specified Commercial Appeals', as set out in a memorandum to the Court dated 7 May 2008. As a consequence of the Court assisted mediation of such on 20 July 2009, the respective section 4 transport appeals were added to this Hearing.

14 Since the appeals were lodged, officers from the relevant councils in forming a Councils' Joint Position Statement (**JPS**), undertook a number of without prejudice discussions with the appellant parties in the third and fourth quarter of 2008. This JPS, and the Appellants positions to it, were utilised as the basis for Court assisted mediation.

15 Court assisted mediation (conducted by Commissioner Dunlop) occurred on 16 March, 8 April and 25 May 2009 with respect to 'Centres and Corridors'. The mediation was attended by the councils, the relevant other appellants and section 274 parties. The Court assisted mediation on the transport appeals were conducted on 3 July, 6 July and 20 July. Consequently, the range of appeal points has been significantly reduced. Additionally, many of the original shortcomings of PC 6 as notified, which I discuss later, have in my view been overcome.

16 The resultant PC 6 'mediation version' dated 31 July contains residual text that remains in dispute. This evidence, and that provided by the witnesses listed in paragraph 8 relates to the positions supported by the councils and is referred through this document as the Joint Councils' Position.

The Joint Councils' Position

17 The approach provided within the Joint Councils' Position is fourfold:

(i) Commercial activities are to be directed within High Density Centres recognising the benefits of intensifying development, including commercial activity, in such centres. Such an approach thereby encourages a wide range of services associated with commensurate residential and employment opportunities within a high-quality environment, with better levels of transport integration and accessibility.

This is to be achieved primarily through **Policies 2.6.5.7, 2.6.5.8** and **2.6.5.10**. Inherent within **Policies 2.6.5.7, 2.6.5.8**, and as focused through the lens of **Objective 2.6.1.18,** there is an obligation on Territorial Local Authorities (**TLA**') to ensure appropriate and sufficient opportunities for zoned land for commercial / retail activity within the network of High Density Centres.

(ii) Intensive Corridors are identified as being Intensification areas in their own right, albeit that **Policy 2.6.5.9** indicates a preference for managed developments rather than ad hoc commercial formats in this regard. There is however an underlying principle focus on the movement function of these networks, and the links between public transport and increased residential densities associated with such routes. **Schedule 1** within PC 6 only identifies two Intensive Corridors, being Lincoln Road and Hobsonville Road, with the latter being earmarked as a 'Future Urban Area'. At present, segments of Lincoln Road demonstrate some of the conflicts with the provision of unrestricted commercial activities, and the attainment of the broader outcome of intensifying a 'compact mixed use environment' with a principle focus on the movement function of this corridor **(Policy 2.6.5.6(b)).**

The limited application of Intensive Corridors, reflects the issues associated with defining and demarcating the competing interests for the development of such. Regardless, **Policy 2.6.5.2** recognises that additional Intensive Corridors will be provided, and **Policies 2.6.5.6(b)** and **2.6.5.9** recognise that TLAs can also provide recognition within their respective plans for new Intensive Corridor initiatives. While new Intensive Corridors are therefore clearly anticipated, it is likely that these will be introduced as outcome based segments, such as a focus on passenger transport, general vehicle, or community segments. The extent of commercial activity being enabled would therefore be adjusted accordingly.

(iii) Considerable demand for retail demand is forecast for the Auckland region to 2021, clearly, not all of such can, and should, be contained within High Density Centres. It is not necessary for the ARPS to specifically anticipate and provide for the extent of market changes, provided that the framework is sufficiently broad-based to cope with lower and

higher future demands. The Joint Councils' Position signals such flexibility, through the enabling Policies of **2.6.5.9** and **2.6.5.11.** These policies enable commercial activities in 'Intensive Corridors' and 'Other Locations' respectively, where such activities meet criteria framed around the LGAAA Schedule 5 backdrop of supporting a compact sustainable urban form, and the integration of transport and land use. The point being, that a proposal is to be measured against the respective criteria set out in these provisions; if it measures up well, it is to be 'enabled'.

(iv) Lastly, integrating transport and land use does not extend to providing for the private motor vehicle as a policy instrument within the ARPS. Although the Joint Councils' Position recognises that trips will continue to be made by the private motor vehicle while, reinforcing and encouraging multi modal options.

18 At a broad level this approach is considered to provide flexibility in that it prefers in-centre development but does preclude the possibility of out-of-centre development where it provides a net benefit to the community.

19 This position can be described as being as 'directional' with regard to commercial activity but not 'definitive', in that other locations are signalled as being appropriate in certain circumstances. Therefore, a balance is struck between the certainty necessary for ordered development, and the confidence and flexibility to allow for change and growth. Correspondingly, the policy framework provides a regional direction with regard to the interrelationship between land use (including commercial activities) and transport. Such a framework provides a policy benchmark for evaluating commercial development where this is to be located outside of High Density Centres.

Matters in dispute

20 With respect to the **Centres and Corridors appeals**, the Joint Councils' Position approach is: There is a hierarchy for locations where commercial development should occur; commercial activities (especially retail growth) should be directed firstly into existing High Density Centres, secondly Intensive Corridors, and lastly other locations. The approach also encourages the expansion of the commercial core of existing High Density Centres, and enables the development of new High Density Centres. Apart from development within existing High Density Centres, commercial development would only be deemed appropriate if the effects have been considered and can be appropriately managed.

21 The main competing view is that there should be no prioritisation of High Density Centres over Intensive Corridors (therefore 'parity' (The Warehouse, NTC)). Residual issues relate to the degree and nature of criteria as provided to consider the effects of out-of-centre proposals, specifically the protection of the movement function of Intensive Corridors

(Westfield, Progressives).

22 With respect to the **transport issues**, and the extent to which these relate to the location of major traffic generating activities and the use of the private motor vehicle, the Joint Councils' Position adopts the following position:

Commercial activities (especially retail growth) which are major trip generating activities should be directed to High Density Centres first, and only into Intensive Corridors and other locations if the effects have been considered and can be appropriately managed. Furthermore, development should be managed to attain a higher order of connectivity and public transport accessibility that can better support public transport, walking and cycling.

23 The main competing view is that there should be no prioritisation of centres over corridors so that major trip generating activities can occur in High Density Centres and along corridors or other appropriate locations. There should be explicit policy provision for the continued use of the private motor vehicle.

PART B: THE STATUTORY FRAMEWORK AND OTHER RELEVANT STRATEGIES AND PLANS

24 In this hearing, both the provisions of the RMA and the LGAAA are relevant.

Resource Management Act 1991

25 I understand that the general approach for the consideration of changes to district plans under the RMA is helpfully summarised in the Environment Court's recent decision *Long Bay-Okura Great Park Society Incorporated vs North Shore City Council*[1]. This has been modified, in my evidence, to substitute the relevant statutory requirements for regional policy statements instead of district plans. The issue, in simplistic terms, is whether the competing views, or some combination between them, most appropriately (s32(3)(a) and (b)) provides for the sustainable management of the region's natural and physical resources.

26 The relevant parts of the *Long Bay* test as modified, and adapted to this case can be summarised as:

General

- A regional policy statement (change) should be designed **in accordance with** the regional council's functions (s30), the provisions of Part 2, the regional council's duty under section 32, and any regulations (s61(1));
- The purpose of the statement (change) is to achieve the purpose of the RMA by providing an overview of the resource management issues in the region and policies and methods to achieve integrated management of the natural and physical resources of the whole region (s59);
- When preparing a statement (change) the regional council

  shall:

  - **have regard** to the management plans and strategies under other Acts (s61(a)(i));
  - **not have regard** to trade competition (s61(3));

  must:

  - **state** its issues, objectives, policies, explanations of those policies, methods, reasons and other matters listed in section 62(1) of the RMA.

Objectives (section 32 analysis)

- Each proposed objective in a statement (change) is to be evaluated by the

[1] Decision No. A078/2008 at paragraph 34.

extent to which it is the most appropriate way to achieve the purpose of the RMA (s32(2)).

Policies and methods (section 32 analysis)

- The policies are **for** the issues and objectives, and the methods are to **implement** the policies (s62(1)(e) and (d)).
- Each proposed policy or method is to be examined, **having regard to its efficiency and effectiveness,** as to whether it is the most appropriate method of achieving the objectives of the statement (change) (s32(3)(b)) **taking into account** (s32(4))**:**
  - The benefits and costs of the proposed policies and methods; and
  - The risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the policies or other methods.

27 I do not consider that the following matters are relevant to these proceedings, and have not therefore considered them:

(i) relevant entries in the Historic Places Register and regulations relating to ensuring sustainability, or the conservation, management or sustainability of fisheries resources.[2]

(ii) the extent to which the regional policy statement needs to be consistent with the policy statements and plans of adjacent regional councils.[3]

(iii) any relevant planning document recognised by an iwi authority and lodged with the council, to the extent that its content has a bearing on resource management issues of the region;[4]

(iv) the management plan for a foreshore and seabed reserve located in whole or in part within its region, once the management plan has been lodged with the council;[5]

(v) any water conservation order;[6] and

(vi) any national policy statement or New Zealand coastal policy statement.[7]

28 Although I have not expressly referred to the specific statutory requirements throughout my evidence, I have considered the issues within the context of the statutory requirements.

[2] Section 61(2)(a) of the RMA.
[3] Section 61(2)(b) of the RMA.
[4] Section 61(2A)(a) of the RMA.
[5] Section 61(2A)(b) of the RMA.
[6] Section 62(3) of the RMA.
[7] Section 62(3) of the RMA.

Management Plans and Strategies developed under other Acts

29 The management plans and strategies developed under other Acts, which pursuant to section 61(a)(i) of the RMA I am to have regard to, is limited to the Regional Land Transport Strategy (2005) as prepared under the Land Transport Management Act (2003).

30 The **Regional Land Transport Strategy 2005 (RLTS)** emphasises that in order to achieve an integrated land use and transport pattern, such development locations should have existing or potential transport characteristics that will support higher intensity and mixed land use activities. The RLTS seeks a number of outcomes including:

- *Improving accessibility to and between growth centres in peak and inter-peak periods by car and by public transport;*
- *Improving walkability in growth centres by significantly increasing the investment in pedestrian amenity over and above planned town centre development budgets;*
- *Significantly increasing the level of fixed rapid transit services to and between growth centres;*
- *Provide transport infrastructure investment which assists both in leveraging further higher density development within those centres and making the centres more attractive places in which to live, work and play.*[8]

LGAAA and the Regional Growth Strategy (1999)

31 In addition to the RMA, I must consider the statutory requirements of the LGAAA, these are:

(i) whether the provisions will give effect to the Growth Concept in the RGS pursuant to section 40(1)(a);

(ii) whether the provisions will contribute to the goals in Schedule 5 of the LGAAA (s40(1)(b)), which are:

(a) providing increased certainty in the assessment of resource consents, designations, and plan changes related to transport and urban form, and ensuring that transport and land use patterns are aligned to achieve sustainability, efficiency, and liveability in the Auckland Region;

(b) managing transport and transport infrastructure, facilitating a multimodal transport network, and facilitating integrated transport management;

[8] Auckland Regional Land Transport Strategy (2005) Appendix C: Relationship between elements of Strategy, page 141 and 142

(c) reducing adverse effects of transport on the environment (including improving air and water quality, reducing noise and stormwater, improving heritage protection and reducing community disruption and transport land use), and reducing the adverse effects and increasing the positive interactions of transport and land use;

(d) supporting compact sustainable urban form and sustainable urban land use intensification (including location, timing and sequencing issues, and associated quality, character, and values of urban form and design);

(e) integrating transport and land use policies to reinforce metropolitan urban and rural objectives of the Auckland Regional Policy Statement, the development of a competitive and efficient economy and a high quality of life, underpinned by a quality environment and amenity."

32 It is also necessary to consider whether the provisions are integrated sufficiently throughout the resource management instruments in order to meet the purpose of the LGAAA in terms of sections 3 and 6, being:

Section 3(b):

"to require Auckland local authorities to change the policy statement and plans prepared under the RMA to integrate the land transport and land use provisions and make those provisions consistent with the Auckland Regional Growth Strategy"[9]

Section 6(d)

"require Auckland local authorities to prepare and notify changes to the policy statement and plans under the RMA to provide for integrated land transport and land use provisions that are consistent with the Auckland Regional Growth Strategy"[10]

Regional Growth Strategy

33 Whilst not prepared under the RMA, the **Regional Growth Strategy (1999)** has relevance pursuant to section 40(1)(a) of the LGAAA, as PC 6 must give effect, in an integrated manner, to the Growth Concept within the RGS. The RGS was developed in response to the pressing need to manage problems of urban sprawl, traffic congestion and inadequate infrastructure. The Growth Concept anticipates a shift in land use patterns towards a more compact urban form, which focuses growth in high-density 'Intensive Centres and Corridors'. Intensive development in key areas is seen as being supportive of a greater range of local services and facilities, increasing modal split (such as walking, cycling and

[9] Section 3(b) of the LGAAA.
[10] Section 6(d) of the LGAAA.

increased public transport use).

34 There are a number the key outcomes stated in the RGS.[11] These pertain to: improving access and transport efficiency, including more transport choices and equity in access; improved opportunities for business; improved amenity; and the facilitation of safe and healthy communities and the provision of physical and social infrastructure.

35 The RGS then proceeds to define a number of 'Principles' to translate the vision, desired regional outcomes and priorities. These statements translate into a number of key statements that can be summarised as: consolidating the metropolitan urban area; and focusing development within key Centres and Corridors to improve choice, accessibility and the integration of the transport network with land use.

36 Within 'intensification areas' such principles require: the provision of an effective and efficient passenger transport system; that intensification areas are within walking distance of a commercial or employment centre; and that intensification areas have access to appropriate and affordable education, health, community, recreation, social services and facilities.[12]

37 An important part of the RGS was the development of the Growth Concept for Auckland (refer **Appendix A**). The Growth concept is described as a 'snapshot' of how the region could look in the year 2050 if the outcomes and principles of the RGS were applied to managing growth in the area.

38 The RGS combines Intensification within centres and corridors within the conjoined term 'Intensification Centres and Corridors'.

39 The RGS identifies sub-regional, town and neighbourhood centres as not only a focus for residential activity, but also a wide range of employment, and incorporating mixed use development such as that already common in Ponsonby and Newmarket. The RGS also identified that sufficient business land would need to be available in specific employment zones (e.g. Penrose, Onehunga, Wiri, Wairau Park) for larger industrial and commercial development.[13]

40 With respect to Corridors, and specifically their traffic function, the RGS recognises that there will be different types and functions of corridors, and their relationships with adjoining land uses.[14] The strategy also seeks a shift to a more compact urban form where a greater proportion of trips are to be made by public transport, and through facilitating walking and cycling through improving accessibility.[15]

[11] Regional Growth Strategy. (1999). Section 2 'Desired Outcome and Principles' Table 2, page 20.
[12] Regional Growth Strategy. (1999). Section 2 'Desired Outcome and Principles' Table 4, page 25.
[13] Regional Growth Strategy. (1999). Section 3 'Business and employment opportunities' page 43.
[14] Regional Growth Strategy. (1999). Section 2 'Desired Priorities and Principles'. Table 4, page 25.
[15] Regional Growth Strategy. (1999). Section 3 'Business and employment opportunities,' page 45.

41 Ultimately, it is my view that the conjoined reference to 'Intensive Centres and Corridors' within the Growth Concept and the RGS is to be seen as areas for 'Intensification' for compact and mixed use environments. Any distinction between such centres and corridors is to be viewed through the lens of whether such 'intensification' would facilitate the better integration of land use and transport. Consequently, within the RPS, centres have a greater focus on the provision of a wide range of activities, whereas for corridors the RPS focus relates to their movement and linkage function. Together, such an intensified urban structure facilitates: a greater proportion of trips made by public transport; improved accessibility and associated walking and cycling trip choice; and recognises that not all communities will be self-sufficient. I am of the view that **Policies 2.6.5.6(a)** and **(b),** and the related definitions in the Joint Councils' Position, carefully enunciate this distinction between High Density Centre and Intensive Corridors.

Summary with respect to the RMA and the LGAAA

42 In my view, the above Statutes and Plans, with respect to PC 6, can be synthesized as follows:

- **Regard must be had** to the RLTS which seeks to improve accessibility between growth centres in peak and inter-peak periods, improve walkability, and ensure investment infrastructure assists higher density development.
- The Change must **comply with other relevant statutes,** being in this case the LGAAA, and the extent to which the provisions will give effect in an integrated manner to the 'Growth Concept' in the RGS, and contribute to the matters in Schedule 5.
- **No regard** can be had to trade competition; and
- PC 6 **must** consequently, state its issues, objectives, policies, explanations, methods and other reasons as outlined in s62(1). Objectives are to be evaluated as to the extent in which they **the most appropriate way to achieve** the purpose of the RMA, and policies (having regard to **efficiency** and **effectiveness**) as the most **appropriate** method of achieving the objectives of the change.

Other relevant Plans and Policy Statements

43 Whilst not incorporated within the framework for the *Long Bay* consideration of the appeals, I consider that the following plan and strategy framework has some limited relevance to these appeals. This relevance is limited to the extent by which the disputed provisions would mesh with the existing operative provisions of the ARPS and the Proposed Regional Plan: Air, Land and Water (**PRPALW**), and the wider relevant non-statutory documents.

Other relevant Provisions of the ARPS and Proposed Regional Plan: Air, Land and Water Plan

Auckland Regional Policy Statement (1999)

44 The **Auckland Regional Policy Statement** became operative on 31 August 1999. Sections 2 and 4 are the subject of PC 6, and are the focus of this hearing. The remaining operative provisions, with relevance to those matters in dispute can be found under section 5 'Energy' and section 10 'Air Quality'.

45 **Section 5** relates to the management of energy in a strategic and consistent manner. **Issues 5.2.2** and **5.2.3** identify that the current high dependence on non-renewable fuels is not sustainable, and that the existing low density urban form and associated transport patterns of the region are not sustainable with regard to energy use. **Objective 5.3.1** seeks the sustainable use of energy resources, and **Policy 5.4.1** seeks to promote an "*urban form, supported by transport systems, which improves efficiency and conservation in energy use*."

46 **Section 10** relates to the management of air quality and pollutants within the region. **Issue 10.2.2** identifies motor vehicles as the largest single source of air pollution in the metropolitan areas, albeit that there are no controls on vehicle emissions. The Issue identifies therefore the size and activity patterns of land use in urban Auckland have a direct bearing on the extent of such emissions. **Objective 10.3.2(i)** seeks to avoid, remedy or mitigate the adverse effects that arise from the discharge of contaminants to air. **Policy 10.4.4** seeks to: (i) minimise the adverse effects of emissions from motor vehicles through implementing strategic policies to promote patterns of land use which: minimise the need to travel; (ii) promote more efficient transport modes (such as passenger rail and buses); and (iii) encourage the use of less polluting transport modes (such as walking and cycling).

47 In my view, these provisions of the operative ARPS are consistent with the integrated land use and transport provisions as incorporated within the Councils' Joint Position. I acknowledge that these provisions are not highly nuanced to provide a specific urban form and structure to achieve such ideals, and they do not extend, in my view, to precluding both the use of the private motor vehicle, or restricting land use options in relation to High Density Centres and Corridors. They do provide a certain policy direction with respect to urban form and transport integration as these relate to energy and air quality, and consequently signal a direction towards intensified land use patterns that promote a higher level of accessibility and modal choice.

Proposed Regional Plan: Air, Land and Water (2001)

48 The Proposed Regional Plan: Air, Land and Water was notified in October 2001. It was prepared by the ARC to assist it to carry out its functions under section 30(c), (e), (f) and (g)

of the RMA. It applies to the management of air, land and water resources in the region including: air, soil, rivers and streams, lakes, groundwater, wetlands and geothermal water. Decisions on submissions and further submissions were notified on 8 October 2004 and a total of 44 parties lodged 74 separate appeals to the Plan. Although sections of the Plan are still subject to appeal, a significant portion of the Plan has been advanced through the appeals process and may be considered operative.

49 Relevant objectives within Section 2.2 'Use and Development' include: **Objective 2.2.3.2** which seeks to manage resources in a manner consistent with the ARPS and ARGS; **Objective 2.2.3.3** which seeks the enablement of the use and development of land to provide for the efficient use of and support increased urban densities; and **Objective 2.2.3.4** which provides for the ongoing operation and development of physical infrastructure where this supports economic, social and cultural wellbeing. I do not consider that these provisions, and their supporting policies and rules are of significant relevance to the matters in dispute. They do however demonstrate a consistent direction towards intensification and the associated benefits that would occur as a consequence.

50 In summary, it is considered that the Joint Councils' Position maintains a consistent policy approach with respect to those overlapping, or common matters as contained within the operative ARPS and PRPALW. This is important, in that I consider that when provisions are inserted within a plan or policy statement, a clear direction should be maintained with respect to the matters in common.

Relevant Non-Statutory Documents

51 The **New Zealand Transport Strategy (2008)** recognises that it is essential that future urban growth does not cause an unnecessary increase in travel demand, or place excessive costs on the transport sector and infrastructure. The New Zealand Transport Strategy identifies that: *'Over the long term, New Zealand has to reduce its reliance on car-based mobility if access for all is to be improved in an affordable way.'*

52 The Ministry for Environment's March 2002 publication '**People, Places and Spaces – A design guide for urban New Zealand'** (**'the Guide'**), provides a broad overview of urban design processes and principles that are appropriate in New Zealand. The Guide states that it *"builds on the Government's commitment to sustainable development – that is, development that is economically sustainable, socially inclusive, and environmentally responsible"* (page 9). It continues by stating, *"the approach we take to the management of our built environment integrates urban design with planning, urban economics and infrastructure, and acknowledges the links between the public and private sectors (page 9)".*

53 For Councils, the Guide acknowledges the value of being strategic and developing a clear vision of what its community wants for urban areas in the future. It is suggested amongst

other things that the guide will "highlight the importance of integrated planning" (Page 9, my underlining).

54 The Guide includes the following statements:

- *"Promote a range of centres, of varying size, according to their function in the region;*
- *Provide strategies to manage economic growth and revitalize declining centres;*
- *Increase employment and residential capacity, where appropriate;*
- *Focus walkable nodes on arterials and public transport so they benefit from the movement economy;*
- *Define nodes as walkable catchments;*
- *Locate higher density, and a greater range of uses, towards the core [of the node];*
- *Provide an appropriate distribution of amenities, such as shops, schools and parks where the communities they serve can easily access them (pages 38, 39 and 41)".*

55 The **Auckland Regional Transport Authority (ARTA)** was established by the Government in 2004 as a consequence of the LGAAA which sets out ARTA's mandate as:

"*to plan, fund and develop the Auckland regional land transport system in a way that contributes to an integrated, safe, responsive and sustainable land transport system for the Auckland region*" (s8).

ARTA have produced the following the relevant plans:

- **The Regional Arterial Road Plan (2009**) seeks to provide a framework for the integrated management of regional arterial roads, and their integration with surrounding land uses, infrastructure prioritisation and integration with the public transport network. The Plan places some significance on the certainty of the strategic role and function of the arterial road network, and the identification of priorities for action.

- The **Auckland Transport Plan (First Version 2007)** seeks to provide an overall framework for the integration of multiple transport programmes within the region. The Plan represents a long term multi-modal integrated implementation plan, and identifies packages for targeted projects.

- The **Auckland Passenger Transport Network Plan (2006)** seeks to guide the delivery of improved passenger transport services and infrastructure in the region. Of importance to this issue is the efficient development and use of the public transport network, and the support of such a network as a consequence of land use objectives in the Regional Growth Strategy and district plans. Two of the key principles recognise the need to ensure that the passenger transport network connects the Region's activity centres, and that the passenger transport system remains efficient and is not degraded through the

duplication of services.[16].

56 In my view, these non-statutory documents support the strategic approach adopted in PC 6 overall, and the Centres Plus strategy and transport provisions proposed as the Joint Councils'Position.

[16] Auckland Passenger Transport Network Plan (2006). Section 3. Principles and Service Level Guides, page 15.

PART C: SETTING THE 'URBAN STRUCTURE'

57 Within this section of my evidence, I will explain what I consider were the shortcomings of the PC 6, and how the terminology used for the 'Urban Structure' provisions has been rectified in the Joint Councils' Position. **Appendix B** of this evidence sets out the structure and relationship of the terminology used, and I note that apart from the definitions for 'Intensive Corridor' and 'Corridors' these terms are not disputed.

Identified shortcomings of PC 6

58 PC 6 as notified, and as carried through in the decisions version of the text, was based on the requirement to give effect to the Growth Concept in the RGS, pursuant to section 40(a) of the LGAAA. However it did not, in my view articulate and respond to:

- The material distinction in function and role between 'Intensive Centres and Corridors' given the conjoined use of this phrase within the RGS;
- The extent to which commercial and industrial activity demand would occur outside of the selective intensification areas;
- The provision of comprehensive assessment and need for the inclusion of further relevant 'High Density Centres, Intensive Corridors or Future Urban Areas' to be incorporated in Schedule 1.
- An adequate recognition of the provision of industrial and employment activities.

I note that Mr Tansley has touched on these matters in paragraph 2.01 in his evidence.

Urban Structure - Policy 2.6.5.2

59 The scope of the Joint Councils' Position for PC 6 is limited in terms of the consideration of new High Density Centres and Intensive Corridors. It does not make amendments to the template of Schedule 1, but deliberately establishes a framework for business development within the region, including retailing. There is a clear identification that Schedule 1 is not a static template for High Density Centres and Intensive Corridors. New such Centres and Corridors are anticipated based on **Policy 2.6.5.2**, as well as references to High Density Centres and Intensive Corridors identified in Schedule 1 or in district plans (refer **Policy 2.6.5.6(a)** and **(b), Policy 2.6.5.7, Policy 2.6.5.9**).

60 The Joint Councils' Position, and specifically **Policy 2.6.5.2** clearly signals the intention of the ARC and respective city and district councils to deal with latent and future commercial

growth and development within the region.

Urban Structure Policies 2.6.5 and High Density Centres, Intensive Corridors and Business definitions

61 At its core, the dispute between the parties can be synthesized into a very simple story, should there be a **preference** for commercial activities within High Density Centres over Intensive Corridors and then other areas, or should there be **parity**. This requires a brief analysis of the respective roles and functions of each aspect of the 'Urban Structure'.

62 The Councils' Decisions Version of PC 6 defined **High Density Corridors and Centres** together in terms of the Growth Concept. This was likely to be a reflection of the conjoined 'Intensive Centres and Corridors' application to Intensification areas as identified in the RGS (refer paragraph 38).

63 Whilst the general 'Compact Mixed Use Environments' is seen as the implementation outcome of **Policy 2.6.5.4**, it is my view that there were some subtle, but important differences between High Density Centres and Intensive Corridors. These have been generally agreed by all parties in the amended **Policy 2.6.5.6(a) and (b),** noting that Progressives / Westfield are seeking the protection of the movement function for the latter. Together with their respective definitions, these can be summarised as:

- **High Density Centres:** a prominence on providing for the widest range of uses, including community, recreational, social and commercial activities. These areas are associated with passenger transport nodes, and supporting higher density households. The locality's generation of, and association with, significant transport movements is acknowledged.
- **Intensive Corridors:** should provide for compact mixed use environments and appropriately located employment areas. Regard is to be had to maintaining the movement function and public transport efficiency, recognising that adjoining activities can adversely affect that function.

Centres

64 Recent analysis on the role and function of centres within the Auckland region, including that of the *Regional Classification Project - Centres Specialist Group (March 2008)*[17] indentifies that the key outcomes for commercial centres is that they must be high quality, accessible and walkable, provide a diversity of activities and support economic development

[17] The Regional Classification Project was identified as a priority action in the Regional Growth Strategy Evaluation ('Growing Smarter'). The Centres Specialist Group was made up of representatives from the Regional, City and District Councils', and was aided by specialist consultants.

objectives. Providing clarity that these also include a 'commercial core' as defined in the PC 6, identifies that these centres include both the commercial zoned and associated higher density residential nodes that underpin this aspect of the "Growth Concept" in the RGS.

65 In my view, centres play a diverse role and function, underpinning the land use form of the Auckland region. Centres usually include retail activities, commercial services, residential activities, employment opportunities, cultural, community and civic facilities and activities. There is also a critical role of such centres in terms of public transport, interchanges and walk-ability from residential areas. In my view, this diverse 'in centre' functional and social amenity can be undermined where changing patterns in retail distribution lead to a significant reduction in patrons, and the certainty in existing centre infrastructure, both public, private and transport related.

66 The outcomes for Centres important to the Growth Concept being 'High Density Centres' should reinforce the outcomes promoted in the Growth Strategy, and provide an overarching framework in terms of identifying the main attributes of centres as including:

- Function: Encouraging the widest diversity of activities, with the primary role being commercial activity, links to public transport nodes, and a supporting adjacent higher density residential catchment;
- Growth: Intensification based on commercial, social and transport infrastructure, with an associated increase in residential densities within walkable distances; and
- Other activities ancillary to the commercial role. i.e. employment, education activities, reserves.

67 The Centre definitions recognise, at a broad level the distinction between large scale (RGS related centres), and those that have a smaller, convenience related function. As such, broad level definitions have been provided for: **High Density Centres** which provide identification at the regional level as key nodes for intensification and a large diversity of activities; and **Neighbourhood Centres** which are defined as local more convenience based centres that have little or no role in terms of the Growth Concept. Neither of these terms, as introduced, is disputed.

68 Lastly, I consider that that there are, at least at face value, capacity issues at a number of existing centres. Therefore the ability to demonstrate a policy response for enabling new centres (**Policy 2.6.5.10**) and the expansion of existing centres (**Policy 2.6.5.8**), and the relevant assessment criteria therein, provides much needed flexibility within the application of Joint Councils' Position. If it did not I would be of the view that the Policy response within PC 6 could be accused of being largely disenabling where capacity constraints were evident.

Corridors and Intensive Corridors

69 The management of transport, transport infrastructure and integrated land use is, as highlighted in Section B of this evidence, a critical component the statutory direction behind PC 6. The Growth Strategy corridor approach is based on contributing to the LGAAA Schedule 5 aims of integration, assisting access and mobility, assisting economic development and ensuring environmental sustainability.

70 The Corridor definitions recognise, at a broad level the distinction between large scale Regional Growth Strategy related Corridors, and the remainder of corridors that make up the region's strategic and arterial, bus, rail and road networks which generally link the region's centres. As such, broad level definitions have been provided to create a distinction between **Intensive Corridors** that provide identification at the regional level of key nodes for intensification whilst retaining a focus on the movement function of such routes. These are a subset of the wider **Corridors** definition**.**

71 Analysis, such as that by the *Regional Classification Project - Corridors Specialist Group (Feb 2008)*[18] identify that corridors need to support and prioritise the regions movement network, particularly the public transport network, as well as supporting growth. Planning for regional and key routes has identified a tension between land use intensification and the movement of people and goods through specific areas.

72 With respect to 'Intensive Corridors', I consider that the Joint Councils' Position gives effect, in an integrated manner, to the Growth Concept. The Joint Councils' Position applies an overarching inference in terms of considering that Intensive Corridors should have the following attributes:

- Function: Promotes the efficiency of transport function and public transport;
- Growth: Intensification generally based on fostering compact mixed use environments (as defined in PC 6) which includes high density residential and employment activities; and
- Other activities ancillary to the transport function and higher density residential should be enabled, such as small community based retailing to support local needs (i.e. food and beverages, commercial services). This enablement extends to larger scale trip generating commercial activities subject to wider urban form and transport function considerations.

73 There is, as has been stated by Mr Mackay in his evidence (refer section 10.0) considerable uncertainty as to the ongoing role of Intensive Corridors, and consequently the nature by

[18] The Regional Classification Project was identified as a priority action in the Regional Growth Strategy Evaluation ('Growing Smarter'). The Corridors Specialist Group was made up of representatives from the Regional, City and District Councils and was aided by specialist consultants.

which additional Intensive Corridors will (and I use this word deliberately) be incorporated into Schedule 1 as a consequence of **Policy 2.6.5.2**. This uncertainty has also been reflected within a number of assessments undertaken on the topic[19] that all seek to provide some greater definition and application around this topic. In my view, this demonstrates the importance of **Policy 2.6.5.2** in providing a bridge or link to other venues for Intensification in the interim until this assessment is concluded.

74 I consider that the function of an Intensive Corridor can be further defined, as below. Additional detail on the costs and benefits of commercial Activity with respect to parity with High Density Centres is provided in **Appendix C**.

Traffic

- Supportive of 'higher density compact mixed use environments', where not to the detriment of the movement and public transport function of the Corridor – major trip generating activities may not fit easily within the nature of land uses anticipated. That is "traffic function" is preferred over "land service function".
- Major route for public transport services so as to offer transport efficiencies.

Social and functional amenity

- A secondary option for intensification, given more linear form and:
    - A limited ability for long term amenity and urban design improvements due to re-investment in these areas;
    - Limited Integration of urban form and growth through linking linear residential consolidation, but this decreases the further from the Intensive Corridor and its mixed use frontage; and
    - Limited social and economic circumstances (sense of place) as not a node and it is therefore more difficult to define 'community' based on shared facilities and experiences.

Commercial

- Retailing that is ancillary to compact mixed use environments can be enabled as these are likely to be of a fine grain scale and provide for the localised catchment, there are also efficiencies for these to be spread in such a manner (i.e. Dominion Road – tram stop commercial locations).
- Recognition that large scale retail options may well be necessary here given opportunity costs / inability to find High Density Centre locations. There will be some competition for the residential / industrial land resource as a consequence.

[19] Including: Establishing a classification for Auckland's Centres and Corridors. SGS Economics and Planning (May 2007). Regional Classification Project. Officer Working Paper (March 2008); and Growing Smarter. Auckland Regional Growth Forum. An evaluation of the Auckland Regional Growth Strategy 1999.

Urban Form and Design

- Earmarked for higher density compact mixed use environments as supportive with the integration of the transportation system with land use planning, and compatibility with the principal focus of the movement function of the corridor.
- A key aim is to improve urban legibility (liveability) over time.

75 While the terminology of Intensive Corridors is important in indentifying general corridors of activity from a strategic planning sense, it is my view, that Schedule 1 as populated with new Intensive Corridors as a consequence of **Policy 2.6.5.2** will take the form of Corridor 'segments' with slightly different purposes. However, the movement function will still be retained as the primary role.

76 The division of Intensive Corridors into segments will in my view, provide opportunities to provide choice in the attainment of compact mixed use environments. For example, a segment may well be notated to direct towards a fine urban grain based on increasing residential densities (**Public Transport Segment**) with ancillary and supporting commercial (often at ground floor). Another segment option may seek to provide convenience based centre nodes (**Community Segment**) (more convenience based at intervals). I am of the view that some segments would be defined for commercial / retail / employment purpose – which provides for targeted mitigation with respect to transport intersection / shared access – example **General Vehicle Segment** (refer Auckland City Council. (2009) Liveable Arterials Plan – Figure 1, **Appendix C**).

77 I reach this view on the basis of: the current assessments being undertaken by a number of agencies on this topic (paragraph 67); the application of the statutory plans (Section B), the evidence of Mr Mackay (his Section 10); and the evidence from Mr Tansley (his paragraph 4.4.6) which recognises that despite the extent of demand, there is still the need for retail development to adopt efficient, convenient and high amenity formats. Lastly, I note that Auckland City Council has released their Liveable Arterials Plan (2009)[20] which outlines such an approach as a way of reconciling the tensions in intensifying activities within such Corridors. I also note that at district plan level a detailed hierarchy as to the transport purpose of key corridors is provided.

<u>Business Definitions</u>

78 Within PC 6, a variety of definitions were used interchangeably for 'business', 'retailing' and 'commercial' activities. 'Land extensive business activities' while defined, was worded in a loose manner that made its application uncertain.

79 In remedying this uncertainty, it was considered that there were a number of definitions

[20] Auckland City Council. 2009. Liveable Arterials Plan: Guiding the future use, management and development of the city's street network.

that needed to be provided and utilised consistently throughout the document.

80 It is more appropriate at district plan level for the need to provide detailed definitions. However, generic definitions within the RPS are considered to assist in providing some consistency across the region, and also help anchor the policy statement as it relates to the role of commercial activity in meeting the outcomes expressed for both High Density Centres and Intensive corridors. The Joint Councils' Position records such undisputed terms as:

- **Business Activities:** an umbrella definition for all commercial and industrial activities.
- **Industrial Activities**: identified as manufacturing, storage and distribution.
- **Commercial Activities:** meaning the range of commercial including office, retail, and commercial service providers. These are provided as a flow chart in **Appendix B**.

81 Of the emerging trends for retail growth, both large format retail (Tansley 4.1.1) and in building supply / DIY outlets (e.g. Bunnings) is anticipated. However, I consider there is some merit to keeping the further layer for differentiating 'retail activities' such as 'large format', 'trade based', and 'general merchandise / retailing' undefined. The amended **Policy 2.6.5.6, 2.6.5.9** and **2.6.5.11** are sufficiently broad to identify that not all retailing activities are the same. Therefore, a differentiation for such can then be made at the district plan level. Such differentiation would provide for a more localised management of such activities, and their specific effects. I return to this matter in Part E of this evidence with respect to the issues and the appeals from NTC and The Warehouse.

The Centres Plus Approach – Policies 2.6.5.7, 2.6.5.8, 2.6.5.9, 2.6.5.10 and 2.6.5.11

82 As outlined in the evidence of Mr Tansley (refer Section 3.7) there will be a tension in terms of the opportunity for centres to actually provide capacity for changing retail forms and trends, especially in relation to larger scale retail activities (paragraph 3.6.2). This tension arises from centre capacity constraints, cadastral fragmentation, and even the opportunity costs to higher density residential development that would be lost to generally low intensity large format providers.

83 I understand from Mr Tansley and Mr Heath, that there are capacity issues for existing centres within the region to accommodate retail demand to 2021. Such capacity also has issues with respect to the opportunity costs of accommodating all types of business activities in-centre (i.e. reduction in finer grain residential and commercial activities in centre). It is my view, that a 'Centres only' rationale could only be justified if it was considered that there was capacity within centres to provide adequate opportunity for such demand. Mr Tansley, in section 3.6 of his evidence outlines that there is latent demand

issues for the region, particularly at Auckland City (paragraph 3.6.1.3).

84 PC6, in my view, fell considerably short of accommodating market supply within the more static application of the Schedule 1 Centres only approach. It was my concern, that such a 'one size fits all' approach to accommodating market demand would have considerable shortcomings in terms of both enablement, and communal wellbeing benefits, or as described by Mr Osborne the following failings (paragraph 5.38):

- *"The retention or increases in the price of retail land;*
- *Congestion leading to reduced accessibility and therefore a 'crowding out' benefits outlined* (inefficiencies from lack of capacity)*;*
- *Potential exclusion of some retail models;*
- *Increase in the cost of retail."*

85 The focus for amending PC6 in respect to commercial activity, has been on the basis of providing a regional 'framework' recognising the sub-regional focus on intensification pursuant to the RGS, but acknowledging that a non-uniform approach would be necessary to ensure flexibility at that (sub-regional) level to accommodate demand. This, in my view, has been achieved through the provision of **Policy 2.6.5.2**, and the sequential (or preferential approach) as outlined in the proceeding policies, (from most to least preferred with respect to commercial activities) being:

(i) Policy 2.6.5.7: **Encourage** Commercial Activity in High Density Centres;

(ii) Policy 2.6.5.8: **Encourage** expansion of High Density Centres having regard to criteria;

(iii) Policy 2.6.5.9: Commercial activities **could be enabled** in Intensive Corridors, having regard to criteria;

(iv) Policy 2.6.5.10: **Enable** new High Density Centres where they achieve criteria; and

(v) Policy 2.6.5.11: **Where appropriate** commercial activities **could be enabled** in other existing urban areas, having regard to criteria.

86 The use of the word 'encouragement' is deliberate in terms of **Policy 2.6.5.7** and **2.6.5.8**, being 'in centre' and 'expanded centre' policies. Such a premise ensures a stated obligation on the respective TLAs to ensure adequate opportunities to provide for centre based commercial development, given the identified benefits of such. The thrust for neither of these provisions is disputed, except for a reference to trade competition effects for **Policy 2.6.5.8**.

87 In amending the PC 6 as per the Joint Councils' Position, there is a need to ensure that the provisions are, as far as practicable: integrated; provide consistency between the issues the ARPS identifies; and provide certainty as to the outcomes they seek to achieve, and the methods put in place to achieve these outcomes.

88 Provisions that run counter to the objectives and policies can undermine the ARPS, and subsequently make the overall direction of the ARPS uncertain. I am of the opinion that this would be the case where providing 'parity' in terms of commercial activity within the urban structure, or expressly facilitating the provision of the use of the private motor vehicle would at best, confuse the direction of the ARPS.

89 I will in Part E of my evidence go through each of the disputed matters in turn, however I wish to in the next Section of my evidence to now highlight the most significant example of the inconsistencies that would occur if there was a shift to 'parity' for commercial activities across the Auckland region.

PART D: ANALYSIS

90 Within this section of my evidence, with reference to the evidence of the other Council witnesses, I analyse the central matter of dispute. This matter, as has been summarised in paragraph 61, is simply whether the Joint Councils' Position for a centres plus policy approach to locating commercial activity is preferable, compared to the more parity approach contained within the appeals from NTC / The Warehouse.

The basis for directing the location of Commercial Activities

91 '*A compact well designed more sustainable urban form served by an integrated multimodal … transport system (sic)*" is contained within the Regional Overview and Strategic Direction of PC 6 as the core strategy for managing urban growth within the Auckland region **(Objective 2.6.1.3).** In my view, this strategy is based around two key strands:

- Urban containment, within the region's metropolitan area and coastal settlements (**Objective 2.6.1.5**); and
- Intensification, with the focus on High Density Centres and Intensive Corridors (**Objective 2.6.5.17**)

92 Density increases are sought within High Density Centres and Intensive Corridors where a range of activities and services are available to support increased density levels, and provide for greater efficiencies and integration with the multi modal transport network.

93 I note that the objectives referred to above, whilst not settled, are not in dispute in these proceedings. I describe further in paragraph 161 of my evidence the appeals to the specific objectives. I have therefore considered whether the disputed policies are the most appropriate for achieving these objectives, having regard to their efficiency and effectiveness, as well as considering the policies through the lens of Part II of the RMA.

94 The Joint Councils' Position recognises that the focus of most of the region's future development within existing urban areas and particularly in High Density Centres and Intensive Corridors provides *"a concept of selected and planned intensification based on urban redevelopment. This provides opportunities for:*

- *Enhancement of urban form and design;*
- *More effective use of the land and provision of open space;*
- *Upgraded infrastructure and improved environment standards; and*
- *Improved transportation and community services."* Issue 2.4.3, paragraph 8)

and also:

> *"Sub-region and town centres provide the critical mass necessary to support a number of urban activities. More intensive development can support a greater range of local services, facilities and employment and increase the opportunity for safe walking and cycling. This also helps support passenger transport by bringing residents, employees and visitors closer to transport routes."* Issue 2.4.3 paragraph 10).

95 PC6 acknowledges that the way in which social, business and activities are distributed throughout the region has a major influence on travel demand and energy consumption. PC6 also identifies that a "*dependence on private motor vehicles has also made it difficult to provide more sustainable transport modes such as effective public transport and walking and cycling opportunities. This is because low density development cannot support an efficient public transport system and segregated land uses … promote longer trips and restrict opportunities for walking and cycling*" Issue 2.4.6 paragraph 9.

96 A significant part of this intensification strategy is the promotion of more intensive growth around the central city, sub regional and town centres, and limited Intensive Corridors (**Objective 2.6.1.17** and **Schedule 1**). This is to make more efficient use of existing infrastructure, encourage energy efficiency, and enhance transport integration through facilitating public transport, walking and cycling trip options. The High Density Centres identified in Schedule 1 are based around the region's larger suburban shopping centres as accessible facilities that can be reached by different transport modes, entailing relatively short journeys and reducing trip generation. Conversely, the higher residential densities help to sustain the suburban centres as important physical resources for the surrounding community.

97 Whilst the characteristics of the central city, sub-regional centres, and town centres vary, they are made up of a range of retail, business, social and community activities, and places of entertainment. Retail activities in such centres include supermarkets, department stores, and convenience and comparison shops. Community facilities can include medical centres, libraries, council offices, service centres and community centres. Places of entertainment include cinemas, cafes, taverns, restaurants and fast food outlets. Such centers provide opportunities for employment, shopping, recreation, entertainment and general business. Another characteristic is the link between High Density Centres and the region's public transport network in terms of the MAXX rail, ferry and bus radial and connected routes.

98 The agreed version of the Joint Councils' Position recognises that such focal points are not to be finite and enables a continuing distribution of agglomerated business, social, community and cultural facilities as High Density Centres. This is to be undertaken in a

manner that better provides for the needs of the region, its communities and minimise adverse effects on the transport network and the enables efficient connections to the existing public transport network (**Policy 2.6.5.10**).

99 The Joint Councils' Position also recognises that new commercial growth is to be encouraged within an expanded commercial core of existing High Density Centres (**Policy 2.6.5.8**). Such an approach recognises the agglomeration and efficiency benefits identified in the evidence of Mr Osborne (paragraphs 5.14, 5.15 and 5.16) and Mr Baines (6.48), and seeks to provide for such opportunities in preference to a more linear enablement within Intensive Corridors (**Policy 2.6.5.9**), or in Other Existing Urban Areas (**Policy 2.6.5.11**).

100 The notion of 'parity' as expressed by NTC and The Warehouse appears to be based on the view that the ARC cannot justify intervention with regard to managing the distribution of commercial activity given:

- that such intervention would not be effects based given the extent of latent and predicted retail growth;
- that the controls are based on protecting established patterns of business development; and lastly
- that there are insufficient reasons to justify a preference for commercial development in High Density Centres, and therefore such a proposition is contrary to various sections of the RMA.

101 I consider that there is agreement that the management of commercial activity in the region is a significant resource management issue that should be included within the ARPS. In my opinion, the dispute is more focused on the extent by which intervention is justified in relation to the distribution of commercial activities.

102 The evidence prepared by Messrs Tansley, Heath, Osborne, Baines, Mackay, Durdin and Abley outline in my view that the distribution of commercial activity in the region, specifically its associations with other economic activity, the public transport system and its role in urban form is a significant resource management issue in the region.

103 From the council witnesses evidence the following points can be made:

(i) Intervention in the location and scale of land use activities is an acceptable means of promoting sustainable resource management (s5 RMA) and the integrated management of natural and physical resources (s30(1)(a) RMA), and infrastructure and land use (s30(1)(ga) RMA);

(ii) Existing High Density Centre are important physical resources (Osborne paras 5.25, 5.15, Mackay 6.2, 8.4), serve as focal points for community activity (Osborne 5.17,

Baines 6.39), and enable people and communities to provide for their social and economic wellbeing (Mackay 7.1);

(iii) Existing centres involve considerable investment (both public and private) infrastructure, amenity, community facilities, promotion, entertainment, public transport, and entertainment (this evidence paragraph 111, Mackay 8.5, 8.8);

(iv) The location of commercial activities (which includes retail) has the potential to give rise to adverse distributional effects (Heath 13.2, 13.3) and the ability of High Density Centres to meet the needs of people and communities who rely upon those centres for their social and community wellbeing can be diminished as a consequence of such (Heath, 13.5).

(v) The location of commercial activities can have considerable transport dis-benefits where not located in integrated and agglomerated land use patterns (Abley 35, 51, 71), and can have significant consequences in terms of integrating land use and transport, and adverse effects of transport on the environment (LGAAA - Schedule 5). Additional transport impacts from dispersed commercial activity patterns include effects upon the roading hierarchy, reducing modal choice and accessibility, and where unchecked the cumulative degradation of the movement function of higher order networks (Abley 47 – 50);

(vi) It is impossible to accurately predict the future, and consequentially the significance of retail distributional effects, given the likely demand for growth (Tansley 3.7.3, Heath 11.4) are likewise difficult to predict (Heath Section 8). Determining and applying scenarios requires a reliance on assumptions on topics such as household growth and formation, growth in real retail spend, and retail types;

Consequently, adverse effects can be avoided to some degree by intervention in the distribution of commercial activity, through a preference for in-High Density Centre locations.

104 From the evidence prepared by the Councils witnesses, I am of the view that if commercial activity was unrestricted, that is parity between High Density Centres, Intensive Corridors and Other locations, then adverse effects could be well be experienced. The benefits of a 'Preference' approach to agglomerating commercial activity is provided below.

Effects on the transport network

105 Essentially the Joint Councils' Position would consolidate traffic patterns towards High Density Centres (Abley, 47). I am of the opinion that such an approach is proactive, and would focus mitigation packages to central locations. Consequentially, by operating a preference towards commercial activity being located principally within High Density

Centres, as opposed to a more dispersed model, traffic movements will of necessity be focused around the High Density Centres, and modal options for accessibility such as walking, cycling and public transport increased. The effects will be to intensify traffic in those areas but at the same time reduce the traffic impact on other sections of the roading network. I do consider that there are thus significant advantages in terms of overall trip miles and traffic generation to be gained in concentrating businesses in one area. The aim is that overall a better result is achieved. As a whole, the transport network is "better off" (Ableу, 71, Osborne 5.26).

Effects on business areas as physical resources

106 Existing High Density Centres represent considerable public and private investment, including infrastructure, community services and facilities, and landscape improvements. They are also important focal points providing for social association and identity, and support higher density housing potential. Reduced retail densities could result in a lower potential usage of infrastructural and physical resource represented by such centres (Osborne 5.18, 5.20), although these impacts can emerge over a period of time, particularly as a result of cumulative 'out-of-centre' development (Heath 13.6).

107 Mr Osborne states in paragraph 5.17 of his evidence that "*the provision of community infrastructure is a social investment. The justification of this investment is the social value that these services and facilities provide to the community*". I am of the view that it is relevant to consider the dis-benefits where "*the return on this* (societal) *community investment that is lost if these assets are undermined"* (paragraph 5.19)".

108 I am of the opinion that the Joint Councils' Position and its emphasis on a preference for High Density Centre development, provides on-going certainty and confidence in existing centres, and the associated investment represented by its community facilities and associated physical resources. I also consider that the Joint Councils' Position extends to recognising that existing and future investments in regional infrastructure provides an effective and efficient public transport system, where this is focused around centralised activity and the connections between such. A more dispersed system may well provide pressure for the duplication of services and infrastructure (Ableу, 71, Osborne, 5.20).

109 The evidence of Mr Baines and Mr Osborne establish that there is a connection between the extent of community investment in a centre and its viability and certainty. Councils invest considerably into commercial centres including facilities, and amenity improvements. Amenity improvements can range from small scale maintenance and enhancement works such as improvements to tree planting and street furniture, to more extensive 'Main Street' overhauls and public-private partnerships with regard to new developments. Proximal or co-located facilities are also common, such as libraries, recreation centres and other

community facilities. A perusal of the respective Long Term Council Community Plans for the respective councils in the region clearly signals a significant and sustained public investment in centre locations. A synopsis of this material is provided in Figure 1 below, with a more detailed summary provided in **Appendix D**:

110 The Councils will also ensure that High Density Centres are serviced by public transport. Mr Mackay at paragraph 6.7 of his evidence outlines the extent of council spending on regional transport infrastructure with regard to the rail network.

111 The aim of all such works are to reinforce the durability and resilience of such centres, and to ensure certainty in the extent of enduring activity. Given these ongoing and sustained investments, Councils need to have a high level of confidence that their investments and future spending (or rate payer money) is being wisely located.

Figure 1: Auckland Region - LTCCP Review of Central Place Spending

Auckland City Council	**Level of investment**
Description	**$686.6 million**
Waterfront development, CBD improvements, Mr Albert Centre, High Quality Urban Developments,	
North Shore City Council (15 yr plan)	**Level of investment**
Description	**$148.6 million**
Commercial area development, parking and libraries	
Manukau City Council	**Level of investment**
Description	**$21.9 million**
Town Centre Development (noting Lincoln Rd and Hobsonville Rd transport and land acquisition improvements)	
Waitakere City Council	**Level of investment**
Description	**$462.1 million**
City and Town centre enhancement and maintenance	
Franklin District Council	**Level of investment**
Description	**$32.5 million**
Town centre improvements at Pukekohe, Wauku and Tuakau	
Rodney District Council	**Level of investment**
Description	**$6.5 million**
Town centre improvements at Orewa, Helenville, and Whanaparaoa	
TOTAL	**$1.358 billion**

Effects on the amenity of Centres

112 The definition of amenity within RMA (s3) states that amenity values means:

> "*those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes*."

113 The emphasis within section 7(c) of the RMA identifies that amenity values should be maintained or enhanced as an 'Other Matter' to be had regard to under the RMA. Schedule 5 within the LGAAA refers to 'amenity' in two respects; with regard to supporting a compact urban form and sustainable land use and associated quality, urban form and design (d), and in that a quality environment and amenity should underpin the integration of transport and land use policies (e).

114 The Joint Council Position is considered, through its preference on certainty and intensification within High Density Centres, to lead to the maintenance and enhancement of both the natural and built environment (vegetation, roading, buildings) associated with such centres, and also the scale and range of activities (functional amenity) undertaken within such Centres. (Mackay Section 8, Baines 6.27, 6.29). It achieves this through ensuring the continued presence of certain activities that are conducive to the generation of amenity, such as retail, tourism and community facilities. A consequence of parity could well result in the loss of patronage to a centre. This may well lead to a result in decreased infrastructure efficiency (Osborne 5.20) and a decline in the maintenance of amenity (Mackay 6.9), consequently the vibrancy and sense of community could be degraded, which has a tangible value to the associated community (Osborne 5.2, 5.6).

<u>Effects on community facilities and functional amenity</u>

115 Agglomeration of commercial activity as proposed through the Councils' Joint Position creates an environment that is created through this critical mass. This creates benefits in terms of not only the amenity and diversity of an area (Osborne 5.15, Baines 6.28), but also improves community wellbeing and co-location of associated community activities (Baines 6.8, Osborne 5.21). In my view, such certainty also provides benefits in terms of accessible employment (Baines 6.16), and provides for a higher level of accessibility and modal choice for the surrounding, and intensifying, resident population (Baines, 6.12). That is not to say that I consider that out of centre locations will always represent a negative community outcome in resource management terms, especially where the market is enabled to provide commercial activities, which cannot or should not, be located in existing High Density Centres and provide a clear communal benefit (Baines 3.5, 6.47, 6.48, Osborne 5.45).

<u>Effects on the industrial land resource</u>

116 Where commercial activity locates within land identified for industrial purposes, there is a consequential reduction in the extent by which such a land resource is available for its purpose. At an extreme level, or where the industrial land resource is already scarce, this can have significant resource management implications for the region. The other main impact that retail development has in industrial areas is to increase land values. At a certain point the price of land may well make it difficult for industrial activities to complete and

locate in such areas. This again puts pressure on the respective TLAs to rezone land for industrial purposes. The increase in Auckland's land prices and the competitive pressure of other land uses has left the Auckland with a shortage of industrial land available for future development (Osborne 8.6). Based on the material from Mr Osborne, I consider that there is shortfall of industrial land at present to an extent that it is unable to meet estimated demand. This shortfall is predicted to come into a sharp focus in some 6 – 7 years with consequential impacts on employment and the competitiveness of the region. A policy approach that enables commercial activities to displace industrial development without considering the scarcity of this land resource, would have in my view, significant implications for the Auckland region.

Effects on the Compact urban form

117 The features and characteristics that contribute to the region's distinctive form include the central city and suburban centres as prominent focal points that provide a physical focus and identity for communities and business activities. The form in which the region grows will affect how efficiently services are provided and energy consumed. PC 6 at section 2.2 'Setting' identifies that *"Auckland's low-density urban form has led to poor relationships between transport and land use and to inefficient travel patterns and use of energy"*.

118 Intensification as identified within PC 6 involves increased density within the existing urban environment focused on High Density Centres and Intensive Corridors. I consider that High Density Centres should contain a range of activities and services available to support increased density levels. This range of activities are presently at lesser levels within Intensive Corridors. High Density Centres also provide a range of accessible facilities and services in an attractive environment that can be reached by different transport modes, entailing relatively short journeys and enabling people with limited private transport to have convenient access. Higher residential densities around these focal points help to sustain High Density Centres as important physical resources for the surrounding community.

Effects Summary

119 I am of the view that the effects of retail distribution may well be positive and that this should be taken into account and reflected in PC6. Both Mr Osborne and Mr Tansley have taken pains to identify that the need to accommodate diverse forms of retail growth may well necessitate the consideration of alternative locations where the impact of retail location maintains a positive impact on the community (Osborne paragraph 5.45, Tansley paragraph 4.4.6).

120 An additional policy, that is not disputed by the parties, **Policy 2.6.5.10** 'New High Density

Centres', is seen as largely enabling, in that its application may well improve access to goods and services for those living nearby, or provide for a fuller range of outlets and services to provide for a larger catchment where opportunities are not adequately represented in the existing network of High Density Centres. **Policies 2.6.5.9** and **2.6.5.11** as discussed, provide for alternative locations but subject to criteria that consider the location in terms of efficiencies in land and infrastructure, including transport network function and safety, but also urban form, social values, vibrancy and community.

121 A regional direction of 'parity' between High Density Centres, Intensive Corridors and other areas throughout the region, and culminating in the dispersal of commercial activity and formation of unplanned 'clusters' of commercial activity is, in my opinion, generally inconsistent with the thrust of the overall objectives and policies of PC 6. I consider that a significant part of PC 6's 'compact urban form' strategy could be undermined by the cumulative development of commercial and retail activities in other areas especially, and if unmanaged in Intensive Corridors. To elaborate further, the parity provisions would allow an unrestricted extent of ad hoc commercial developments to establish with some certainty within Intensive Corridors, and the relatively undefined 'Corridor' locations. Such a prospect may well result in locational aspects with no, low or limited population density, and an almost entire reliance on the private motor vehicle for access. I consider that such a prospect would create an inconsistency with the wider Strategic Objectives (**2.6.1**) and contextual policies within Urban Structure (**2.6.5.1, 3 - 6**).

122 I am not of the view that the Joint Councils' Position precludes commercial activity in alternate locations to High Density Centres. In fact, it is anticipated, and even enabled, subject to a stated policy thrust for a preference for High Density Centre locations. Such policy is intended to be directive, but not ultimately determinative, as subject to the respective criteria (the sub-clauses for **Policies 2.6.5.9** and **2.6.5.11**). Commercial activity can locate within such 'second order' locations recognising that such options may, in certain circumstances, offer viable, efficient and accessible development formations, regardless as stated by Mr Tansley (paragraph 4.4.6) whether they incorporate *"large format activities, town centres activities, neighbourhood centre activities, or some other character (e.g. a discount or outlet store format).*" Such an approach is considered to be both sufficient and appropriate to achieve the purpose of the RMA.

Integrating Transport and Land use

123 Chapter 4 of PC 6 relates to the future land transport outcomes sought for the Auckland region. There are a number of disputed provisions within this chapter that overlap with: Urban Structure policies in 2.6.5; and provisions 2.6.11, 2.6.12 and Appendix J and K of PC 6.

124 The purpose of PC 6 is to give effect to the Growth Concept within the RGS, and to contribute to the land transport and land use matters specified in LGAAA sections 39 and 40, and Schedule 5. A similar aim is identified within section 30(1)(gh) of the RMA, as it relates to strategic infrastructure (including transport networks) and land use as a function of the Regional Council. In my view, this is to be primarily achieved through the alignment of the various Auckland land transport and land use provisions, as has been outlined in part by Mr Abley within Section A of his evidence.

125 I consider that the relevant transport related provisions, as identified in Mr Abley's evidence, and those existing statutory and non-statutory documents discussed in Part B of this evidence, provide a consistent policy direction to integrating land use and transport in the Auckland region. In my view, these strategies and plans seek to facilitate sustainable transport modes, through improving the efficiency and use of public transport, and promoting walking and cycling as alternative modes to the continued reliance on private motor vehicle trips. In my view, the considerable emphasis for the use of sustainable transport modes provides a focus on the need to integrate land use and transport, specifically in relation to the locational characteristics of high trip generators, residential locations and employment.

126 In summary, I consider that at a strategic level the emphasis on integrating land use and transport is to be achieved primarily by promoting development into quality, compact urban environments via intensification around principally (High Density) Centres, and to a lesser extent (Intensive) Corridors. The outcomes that are identified for the Auckland region as being achieved as a consequence of this are:

(i) Facilitating modal shift from private vehicles (i.e. cars) to more sustainable modes, including a principle focus on passenger transport corridors and infrastructure.

(ii) Optimising the use of a finite road network, noting that in my view this does not extend to a blanket 'protection' of the movement function of Intensive and other corridors;

(iii) Achieving development mixes and densities that can support public transport, walking and cycling.

127 Transport policies within Auckland clearly have to respond to increased growth in the region and the associated travel demand associated with such. The Joint Councils' Position recognises these as:

- increased travel demand places pressure on transport infrastructure, and the extent by which funding into transport network functioning and safety can be directed

efficiently (**Issue 4.2.1**);

- the implications of a compact urban form in reducing trip lengths and modal choice promoted (**Issue 4.2.1**);
- minimising the adverse effects of the transport system through the energy related aspects of urban form, and the function and use of the transport network **(Issue 4.2.2, 4.2.3)**; and
- that the predominant use of the private motor vehicle creates issues of equity in accessibility, but recognising that people will continue to use private motor vehicles **(Issue 4.2.3)**.

128 The primacy of Centres for integrating land use and transport, and the relationship to corridors is recognised within the Auckland Regional Growth Forum evaluation of the RGS in 2007,[21] and in the evidence prepared by Mr Abley in section B of his evidence.

129 Specifically, I note that the 2007 Forum work identified that maximized investment benefits from focusing on a limited number of places (centres and corridors) to provide a compact settlement form supported by an effective public transport system would result in improved energy efficiency, resilient infrastructure systems, and distinctive and accessible communities.

130 Mr Abley, at paragraph 45, identifies that there are very clear benefits to the transport system of locating high trip generating activities, such as retailing, in such a manner so as to minimise a reliance on car based travel, and facilitate other modal choice such as walking, cycling and public transport. He acknowledges, and I concur, that there can be benefits of some retailing in business-industrial or mixed use areas where these usefully service the local inhabitants, be they employees or residents.

131 The view that dispersed retailing, including larger store based shopping (such as through Large Format retailing or supermarkets) is either neutral or even beneficial with regard to the strategic management of transport and land use, overlooks a number of the transport benefits from having such facilities in a more accessible and agglomerated land use pattern. These include the ability to facilitate shorter trips and modal choice, a reduction in overall trip generation and vehicles on the network, and a decrease public transport efficiencies, as has been outlined by Mr Abley in his paragraph 71. I concur with Mr Abley in this regard, but also caution as to the 'one size fits all' view of retail operators that such a 'centres only' approach would entail; as has been identified by Mr Tansley and Mr Osborne not all formats can or could be contained within High Density Centres.

[21] *Auckland Regional Growth Forum. 2007. 'Growing smarter, the Auckland region in the 21st Century, An evaluation of the Auckland Regional Growth Strategy,* Technical Report Section 5.5.2.

132 **Policy 2.6.5.6(b)** identifies that the distinction of Intensive Corridors from High Density Centres, in transport terms is that there is a focus on ensuring land use associated with Corridors is compatible with "*the principle focus of the movement function of the corridor, and, ... not detract*(ing) *from maintaining the public transport network efficiency and effectiveness*".

The distinction is that corridors, including Intensive Corridors provide transport links between centres and nodes, are a key focus of the public transport movement function. High Density Centres by comparison attain a higher order of connectivity and public transport accessibility. I consider that the result of intensifying transport activity in High Density Centres, as moderated through the ability to link trips (Abley paragraph 50, Figure 3), increases conflict given the increased competition for the use of road space within such intensification areas. But consequently, such a policy approach reduces the traffic impact on other sections of the roading network as a whole, and provides for targeted infrastructure improvements.

133 Explicit within both **Policy 2.6.5.6(b)** and the definition of 'Intensive Corridor' is: the regard to ensuring land use is compatible with the movement function of the network; supporting higher density compact mixed use environments; and an association with significant passenger transport movements, and / or passenger transport nodes. Based on the evidence from Mr Abley (paragraph 76), I am of the view that dispersed and significant major trip generators do not assimilate with the nature of the land uses identified as being associated with Intensive Corridors. This is in terms of reducing the prospect of a Compact Mixed Use Environment as a generality, and with regard to potentially reducing the movement function and safety of such networks.

134 With regard to the later, Mr Abley identifies within section D of his evidence the propensity for dispersed and unmanaged High Trip Generators to degrade the road function. Mr Durdin, in his 'suitably generic' S-Paramics modeling evidence, outlines that corridor management intervention leads to reductions in the extent and scale of the adverse effects on the network from the placement of such High Trip Generators. Mr Durdin has identified (Table 1, Table 2 and paragraph 50), that in a number of instances, and where appropriately managed or through targeted mitigation, high trip generators can be accommodated in a manner that manages their transport effects on the function and safety of the Corridor network.

135 The Joint Councils' Position therefore in my view provides the following with regard to integrating transport and land use:

(i) The preferred location for commercial activities is within High Density Centres. This recognises the transport benefits associated with agglomerated intensified activities

within High Density Centres, and the ability to leverage improvements in public transport, walking and cycling modes of transport.

(ii) Commercial intensification can occur in such Intensive Corridors and other areas as a secondary preference, acknowledging that such locations are typically accessible by limited modal choice, and increase trip lengths and journey numbers. However, in recognition that not all retailing formats are suitable for, or can be located, within High Density Centres, such locations can be pursued without compromising the movement function of the corridor where these can be managed.

Industrial Land Resource

136 The detailed work undertaken by Mr Osborne clearly identifies that the availability of industrial land, especially for land extensive industrial activities is in extremely short supply. Mr Osborne predicts that current vacant industrial land would be taken up within 6 – 7 years based on present trends (paragraph 8.6), and that there is demand for some additional 900 hectares of vacant industrial land needed by 2031. Hence, I hold the view that the industrial land supply of the region is a scarce resource. This in my view brings the sustainable management of that resource to the fore in terms of the use of 'Intensive Corridors', and other areas as identified in the Joint Councils' Position.

137 Further, the ability for the provision of new areas of industrial land within the Auckland region is not as simple as just zoning more land, as there are a number of constraining factors. These include the Metropolitan Urban Limits, which sets urban limits outside of which the development of land for commercial or industrial purposes is discouraged. Other issues such as servicing, the potential need for residential expansion, proximity to transport routes, proximity to sensitive activities and ground conditions, and proximity to sensitive environmental areas such as the coast, all further limit the potential to zone significant areas of new industrial land in the short to medium term.

138 Capacity to grow the industrial and employment sector in its widest sense plays a significant role in the growth of the region in providing employment and thus economic spending power, which includes retail spend. Mr Osborne identifies that the group 1 industrial activities of the region, such as manufacturing, construction and transport & storage, constitute some 32% of regional employment and are a key component in business service demand as well as retail spend (paragraph 7.2).

139 Pressure on the supply of industrial land, including through the development of available industrial land for commercial and retail purposes, has a consequential impact on the region's ability to provide available industrial land for industrial purposes. As an illustration of this, Mr Osborne notes that the land prices exhibited in Manukau city over the last six-

year period has quadrupled identifying pressures on the industrial land resource.

140 Consequently, in my view it is appropriate that the Joint Councils' Position identifies that where commercial development is proposed for industrial land, consideration must be given to the impact for industrial land scarcity as is a factor in the disputed 'could /shall' text associated with Policy 2.6.5.9 and 2.6.5.11 as this relates to a need to consider:

"the impacts of the development on the efficient use of any scarce industrial land resource"

141 I also consider that the nature of industrial land scarcity within the region also extends to the direction of Policies 2.6.5.14 and 2.6.5.15 with the need to ensure the 'protection' for business-zoned land for industrial purposes. Where such land is not 'appropriate' with respect to economic efficiency, or where there is such sufficient land, the efficient reallocation of this land resource, such as its occupation by commercial activities, would well be provided through the proceeding policies in 2.6.5. However, the use of the phrase 'protection' in this context is seen as appropriate given the scarcity of the industrial land resource identified by Mr Osborne and the certainty and confidence needed to be provided to the industrial market in this respect.

142 In my view, without such a high test of the scarce industrial land resource within the region, a continuation of commercial development within such Industrial areas, would continue to disenfranchise the very types of business for which such land is zoned at the district level.

PART E: ASSESSMENT OF THE SPECIFIC PROVISIONS IN DISPUTE

143 In this section of my evidence, I consider the individual disputed provisions of PC 6, in light of my previous analysis of why the Joint Councils' Position should be preferred to the parity approach to centres and corridors as suggested by the appellants.

Section 2 – Setting (2.2)

144 The purpose of Section 2.2 'the Setting – Auckland Today', provides a contextual overview of the region, its qualities, historical formation, and growth issues. Also introduced is the respective role of the Regional Growth Strategy at Section 2.3, and its function within the Regional Policy Statement as a requirement of the LGAAA. The necessary broad level approach is seen as appropriate.

145 The decisions version, inappropriately in my view, omitted the role of business activity in relation to both the Growth Strategy and also the Setting. This has been remedied to a degree with the insertion of the new paragraph at page 3 commencing *"Changes have also taken place in the business sector…".* The outstanding matters relate to the specific reference to the emergence of large format retailing, and also whether consideration or opportunities should be the focus with regard to the provision of growth and demand.

146 With respect to explicit reference to '*Large Format Retailing*', as sought by NTC and The Warehouse I note that Mr Tansley at his paragraph 4.1.1 has identified that the nature of large format retail and its associated growth trends are such that it warrants some recognition, but agrees as do I, that such a term is inappropriate in the ARPS given its undefined status.

147 I consider that the inclusion of such a specific term relates to a very specific range of commercial land use activity; remains undefined; and under the Joint Councils' Position the term (and its possible connotations) is not utilised within the remainder of the document. In my view, it is more appropriate to define and recognise such a nuanced retail activity at the TLA level. I also note that the broad nature of this section of the ARPS does not delve to such a specific land use level for any of the other land uses identified.

148 Mr Tansley does suggest that "larger format retailing" could provide a useful inclusion in which to identify this retail trend. However, I remain uncomfortable with even this approach, on the basis that it equally suffers from not being further defined within the ARPS. As explained further in paragraph 4.1.8 of Mr Tansley's evidence, there are significant complexities associated with what the range of activities under the banner of larger format retailing could imply.

149 I note that this repeated request from NTC / The Warehouse in relation to the inclusion of

the term "large format" is a recurring theme in the Setting (Section 2.2), Issues (Section 2.4), and Reasons (Section 2.6.7) of PC 6. As such, I consider that an approach represents a concerted attempt to gravitate a regional document towards the provision of what is essentially a very specific land use activity. While I do believe that the ARPS should provide policy direction for the facilitation and management of retail activities as a whole, it should do so at a level that would require a regional direction. Consequently I am of the view that the further requests by NTC and The Warehouse for the inclusion of "large format retail" should equally be declined as being too specific for inclusion within the ARPS.

150 I am comfortable with the phrase 'consideration' used in this passage, as it contends that further assessment and enablement should be undertaken.

Section 2 – Issues (2.4)

151 Issues 2.4.1 and 2.4.10 contain disputed passages, as to a lesser extent do 2.4.3, and 2.4.6. I note as a consequence of mediation, a number of specific passages have been added to this section of the ARPS. These passages have been aimed at recognising role of commercial activity in terms of the Growth Concept, its links to the transport network, and that there is an appropriate place for commercial activities in a number of instances outside of High Density Centres and Corridors. In my view, such passages have been added to provide some recognition and balance to the issues facing the distribution of commercial activity within the region.

152 **Issue 2.4.1** is concerned with accommodated population growth and economic development; however its focus is predominantly with regard to demographic change and accommodating housing. Whether the absence to other aspects of economic development is deliberate, in that they are contained within the proceeding issues, is a moot point. Respectively, given the framing of Issue 2.4.1 the suggested insertions by NTC / The Warehouse have, in my view, no contextual basis for inclusion.

153 **Issue 2.4.3** relates to ad hoc urban development and a consequential decline in urban amenity and quality. The suggested insertion from NTC in relation to "*other corridors and areas where growth is anticipated*" remains undefined, and in my view cuts across **Objective 2.5.1.17** which seeks selected Intensification in defined areas. As such, I consider that this insertion to be inappropriate. I agree with Mr Tansley at his paragraph 4.2.4 that the recommended insertion from NTC and The Warehouse with regard to 'trade competition effects' and 'significant adverse effects' to be gratuitous and unnecessary.

154 **Issue 2.4.6** relates to the integration of Auckland's transportation system and land use. The suggested insertions from NTC / The Warehouse with regard to deleting reference to High Density Centres and Intensive Corridors is, in my view, inconsistent with the policy focus of

Objective 2.6.1.17 which provides for the focus of growth at High Density Centres and Intensive Corridors, and with respect to the LGAAA Schedule 5 matters (b) which relates to "*facilitating integrated transport management*", (c) "*reducing adverse effects of transport on the environment*", (d) "*supporting compact sustainable urban form and sustainable urban land use*", and (e) "*integrating transport and land use policies*". The reference in relation to the inclusion of "and Corridors" is similarly dismissed for the reasons stated in paragraph 153 that such areas remain unidentified and such uncertainty within the policy document would be unhelpful, and at worse represent a more dispersed land use pattern.

155 **Issue 2.4.10** sets out the respective issues in relation to business land and economic activity. This Issues section of the ARPS has received the greatest attention with regard to resolving the appeals on PC6. Consequently, in my view, the statement now incorporates at an appropriate level of detail the relationship between economic growth, business development and the well-being of people and communities. The text does not overlook the points raised in the respective appeals to Issue 2.4.10 in that it outlines the conflict with providing for sufficient opportunities and flexibility for business growth within the context of a strategic direction of a compact urban environment (in boldface). Additional provisions, as a consequence of the appeals have added statements recognising:

- The agglomeration of regionally significant facilities represented by High Density Centres;
- A preference for High Density Centres and Intensive Corridors over other Corridors, where such development could otherwise compromise the achievement of a compact sustainable urban form; and lastly
- Recognition that there are a range of commercial activities that for a variety of reasons are ill-suited to locate in High Density Centres, and should subsequently be encouraged to locate in areas specifically zoned for such.

156 The respective appeal points from NTC and The Warehouse seek further recognition of the role of 'Corridors' in accommodating growth and commercial activities; and explicit reference to 'large format retailing, including supermarkets' within a stated recognition of those activities that may be ill-suited to a High Density Centre location.

157 With regard to the former 'Corridor' component of these disputed provisions, I note that I consider that the suggested relief does not sit comfortably with the stated intent of this issue statement which records a primacy of the agglomeration of physical resources at High Density Centres, and some Intensive Corridors (as has been noted by Mr Osborne and Mr Baines). The suggested insertions would essentially claim a degree of parity with <u>all</u> Intensive Corridors, and the as yet unspecified Corridors. Correspondingly, I am of the view that similar insertions throughout the remainder of this passage should similarly be rejected.

158 I am also of the view that appeal points in relation to the insertion of the phrase "*particularly large format retail, including supermarkets*" should be rejected. Principally, as discussed above in paragraph 147 I consider that such an explicit reference to a land use type is unwarranted within a regional policy statement, and furthermore other categories of retail or quasi-retail activities could more appropriately be listed as such. I also concur with Mr Tansley where at paragraph 4.1.8 of his statement he states that "*many supermarkets are, can be and will be accommodated in High Density Centres and Intensive Corridors*" and respectively such an explicit reference would be unjustified.

159 Lastly, an additional new paragraph is suggested by NTC and The Warehouse. This would sit after the third mediated paragraph, and has a specific large format retail focus, outlining a rationale for the establishment of such activities outside of 'Commercial Centres'. There is in my view, a clear link to the Policy provided in **2.6.5.9** and **2.6.5.11** which encompasses the enablement of a far wider range of commercial activity, subject to caveats, outside of High Density Centres. Accordingly, I am of the view the intent of the suggested passage is already encompassed in a more appropriate general sense within **Issue 2.4.10**, and that such a specific paragraph would be unnecessary, and as stated earlier goes to the manner in which the appellants appear to be loading the policy statement towards the provision of a very specific, and undefined, land use activity.

Section 2 –Strategic Objectives (2.6.1)

160 **Objective 2.6.1.18** has considerable relevance with respect to the consequential application of **Policies 2.6.5.7** to **2.6.5.11** concerning the enablement of business activities within the region. In my view, the resolution of the disputed commercial issues, should be seen through the lens of **Objective 2.6.1.18**, albeit with the other strategic objectives providing guidance as to extent of enablement throughout the region, effectively guiding the '*appropriate locations*' within that objective. The relevant objectives can be summarised as:

- **Objective 2.6.1.1** – Link to Schedule 5 of the LGAAA
- **Objective 2.6.1.2** – Maintenance and enhancement of the environmental qualities of the region;
- **Objective 2.6.1.**3- Achievement of a compact well designed and sustainable urban form;
- **Objective 2.6.1.4** – Integrating the region's multi-modal transport system to support land use intensification;
- **Objective 2.6.1.5** – Maintaining and enhancing amenity values and functional efficiency within the built environment;
- **Objective 2.6.1.6** – Achievement of high level of mobility and accessibility;
- **Objective 2.6.1.11** – Encouraging the efficient use of natural and physical resources,

including infrastructure;

- **Objective 2.6.1.13** – Management of the region's natural and physical resources in an integrated manner;
- **Objective 2.6.1.15** – Improvement of peoples health and well being;
- **Objective 2.6.1.17** – Focus the region's growth to a network of High Density Centres and Intensive Corridors.

161 The Objectives listed above, whilst not settled, are not in dispute in this hearing. Section 2.6.1 has been appealed in its entirety by Landco Ltd, Neil Construction Ltd and Wairoa River Canal Partnership. The following specific Objectives within section 2.6.1 are also subject to appeal by the following appellants:

- Objective 2.6.1.3 – Neil Construction Ltd and Wairoa River Canal Partnership;
- Objective 2.6.1.5 – Landco Ltd;
- Objective 2.6.1.11 –Haka International NZ Ltd
- Objective 2.6.1.17 – Bayswater Marina Developments Ltd, Neil Construction Ltd and Wairoa River Canal Partnership.

162 However, I am of the view that the relief parties sought by these parties relate to issues other than Centres and Corridors, and Transport. I therefore have considered whether the disputed Policies discussed below, are the most appropriate way to achieve the above objectives, having regard to their efficiency and effectiveness. Given that these Objectives, whilst not disputed in these proceedings are not yet settled, I have also considered the policies through the lens of Part II of the RMA.

Section 2 –Strategic Policies (Urban Structure 2.6.5)

163 **Policies 2.6.5.1** to **2.6.5.10** are under the banner of 'High Density Centre and Intensive Corridors', and respectively fall directly under the ambit of the ARPS Intensification growth 'strand' of attaining a *compact well designed more sustainable urban form* through a focus of the region's growth to a network of High Density Centres and Intensive Corridors (**Objective 6.5.1.17**) as 'encouraged' by **Policy 2.6.5.1**.

164 As I have previously discussed, **Policy 2.6.5.2** identifies that departures from **Policy 2.6.5.1** may occur while the Joint Councils High Density Centre / Intensive Corridor assessment is concluded. Regardless of the time period for this assessment to be concluded, operators are exempt from a static template provided by Schedule 1. **Policy 2.6.5.2** provides a conduit to other avenues where intensification could occur. Such flexibility is also inherent within a number of the Urban Structure policies, for example the use of 'encouragement' in **Policy**

2.6.5.1, and the reference to Intensification areas otherwise identified in district plans (refer **Policy 2.6.5.6, 2.5.6.7, 2.6.5.9**). The respective criteria to be applied to intensification propositions, aims at ensuring the regional compact sustainable urban form approach is not undermined by ad hoc development, at least in any pejorative sense.

165 The suggestion by Sylvia Park provides a alternative wording for **Policy 2.6.5.2** but with a similar meaning, I however prefer the Joint Councils' Position which stipulates an 'outcome' to this classification process.

166 Westfield / Progressive have suggested an insertion with regard to **Policy 2.6.5.6(b)** requiring policy recognition of the protection of the movement function of the network. Mr Abley identifies at paragraphs 94 and 100 of his evidence the need to ensure the integrity of the transport network is maintained through policy intervention, however this does not necessary extend to 'protection'. While it is important that the approach of ensuring the movement function of Intensive Corridors has primacy in terms of maintaining the efficiency and safety of the road network by minimising conflicts between various road users, this does not extend to absolute protection, which implies, in my view, an unrealistic absence of flexibility in the roading network. Consequently, I consider that such an insertion should be rejected, as is the similar request to **Method 4.4.2.10** within the transport section.

167 NTC have requested that **Policy 2.6.5.8(b)** and **2.6.5.9(a)** incorporate an explicit reference to "excluding trade competition effects". For the same reasons outlined in paragraph 143, I consider such an inclusion unwarranted.

168 **Policy 2.6.5.14 and 2.6.5.15** is disputed by NTC, with The Warehouse preferring the use of the phrase 'provided' rather than the Council's Joint Position of 'Protected'. As outlined in paragraphs 140 of this evidence, and within paragraphs 9.1 and 9.3 of the material provided by Mr Osborne, the scarcity of the industrial land resource and its associated connotations for employment is a significant resource management issue for the region. Accordingly, I prefer the use of the phrase 'protected' acknowledging that the term "*appropriate*" in **Policy 2.6.5.14** allows some flexibility for allocative decisions to be appropriately made as to the use of such zoned land.

169 Lastly, there is considerable debate over the opening passages of **Policy 2.6.5.9** and **2.6.5.11** as to the use of 'could' and 'shall'. The suggested amendments from NTC and The Warehouse would in my view result in parity between High Density Centres, Intensive Corridors and 'Other Existing Urban Areas' and goes to the heart of the matters raised in Part D of my evidence. As such, the Joint Councils' Position turns its face on the parity approach in favour of preference for directing formats to adopt efficient, convenient and integrated, and higher amenity formats. Given the **Objective 2.6.1.18** which seeks to enable sustainable economic development guided into "appropriate locations" with that term

directed by the listed relevant objectives within my paragraph 160, I consider it appropriate, having regard to the efficiency and effectiveness of the outcomes of the Joint Councils' Position policies to encourage a preference for High Density Centres, over Intensive Corridors and then other areas. To provide 'parity' and effectively be silent as to what "appropriate locations" means in this respect, would in my view, be a glaring omission.

Section 2 –Methods Urban Structure (2.6.6)

170 These provisions relate to the manner by which the policies identified within 2.6.5 should be advanced. The disputed passage relates to a specific insertion from NTC and The Warehouse as Method 20 effectively providing for a specific requirement for TLAs to ensure the provision of "*the full range of commercial activities*" within their respective district plans. I would typically consider that Methods within the Regional Policy Statement would be set at a very broad, overarching level than that suggested by the appellants.

171 The absence of a provision of a broad method for district councils to consider the location and growth aspects of commercial activity appears at face value to be an oversight. Accordingly, and given the directive nature of **Policy 2.6.5.7** and **2.6.5.8** which requires TLAs (and other parties as appropriate) to encourage commercial activity within High Density Centres, a specific method for such would be appropriate. As such, the suggestion from NTC and The Warehouse would appropriately provide vertical linkage to the respective policies within 2.6.5 and the Issues identified in 2.4.10. However, I agree with Mr Tansley, for the reasons he has outlined in his paragraph 4.6.2 that the phrase "the full range" is excluded given that some TLAs may not be able to provide for every kind of commercial activities. Accordingly, I am of the view that Method 20 should be added which states:

> "*20. District Plans shall include appropriate provisions to provide for a range of Commercial Activities to enable the community to provide for its wellbeing".*

Section 2 –Reason Urban Structure (2.6.7)

172 A consequence of the mediation was the inclusion of four additional paragraphs within this reasons section in 2.6.7 of PC 6. These were aimed at ensuring that the flexibility of the approach outlined in modifications to the Urban Structure policies (Section 2.6.5) were appropriately explained.

173 An inserted, **paragraph 4** identified the opportunity costs of intervening in the locational choices of commercial activities, being either: a dispersed approach and the potential implications on displacing industrial activities within industrial business areas; or conversely a overly interventionist approach which through compressing all forms of commercial

activity into High Density Centres may well reduced opportunities for intensifying residential development or finer grained commercial developments.

174 NTC suggests the inclusion of a statement to ensure industrial opportunity costs are only considered relevant where there is an actual demand for industrial activities. As identified by Mr Heath, I am of the view that the scarcity of the industrial land resource is such that a higher threshold is relevant to be considered before industrial land is utilised for commercial activities.

175 **Paragraph 5** as inserted outlines that commercial activities should be encouraged to located primarily in High Density Centres where they maintain the function and amenity of such centres. The Warehouse suggests an associated reference to the enablement of commercial Activities in Intensive Corridors where the amenity and function of such would be maintained or enhanced, and an associated new **paragraph 6**. The Joint Councils' Position anticipates the Intensive Corridor enablement of commercial activity within the inserted **paragraph 6**, as subject to more explicit criteria that link back to the approach taken in **Policy 2.6.5.9**. Accordingly the Council's Version is preferred. I note that NTC seek the inclusion of 'Corridors and in other areas' within this respectively paragraph, and this is equally considered unjustified.

176 Lastly, the inserted **paragraph 7** indentifies the need for TLAs to provide within their district plans opportunities for continued commercial growth in the region to meet demand. It is considered that NTC / The Warehouse's amended Method 2.6.6 appropriately provides this directive, and as such the additional text as requested is unnecessary in my view. The suggested amendments to this reason by NTC and The Warehouse seeking recognition in district plans for a full range of retail activity, and specifically large format retail is dismissed for the rationale provided earlier.

Section 2 –Miscellaneous Sections

177 Section 2.6.5.11(e) (Land use and Transport Integration) outlines that where major trip generating activities cannot locate within High Density Centres or Intensive Corridors, they are located on transport corridors with connection to a good public transport system. Such an approach is considered to be aligned with the flexibility provided in **Policies 2.6.5.7**, 2.6.5.9 and 2.6.5.11 with respect to the location of commercial activities, although ensuring that where such an activity is less accessible, consideration is given to the linkage to the public transport system. Such an approach is seen as appropriate given the lesser order location with regard to the strategic compact sustainable urban form approach of the ARPS. Accordingly, the Joint Councils' Position text is preferred over the relief requested by NTC and The Warehouse.

178 NTC and The Warehouse have at section 2.6.13 requested the inclusion of a new paragraph outlining the rationale for the recognition of private motor vehicle use, and the corresponding recognition that with such a transport option high trip generating activities located along corridors is a component of this planning equation. Based on the material by Mr Abley (his paragraphs 48, 71, 98), such an approach does not provide for an equitable level of access across all community groups, decreases public transport efficiency, and furthermore if not managed can lead to the degradation of the movement function of such corridors.

179 The uncontrolled provision of all retail formats throughout the region does not lead to transport efficiencies, as transport investment is then forced to respond to sprawling retail growth. The strategic direction contained in the Joint Councils' Position seeks to encourage growth in High Density Centres and then Intensive Corridors. This approach requires future investments by retailers to respond and leverage off public investments in transport infrastructure, town centres and some corridors (thus promoting efficiency in transport infrastructure and mitigation).

180 Accordingly, I am of the view that the Appeal sought by NTC / The Warehouse should be rejected. I also note, as is identified below, the continued facilitation of the private motor vehicle as the primary means of accessing commercial activities is inconsistent with the New Zealand Transport Strategy, Regional Land Transport Strategy and Schedule 5 of the LGAAA.

181 The NTC reference which requests the deletion of Intensive as the prefix to corridors throughout the document (such as at Section 2.3, Section 4.2, Policy 4.4.1, Policy 4.4.2 and 4.4.3) is considered to represent a dispersed approach to Intensification and associated commercial activity. Correspondingly, the Joint Councils' Position is preferred for the reasons stated within Part D of my evidence.

Section 4 –Transport Objectives (4.3)

182 NTC and the Warehouse seek references to the provision of the continued use of the private motor vehicle in relation to making trips where 'public transport is unavailable, inefficient, inconvenient or impractical', through amendments to **Objective 4.3.4** and a new **Objective 4.3.5.** The later is also supported by Sylvia Park. Such amendments are opposed on the basis that they cut across the strategic objectives which seek to:

- support a compact sustainable urban form, served by an integrated multimodal transport system **(Objective 2.6.5.3)**;
- develop and manage the regions transport system in a manner that supports urban development and land use intensification **(Objective 2.6.5.3)**; and

- achieve a high level of mobility and accessibility within the region, provided in an integrated, responsive, efficient and sustainable manner **(Objective 2.6.5.6)**.

Relevant Transport Objectives (Section 4) seek to:

- develop a transport network which support a compact sustainable urban form **(Objective 4.3.1);**
- Avoid, remedy or mitigate the need for the transport system to use non-renewable fuels **(Objective 4.3.2(ii))**;

183 With the exception of **Objective 4.3.4** with regard to Appeals from NTC and the Warehouse, and the suggested insertion of new **Objective 4.3.5** from NTC, the Warehouse and Sylvia Park, the remaining Objectives within Section 4.3, whilst not settled, are not in dispute in this hearing. Section 4.3 has however been appealed in its entirety by Neil Construction Ltd and Wairoa River Canal Partnership, although in my view these Appeals are unlikely to alter the thrust of these provisions with respect to the centres and corridors issues in dispute.

184 Consequently, as discussed in paragraph 163 of this evidence, I therefore have to consider whether the disputed Objectives more appropriately achieve the purpose of the RMA, and whether the disputed policies, having regard to their efficiency and effectiveness, are the most appropriate in achieving the objectives. Given that Objectives 4.3.4 and 4.3.5 are disputed, I have also considered the policies through the lens of Part II of the RMA

185 I consider that the efficient functioning of the transport network features heavily within the above objectives. While it is recognised that private motor vehicle use is a viable component of the transport system, non-private vehicle modes add to overall transport efficiency and such an approach is supported by a number of relevant Strategies and Plans, as has been outlined by Mr Abley in paragraph 28 of his evidence. Thus, in my view non-private vehicle modes need to be actively supported in policy terms within PC 6, to provide alternatives to the car, reduce environmental effects and travel distance, and better integrate land use and transport. In my view, there is no basis for private vehicles to be actively supported in similar policy terms within PC 6.

186 A significant dispersal of major trip generating activities, acknowledging that they may well remain accessible by private motor vehicle use, in my view runs contrary to improving accessibility and public transport efficiencies. As such, I consider that the suggested amendments from NTC, The Warehouse and Sylvia Park to Objective 4.3.3 and the inserted 4.3.5 are inconsistent with the Objectives stated in paragraph 183 above, and furthermore would not be the most appropriate way to achieve the purpose of the RMA.

187 I am of the view that the policy approach within **Policy 4.4.1.1** adequately provides a more appropriate balance to the concerns raised by NTC and The Warehouse. It (i) seeks reduced

trip lengths and numbers; (ii) recognise the need for reinforcing the public transport system; whilst (iii) recognising that where access is not yet met by modal options, private vehicle usage will continue to be made by the private motor vehicle use. (my underlining).

188 Lastly, I consider that the request by NTC for the phrase "*and other Corridors*" to be added to **Policy 4.4.10**, be rejected on the basis that these 'Corridors' remain unspecified. As such, the inclusion of such a phrase would, in my view, render this Policy meaningless, and extend the application of the Policy to a larger and poorly defined area. This, in my view would not be an effective and efficient approach.

Appendix D1 –Definitions

189 Progressive / Westfield seek to amend the definition of 'Intensive Corridor' in the same manner as has been expressed within the disputed **Policy 2.6.5.6(b),** as discussed in paragraph 164. I consider that this relief should be rejected, in that whilst there is a need to ensure the integrity of the transport network is maintained, this will not always extend to absolute protection, as this has connotations of an unrealistic absence of flexibility in managing the adverse effects on the road network. These parties also request that the definition of 'Corridor' be amended to incorporate reference to the need to "*warrant restriction on the mix of activities because of their function.*" It is considered that such management is inherent within Policies 2.6.5.11 as it may relate to corridors, and consequently I consider that this relief can also be rejected.

PART E: RESOURCE MANAGEMENT ACT – OVERALL EVALUATION

190 In terms of section 32 of the RMA, as discussed previously I consider that the Council's Joint Position is the more appropriate approach, bearing in mind the benefits and costs. I acknowledge that these are not simply matters of economic analysis but also involve broader issues of social and communal wellbeing, and the manner by which urban form would affect the choices of further generations.

191 The Joint Councils' Position does not preclude the inclusion of commercial activity within areas outside of High Density Centres. I consider that this approach is enabling for the wider community. It ensures that the various values for agglomerated activity within High Density Centres are recognised, and appropriately taken into account when contemplating a particular development, as are the function and role of Intensive Corridors and the industrial land resource where relevant.

192 I am of the view that the justification for providing direction in PC 6 about the location of commercial activities is no different to that applied to residential growth in achieving the wider backdrop of a strategic urban development framework. The costs of dispersal (or parity) are: increased infrastructure costs; decreased infrastructural efficiency; reduced transport and public transport efficiencies and integration; and reduced benefits from targeted planning initiatives such as improving the liveability of existing urban environments and increasing functional amenity through the provision of civic and social facilities.

193 The opposing costs of not allowing commercial activity to spread, or in the case of the region to be constrained, are potentially decreased competition, increased rents and reduced development. It is considered that these are unlikely to occur, or be moderated at the regional context, given the levels of current floorspace in the region, and where clear policy provides some flexibility in allowing commercial activities to occur outside of the network of existing High Density Centres as subject to urban form, transportation and distributional effects considerations.

194 The cost to individual commercial proposals of restraining the level of commercial intensification in Intensive Corridors and other areas is in my view a transparent benefit to the general community. Such positives relate to maintaining the agglomeration and transport integration benefits inherent with a suitable preference for directing commercial activities principally within High Density Centres.

195 In my opinion, the Councils' evidence and Section 32 analysis prepared in conjunction with the Joint Councils' Position, is detailed and comprehensive in its approach. Consequently, this material in my view addresses the requirements of s32(3) and s32(4), assessing the

respective options and providing reasoning for adopting the Joint Councils' Position for Change 6. **Appendix C** provides a consideration of the costs and benefits of the preference vs parity approach to these appeals based on a further consideration of the above.

196 In terms of Part II of the RMA, there are no treaty issues arising under section 8, nor matters of national importance under section 6. In terms of section 7 'matters to which we are to have particular regard', the following are considered relevant:

> *(b) the efficient use and development of natural and physical resources;*
>
> *(c) the maintenance and enhancement of amenity values;*
>
> *(f) maintenance and enhancement of the quality of the quality environment; and*
>
> *(g) any finite characteristic of natural and physical resources…*

197 In this context, section 7 (b) and (g) have considerable importance in terms of not only the infrastructure associated with High Density Centres, but also that of the strategic roading and transport network. Any proposition, regardless of location will take advantage of the nature and capacity of the infrastructure it adjoins. This includes the transport network in terms of route access and function, and connections to wider public transport links, or the flow on benefits from the associated vibrancy and amenity that arises from existing public and private investment generated from adjoining physical infrastructure, which typically is sustained in Centre locations. I am of the view that the Joint Councils' Position is more appropriate in terms of the *efficient use* of such resources, and responds to the *finite* capacity of the transport network, the industrial land resource, and Council investment in Centres.

198 With respect to section 7(c) and (f) of the RMA, the proposition for dispersal, would in my view, lead to a reduction in existing amenity values associated with High Density Centres, and furthermore degrade the quality of those environments.

199 I am satisfied that the Joint Councils' Position represents a more appropriate (or better) outcome and achieves the purpose of sustainable management, recognising that the trade-offs considered in relation to an integrated Urban Structure within the ARPS lie at the heart of the RMA. One of the advantages of the Joint Councils' Position in this regard is that does not foreclose commercial development options within Intensive Corridors and other locations.

200 There is clear evidence from Mr Tansley and Mr Osborne that the demand for commercial activities, and in particular 'Larger Format activities' as phrased by Mr Tansley will increase in future and will also not be easily provided for in High Density Centres. Netherless, it is apparent that there are also competing land uses for Intensive Corridors and other locations

which, in my view, serve the Intensification of compact mixed environments, and the integration of land use and transport, as identified in the RGS and LGAAA respectively as being important. This approach enables those values to be considered against more localised commercial propositions and zonings at the District Level.

201 Overall, I consider that the Joint Councils' Position is the most appropriate way to meet the purpose of the RMA. Consequently, I am of the opinion that the Joint Councils' Position will assist the ARC to carry out its functions under section 30 of the RMA, to achieve the purpose of the RMA. I consider that the approach provides for the integrated management of natural and physical resources (s30(1)(a)).

202 Specifically, the Joint Councils' Position recognises the inherent agglomeration benefits of intensification within High Density Centres, and identifies the importance of integrating land use and transport to leverage the greatest benefits with regard to such intensification, to promote a compact well designed and more sustainable urban form. The approach does not preclude commercial activities outside of High Density Centres, but provides for the consideration of value judgments when proposals for this occur. Consequently, in my view it manifests the balance struck in Part II of the RMA between enabling people and communities, and avoiding, remedying or mitigating adverse effects. The policies as examined therefore are considered efficient and effective, and the most appropriate to achieve the Objectives in 2.6.1 and 4.3 of the PC 6, and also as considered through the lens of Part 11, I consider they are the most appropriate for achieving the purpose of the RMA.

Local Government (Auckland) Amendment Act

203 The LGAAA has directed all territorial authorities in the Auckland region to integrate their land use and transport provisions; give effect to the Growth Concept as contained in the RGS; and contribute to those land transport and land use matters specified in Schedule 5.

204 It is my view that the Council Joint Position provisions integrates the land transport and land use for the region, as well as give effect in an integrated manner to the Growth Concept with its focus on intensification at High Density Centres and Intensive Corridors. T he notion of preference in relation to commercial activities recognises the important role of High Density Centres in terms of its agglomeration and links to a more sustainable transport network. The notion of ‘preference’ within the Joint Councils' Position also provides greater certainty as to the maintenance of transport infrastructure, and the movement and public transport function of Intensive Corridors, and as such, in my view, appropriately contributes to the respective goals within Schedule 5 of the LGAAA.

205 I am also of the view that the Joint Councils' Position as integrated through Change 6 meets

the purpose of the LGAAA in providing provisions that better integrate transport and land use across the region to deliver sustainable transport outcomes to the Auckland region.

206 Lastly, I consider that the request by NTC for the phrase *"and other Corridors"* to be added to Policy 4.4.10 be rejected on the basis that these 'Corridors' remain unspecified. As such, the inclusion of such a phrase would, in my view, render this Policy meaningless, and extend the application of the Policy to a larger and poorly defined area. This, in my view would not be an effective and efficient approach.

PART G: CONCLUSIONS ON JOINT COUNCILS' POSITION

207 Considerable investigation and work has been undertaken in relation to the Joint Councils' Position. The Councils' have moved from a more static application of the Schedule 1 Centres only approach towards a Centres Plus approach as a result of consideration of the issues raised through the appeals and associated mediations. The overarching Urban Structure policies provide a stated preference for commercial development within High Density Centres, but is also not determinative as such, in that commercial activity is recognised and enabled in Intensive Corridors, and to a lesser extent other locations and corridors.

208 The 'Centres Plus' approach, as adopted in the Joint Councils' Position, recognises the significant physical resources of existing High Density Centres, and the efficiencies engendered from such agglomeration with regard to flow on economic and social wellbeing as outlined by Mr Osborne and Mr Baines respectively. It provides a preference for activities to co-locate and integrate, and by doing so promotes the reduction in vehicle trip lengths, encourages walking between activities, and reduces congestion within the network as a whole, as has been outlined by Mr Abley. The approach also provides a degree of certainty for the public, private and community assets, which can be important in ensuring that a centre's function and amenity are retained as outlined by Mr Mackay.

209 The considerable predicted increase in retail floorspace demand to 2021 of some 1.1m^2 million (Heath, para 11.4), of which some 428,000m^2 is general merchandise (Tansley para 3.7.3) requires a pro-active facilitated and integrated response to accommodating such growth.

210 The Strategy in my view does not provide a protectionist regime against competition; rather the framework enables the consideration of location choice against the backdrop of the existing distribution of centres, associated urban form and transport as an integrated whole. The framework also identifies that locational accountability also falls on TLAs to provide appropriate opportunities to cater for growth and changing commercial formats.

211 I consider that the Joint Councils' Position, which incorporates the management and control of the distribution of commercial activities, is balanced in terms of the provisions proposed, and the extent of retail growth identified. In my view, such a directional approach recognises the value and importance of High Density Centres to a community's wellbeing, and the associated enabling and agglomeration benefits that would arise. However, the approach is not definitive, in that commercial activity could be enabled in Intensive Centres, and other locations where appropriate, subject to criteria which seek to ascertain whether the Urban Structure **policies of 2.6.5.1, 3-10** would otherwise be compromised or undermined.

212 In my opinion, the Joint Councils' Position represents a balanced approach to commercial activity distribution and overall is justifiable in terms of, and consistent with, the sustainable management principles of the RMA, and the meets the purpose of the LGAAA in providing provisions that better integrate transport and land use across the region.

MATTHEW WILLIAM BONIS

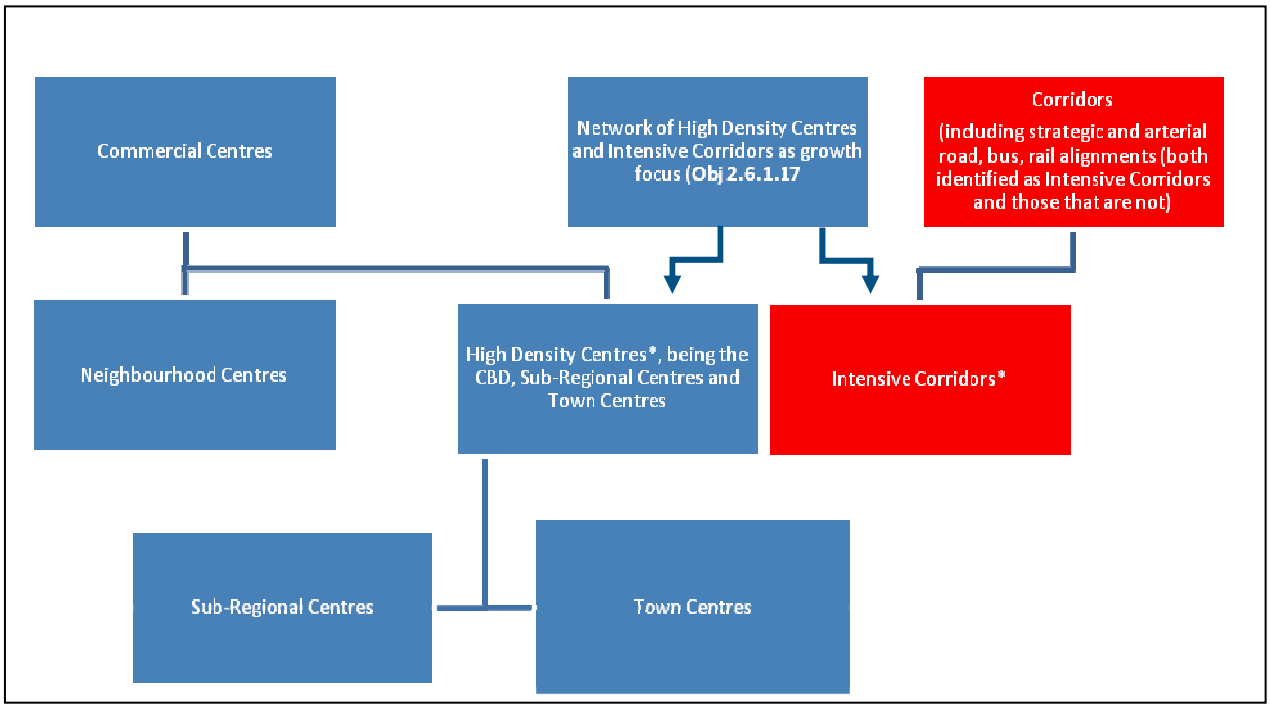
1 SEPTEMBER 2009

Appendix A Growth Concept (RGS 1999, pg 34 and 35)

Appendix B Urban Structure and Definitions

All of the below are explicitly defined within Joint Councils' Position Change 6 (Appendix D)

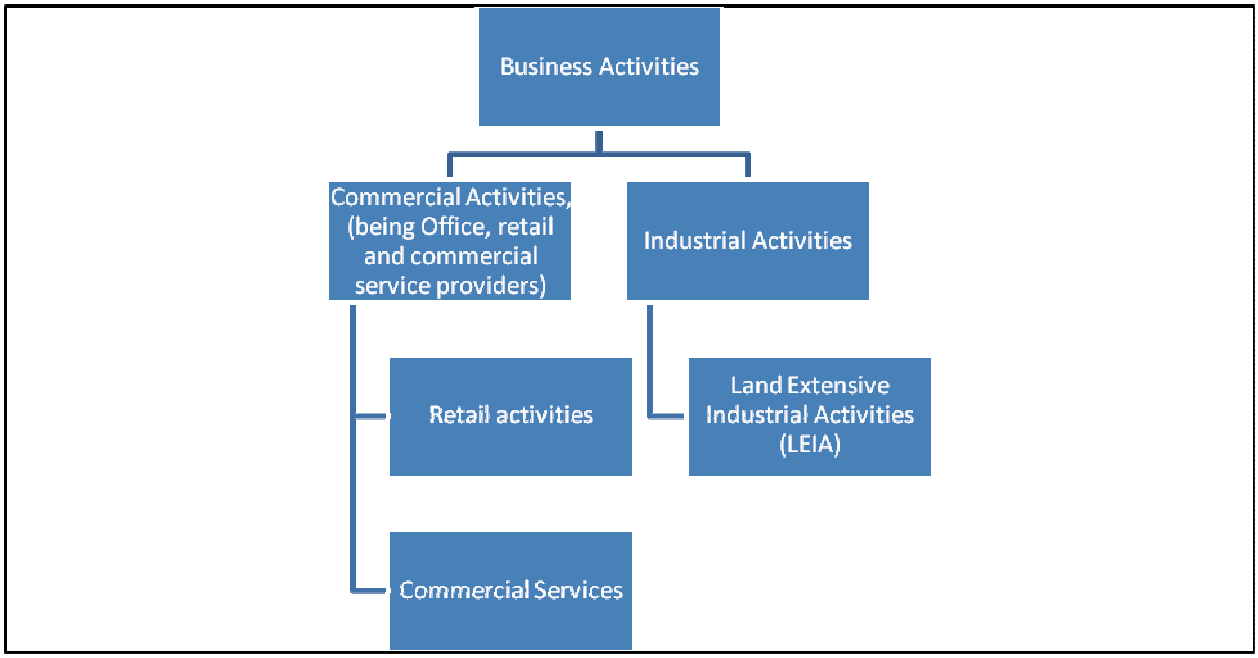
Definitions: Urban Structure



**As identified in Schedule 1 or in District Plans*

Note: The definitions of Corridors and Intensive Corridors (as coloured red) are disputed. All other definitions are resolved.

Definitions: Business Activities



Note: These definitions are not disputed.

Appendix C

Analysis of Role, Function and benefits and dis-benefits of the Matters in Dispute

Urban Form (from PC6)	Function	Summary of the Council's Position	Preference	Parity
High Density Centre ***Prominence on providing for widest range of activities (including commercial activity), in conjunction with Public transport hubs, and including supporting higher density residential hinterland.***	Traffic	Joint Councils' Position PC6approach directs towards the centralisation of traffic patterns around High Density Centres in terms of the transport network – this approach is proactive, reduced trip generation and also focus's mitigation packages to central locations (Ableу, paragraph 47) Consequently by operating a centres model, as opposed to a dispersion model, traffic movements will of necessity be focused around the district centre. The effect will be to intensify traffic in those areas but at the same time reduce the traffic impact on other sections of the roading network. There are thus significant advantages in terms of overall trip miles and traffic generation to be gained in concentrating businesses in one area. The aim is that overall a better result is achieved. As a whole, the roading network is "better off". Efficiencies in terms of modal spilt, reduced traffic generation (given more cross shopping) and Public Transport Infrastructure consolidation.	**Positives** Creates efficiencies in terms of trip journeys and generation. (Ableу, 35) Agglomerates activities, Public Transport and modal choice (Ableу 40,43). Increases public transport efficiencies. (Ableу 43) Allows for the concentration of transport infrastructure and mitigation (Ableу 71). Provides for a better network overall (Ableу, 71). **Negatives** Dispersed retail would take advantage of car based travel that occurs regardless (Ableу 46). Some shopping types (i.e LFR) requires the use of private vehicle anyway (Ableу, 46) Can lead to greater congestion at centres (Ableу, 35).	**Positives** Provides for larger essentially car-based activities to locate out of centres, may reduce some in-centre transport conflicts (Ableу, 46). Some retail activities are ill-suited to locating in High Density Centres (Ableу 96) **Negatives** Less multi-trips, hence increased trips and journey length on the network. (Ableу, 44,50) Provides a greater dispersal of commercial activity. (Ableу, 50) Reduces accessibility for some (outweighs those where accessibility improved) (Ableу, 47) Large format stores have greatest potential to diminish the movement function of the corridor (Ableу, 76)
	Social	With agglomeration: • Improved amenity and urban design due to increased certainty in private and public infrastructure investment; • Integration of urban form and growth through linking residential consolidation, commercial growth and the transport network; • Improved social and economic circumstances (sense of place). • Maximises mobility and access options to shops, services, workplaces and leisure.	**Positives** Increases certainty in public / private investment, as well as co-location benefits. Promotes sense of place, safety and security (Baines 6.28). Improves accessibility for those less mobile. (McKay, 7.1) Increased livability as consequence of increased supporting residential density.	**Positives** Recognition of some communal benefits when activity could not otherwise locate in centre (Baines, 3.5, 6.45). **Negatives** In extreme cases, declining social and amenity values within centre (Baines, 6.44) Unexpected changes in urban form can have a disproportionate impact on different sectors of the community (Baines 6.8)

Urban Form (from PC6)	Function	Summary of the Council's Position	Preference	Parity
		(Summarised from (Baines, Table 4)	(Summarised from (Baines, Table 4) Maximises benefits from existing observed patterns of residential locational choice around Centres (Baines, 6.14) **Negatives** Lost opportunities where unable to establish within High Density Centres (Baines 3.5, 6.45).	Potential duplication or reduction in the efficiency and provision of social infrastructure (Baines, 6.44, 6.46) Reduction in equitable accessibility (Baines, 6.45)
	Retail	Preferred (interventionist and existing infrastructure) location for commercial activities given efficiencies from the agglomeration of commercial activity. However, recognition that not all retail / commercial activity can be catered for in these locations. Considerable market growth of demand for retail floorspace of some 1.1million m2 to 2021, and 3.0million m2 to 2041 is predicted (Heath 10.4) will require flexibility of location.	**Positives** Improves agglomeration and hence efficiency (Osborne, 5.15, 5.32). Increased certainty around public and private sector infrastructure investment (Osborne, 5.26) Recognises that out of centre retailing can be complementary rather than compromising the existing centre network (Heath 14.8). **Negatives** Opportunity costs for more fine grained centre activities. Reduced opportunity for in centre locations, hence increases in rent (Osborne 5.38). Difficulties in locating some formats, specifically LFR (Tansley, 3.32 and Osborne, 5.45) Potential for capacity issues and crowding out by congestion for some in centre locations (Osborne 5.45)	**Positives** Requires a necessary release valve given extent of latent demand (Tansley 3.7.3, Heath 10.4). **Negatives** If not managed can reduce efficiencies and cause existing in-centre tenants to vacate reducing critical mass (Osborne, 6.1) Decrease in infrastructure efficiencies and a fall in other activities is likely to reduce residents sense of community and vibrancy (Osborne, 5.2) Risk of significant distributional effects on the network of centres (Heath 13.5)
	Urban Design	Selected for urban intensification due to physical or locational characteristics that include the intensity of existing development, the locality's association with significant transport movements, and/or passenger transport nodes, and/or the locality's capacity for further growth. Improved amenity and urban design due to	**Positives** Increased consolidation, leads to greater environment outcomes, certainty, and re-investment, with the use of urban design as a mechanism for improvements (McKay 4.1, 6.2, 6.10, 7.2) Provides for improvements in both physical and	**Positives** Provides for re-investment on Intensive Corridors and amenity improvements, provided carefully designed (Mackay 14.1, 12.13). **Negatives** Reduced certainty re re-investment. (Mackay 6.9)

Urban Form (from PC6)	Function	Summary of the Council's Position	Preference	Parity
		increased certainty in private and public infrastructure investment	functional amenity (McKay 8.6). **Negatives** Some land use types will not be able to find a location.	Decreases accessibility for those disadvantaged in their access to private vehicle use (McKay 7.1) Amenity degraded and lost (McKay, 6.9)
Intensive Corridor ***Considerable weight on maintaining the functional role of the arterial road in terms of its place within the network, and recognising that adjoining activities can adversely affect that efficiency***	Traffic	*Supports 'higher density compact mixed use environments' – High Traffic Generating activities may not fit easily within the within the nature of land uses anticipated. That is "traffic function" preferred over "land service function".* *Major route for public transport services as to offer transport efficiencies.* *Emphasis on more 'vehicle based' **General Vehicle Segments** and **Community Segments** where considerable vehicle modal and vehicle conflict.*	**Positives** Some commercial activity in non-centre locations can usefully serve local employment or resident base (Abley 45) Management ensures ability to maintain the integrity of the movement function of the road network (Abley, 96) Not all instances will mitigation be able to offset negative effects on movement function (Abley 94) **Negatives** Excessive levels of agglomeration along Corridors can lead to conflicts over use of transport infrastructure (Abley Part D, Durdin, Osborne 5.26).	**Positives** Takes advantage of car based travel that would exist anyway (Abley, 46) Shopping in larger stores is usually car based anyway (Abley, 46) **Negatives** Dispersal leads to less efficient public transport function. Reduced accessibility and modal choice. (Abley 71) Degradation of the movement function of the arterial road network. (Abley 71)
	Social	*A secondary option for intensification, more given linear form:* ~ *Ability for long term amenity and urban design improvements due to re-investment in these areas;* ~ *Limited Integration of urban form and growth through linking linear residential consolidation, but this decreases the further from the Intensive Corridor and its mixed use frontage.* ~ *Limited social and economic circumstances (sense of place) as not a node and difficult to define 'community' based on shared facilities and experiences.*	**Positives** Expected to a lesser extent than in Centre, but include promoting healthy walking, improved accessibility for Intensification inhabitants to convenience shops and services. (Baines, Table 4) **Negatives** Issues of communal benefits decreased where new commercial trends and preferences are not provided opportunities to establish. (Baines, 3.5)	**Positives** Ability for inhabitants on Intensive Corridors to access a wider range of commercial activities. Ensure that new retail trends and activities can be accommodated, given finite High Density Centre opportunities (Baines, 3.5) **Negatives** Opportunity costs of: Such activities agglomerating within centre; Reduction in 'compact mixed uses' where LFR displaces more people intensive land uses (Baines, Table 4).
	Retail	*Ancillary to compact mixed use environments to be enabled as these likely to be of a scale and localised catchment, also efficiencies for these to be spread in such a manner (re Dominion Road – Tram Stop commercial locations) .*	**Positives** Potential alternative for retail activities unable to locate in centres yet provide communal benefits (Osborne 5.46)	**Positives** Ensures increased capacity for the provision of a full range of commercial activities, including large format activities.

Urban Form (from PC6)	Function	Summary of the Council's Position	Preference	Parity
		Recognition that Large Scale commercial / retail options may well be necessary here given opportunity costs / inability to find High Density Centre locations+9. Will be some competition for residential / industrial land resource as a consequence.	Recognises, through intervention that the development of more holistic Intensive Centre retailing should improve amenity and the quality of the environment (Tansley 4.4.6). **Negatives** Opportunities for some larger format retailers are limited in both High Density Centres, and even Intensive Corridors (Tansley 3.6.2, 1.6.3). Communal wellbeing can disenabled where tlas do not ensure adequate Intensive Corridor opportunities are provided (Baines 7.2).	**Negatives** Dispersal will reduce the economic efficiencies of the Region, especially in relation to in Centre and Transport infrastructure (Osborne 5.15, 5.20,5.26) Like to lead in some cases to significant distributional effects (Heath 13.5).
	Urban Design	*Earmarked for higher density compact mixed use environments where these support the integration of the transportation system with land use planning and are compatible with compatible with the principal focus of the movement function of the corridor.* *Aim to improve urban legibility (liveability) over time.* *Recognition likely in future for **Segments** of Arterials to be included as Intensive Corridors for slightly different purposes although where movement function still the primary role (i.e. Lincoln Road vs Dominion Road). Some will have a fine urban grain based on increasing residential densities (**PT Segment**) with ancillary and supporting commercial (often at ground floor),and fine grain centre nodes (**Community Segment**) (more convenience based at intervals. Likely though some segments will be defined as commercial / retail / employment purpose – with mitigation re transport intersection / shared access – example **General Vehicle Segment** (re Liveable Arterials Plan – Figure 1).* *Controls needed for General Vehicle Segment re Design and appearance of Large Format retail and commercial office parks.*	**Positives** Small convenience stores and cafes add life and vitality to intensified residential use in Intensive Corridors (McKay 14.1) **Negatives** Some LFR may be appropriate in some segments of Intensive Corridors (McKay 14.5)	**Positives** Increased commercial activity can I some instances increase amenity values (caution re types Refer McKay 12.11 re Dominion Road and 14.2 re unmanaged LFR). **Negatives** Reduced social equity (McKay 7.1) LFR can degrade Intensive Centre pedestrian environment. (McKay 14.2) Will reduce amenity values, and in particular vibrancy of In Centre locations (McKay 6.9). Lincoln Road provides an example of where unrestricted Commercial activity (based on historically circumstances) currently raises tensions as an Intensification Centres with respect to the Joint Councils' Position (McKay, Section 11).

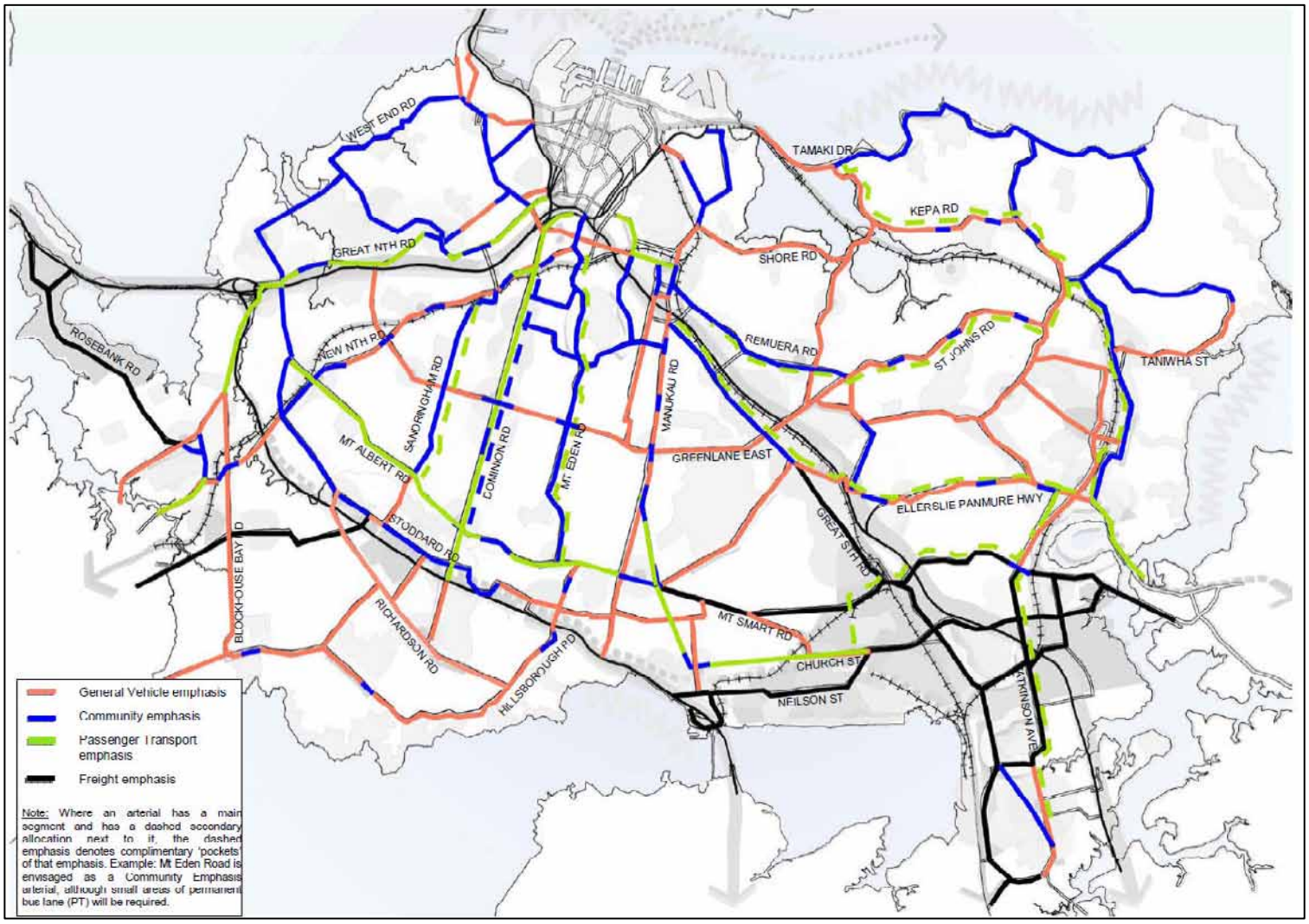
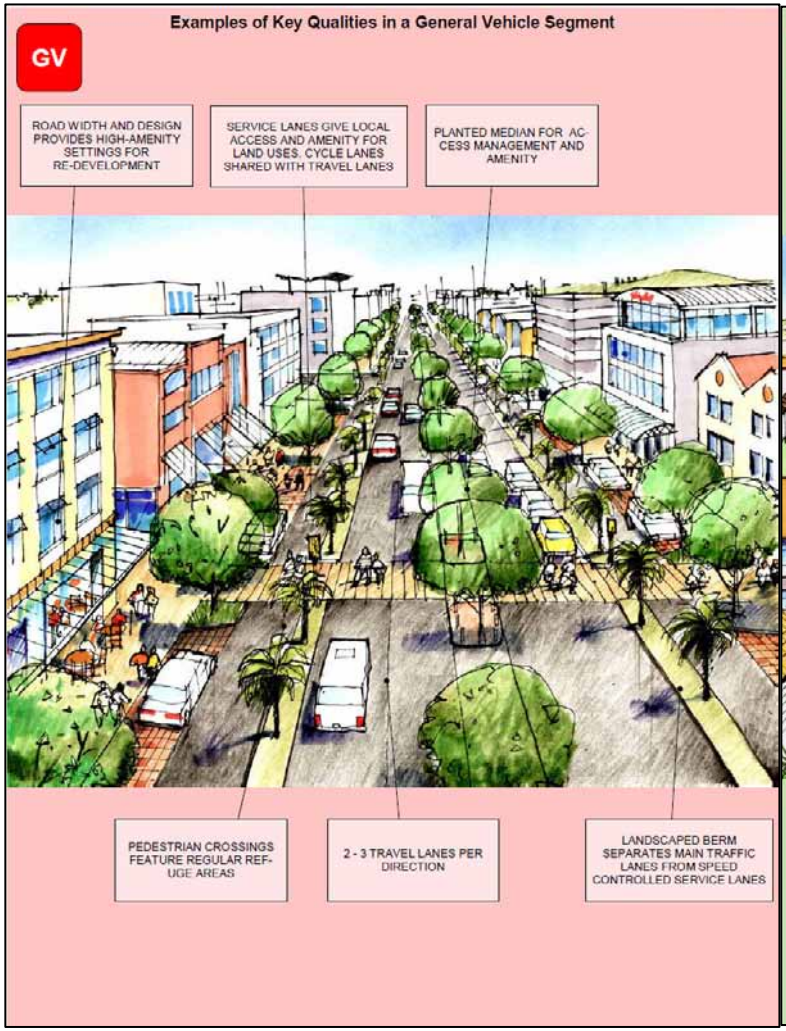


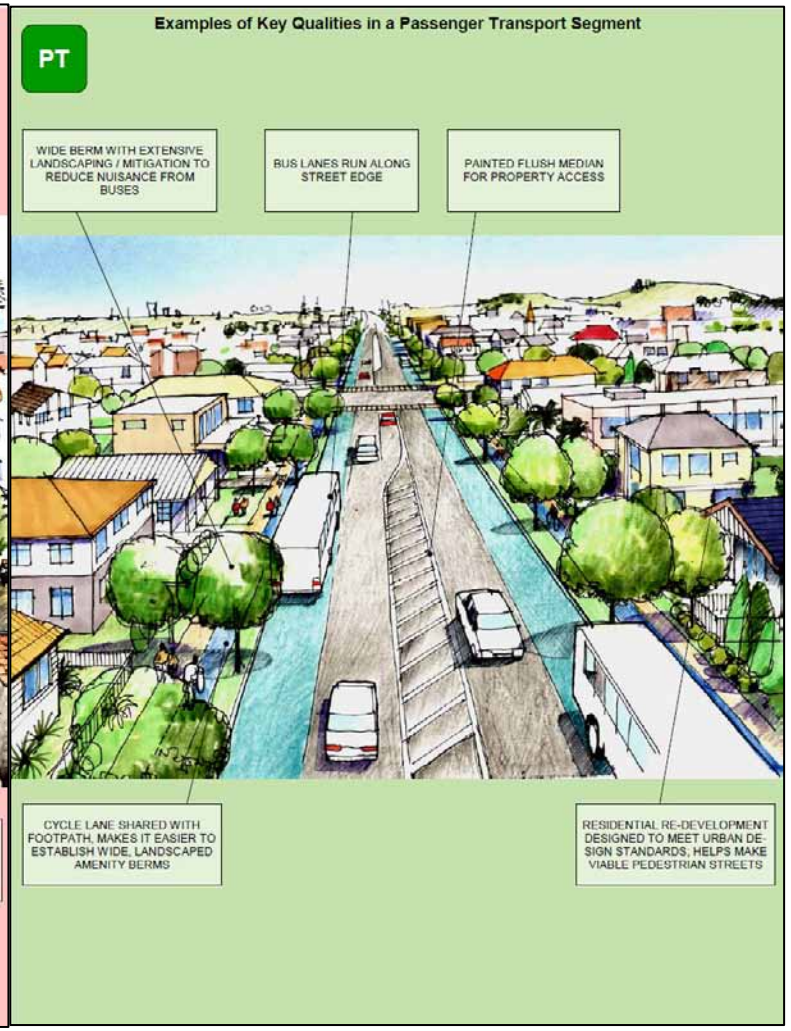
Figure 1 – Intensive Corridor Segments (Re Liveable Arterials Plan[22])

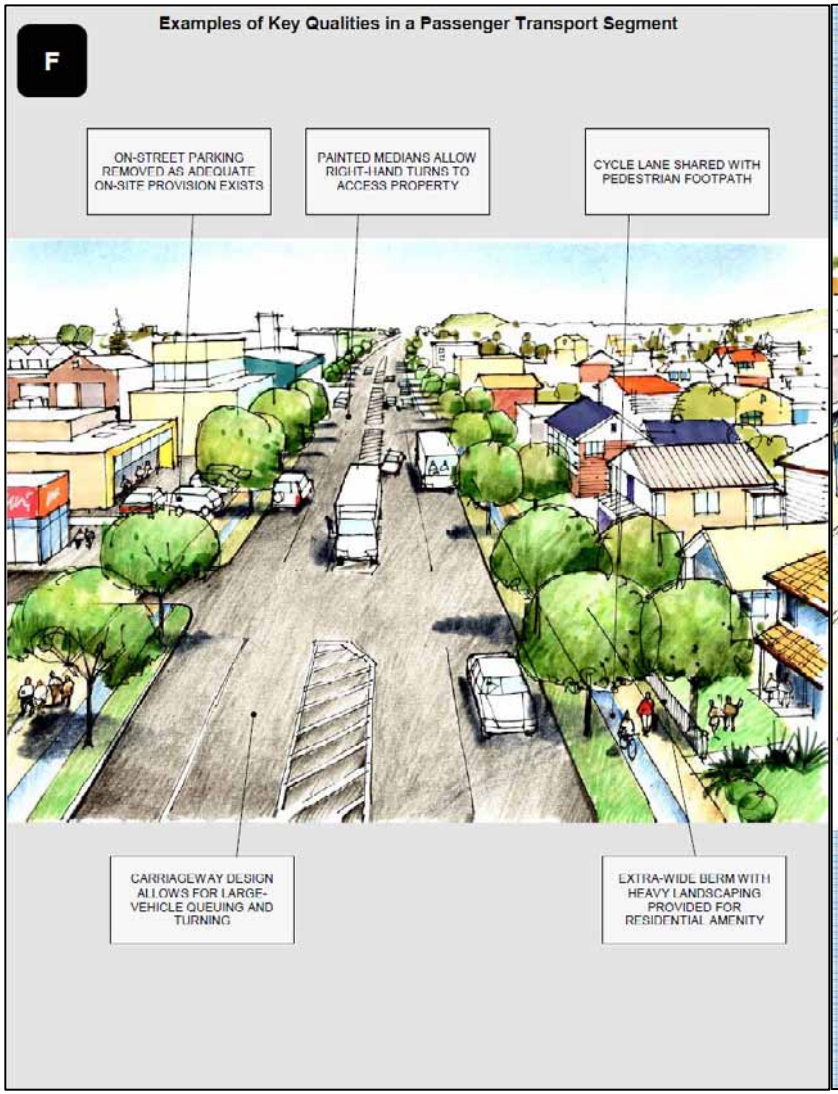
Note: All Corridors as identified incorporate differing 'segments' integrating land use and transport.

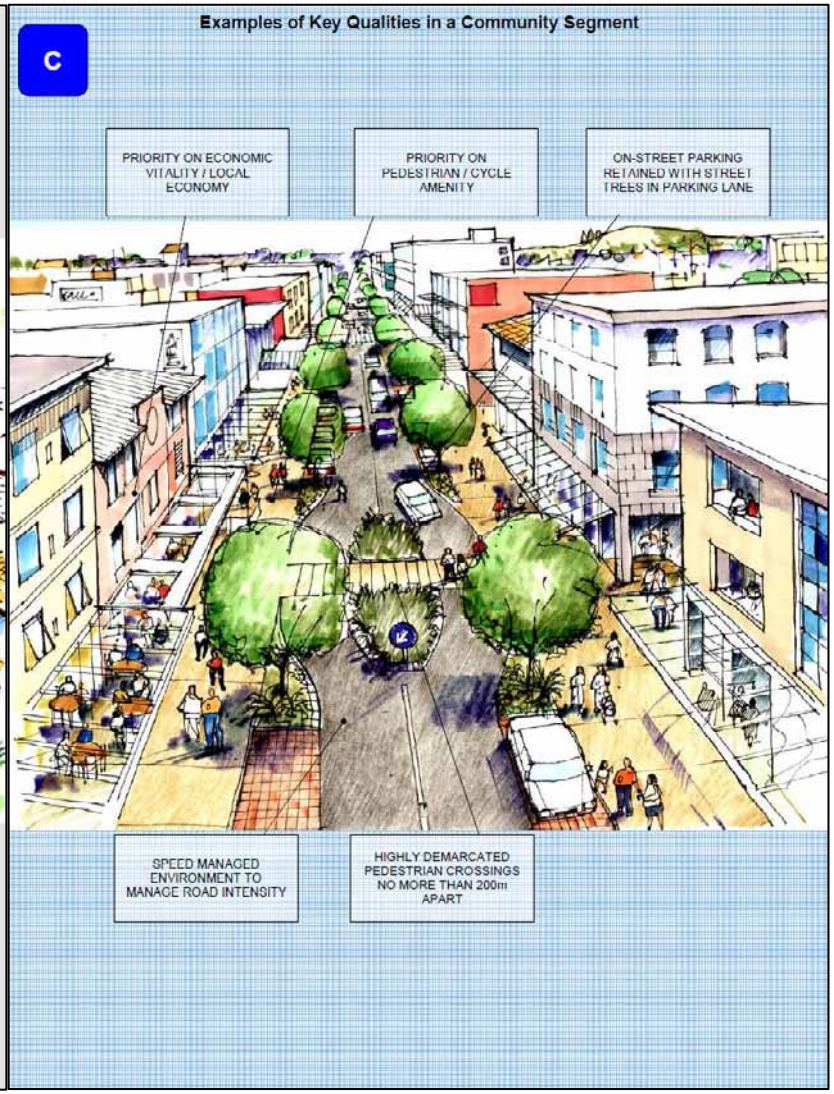
Segment 'cross sections' provided below.

[22] Auckland City Council. 2009. Liveable Arterials Plan: Guiding the future use, management and development of the city's street network


Examples of Key Qualities in a General Vehicle Segment
GV
ROAD WIDTH AND DESIGN PROVIDES HIGH-AMENITY SETTINGS FOR RE-DEVELOPMENT
SERVICE LANES GIVE LOCAL ACCESS AND AMENITY FOR LAND USES. CYCLE LANES SHARED WITH TRAVEL LANES
PLANTED MEDIAN FOR AC-CESS MANAGEMENT AND AMENITY
PEDESTRIAN CROSSINGS FEATURE REGULAR REF-UGE AREAS
2 - 3 TRAVEL LANES PER DIRECTION
LANDSCAPED BERM SEPARATES MAIN TRAFFIC LANES FROM SPEED CONTROLLED SERVICE LANES


Examples of Key Qualities in a Passenger Transport Segment
PT
WIDE BERM WITH EXTENSIVE LANDSCAPING / MITIGATION TO REDUCE NUISANCE FROM BUSES
BUS LANES RUN ALONG STREET EDGE
PAINTED FLUSH MEDIAN FOR PROPERTY ACCESS
CYCLE LANE SHARED WITH FOOTPATH, MAKES IT EASIER TO ESTABLISH WIDE, LANDSCAPED AMENITY BERMS
RESIDENTIAL RE-DEVELOPMENT DESIGNED TO MEET URBAN DE-SIGN STANDARDS; HELPS MAKE VIABLE PEDESTRIAN STREETS


F
Examples of Key Qualities in a Passenger Transport Segment
ON-STREET PARKING REMOVED AS ADEQUATE ON-SITE PROVISION EXISTS
PAINTED MEDIANS ALLOW RIGHT-HAND TURNS TO ACCESS PROPERTY
CYCLE LANE SHARED WITH PEDESTRIAN FOOTPATH
CARRIAGEWAY DESIGN ALLOWS FOR LARGE-VEHICLE QUEUING AND TURNING
EXTRA-WIDE BERM WITH HEAVY LANDSCAPING PROVIDED FOR RESIDENTIAL AMENITY


C
Examples of Key Qualities in a Community Segment
PRIORITY ON ECONOMIC VITALITY / LOCAL ECONOMY
PRIORITY ON PEDESTRIAN / CYCLE AMENITY
ON-STREET PARKING RETAINED WITH STREET TREES IN PARKING LANE
SPEED MANAGED ENVIRONMENT TO MANAGE ROAD INTENSITY
HIGHLY DEMARCATED PEDESTRIAN CROSSINGS NO MORE THAN 200m APART

Appendix D LTCCP Review of Central Place Spending

Auckland City Council		
	Description	**Level of investment**
Waterfront redevelopment	Development of Queens wharf, Te Wero bridge, Marine Events centre and creating public spaces etc	$358m
Various areas of CBD	Upgrade streets etc for exciting and dynamic city centre including: Aotea Square – events venue and leading open space St Patricks Square – open space upgrade	$74m overall $22.3m (excluding car park roof replacement) $1.1m
Library redevelopment 2009-19 Waiheke, Otahuhu, Mt Roskill		$15.1m
Parks and reserves acquisition 2009-19		$76.9m
Dominion Rd widening		$84m
Mt Albert town centre	Upgrade	$4.1m
CBD streets upgrades	Providing quality open spaces including Darby Street Eliot Street Khartoum Street Kitchener Street	$51.1m
Total		**$686.6 Million**
North Shore City Council 15yr Plan (2009/10 -2023/24)		
	Description	**Level of investment**
Commercial area development *no further details provided*		
	Browns Bay	$7.19m
	Devonport	$16m
	Highbury	$10.1m
	Northcote	$7.12m
	Takapuna	$22.6m
	Takapuna centre implementation	$0.64m
	Minor Capital projects	$1.5m
	Other Commercial Centre Upgrades	$0.13m
Parking	Takapuna Centre Parking Structure	$35.6m
Library Facilities	Birkenhead Library rebuild	$5.37m
	Albany Community Board Area Library Facility	$23.49m
	Devonport Library Upgrade	$3.18m
Other	Glenfield Centre Bus Station	$0.52m
	Albany Civic Crescent Finalisation and Bus Station	$2.4m
	Albany Recreational Aquatic Facility	$12.8m
Total		**$148.6 Million**
Waitakere City Council		
	Description	**Level of investment**
Town centre development	New Lynn	$205.4m
	Westgate	$167.0m
	Henderson	$51.7m
	Te Atatu Peninsula	$10.6m
	Glen Eden	$9.9m
	Lincoln Rd	$6.6m
	Hobsonville Village/Corridor	$6.4m
	Ranui	$4.5m
Note: Lincoln Road and Hobsonville includes Transport and Land acquisition costs associated with Corridor improvements.		
Total		**$462.1 Million**
Manukau City Council		
	Description	**Level of investment**
Town centre development	in accordance with Town Centre Strategy	$10.7 m
	New and upgraded assets	$11.2 m
Total		**$21.9 Million**

Franklin District Council		
	Description	**Level of investment**
Pukekohe Town Centre	Stadium drive intersection improvements, Pukekohe rail station park & ride, Manukau Rd improvements incl land purchase	$17.55m
Pukekohe Town Centre	Town centre redevelopment and renewals	$9.85m
Waiuku Town Centre	Roading improvements	$0.98m
Waiuku Town Centre	Redevelopment and renewal	$3.27m
Tuakau Town Centre	Redevelopment and upgrades	$0.85m
Total		**$32.5 Million**
Rodney District Council		
	Description	**Level of investment**
Orewa	Traffic calming (Boulevard project)	$0.1m
	Town Centre landscaping an streetscape	$0.47m
	Community Centre renewal	$0.14m
Helensville	urban design framework – Commercial Road	$5m
	Community Centre upgrade	$0.17m
Kumeu /Huapai	Town Centre improvements road improvements	$0.45m
Whangaparaoa	Town Centre improvements	$0.22m
Total		**$6.5 Million**

BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	**of the Resource Management Act 1991**
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND** (ENV-2007-AKL-0000611)
AND	**THE WAREHOUSE LTD** (ENV-2007-AKL-000661)
AND	**SYLVIA PARK BUSINESS CENTRE LIMITED** (ENV-2007-AKL-000544)
AND	**FEDERATED FARMERS OF NZ INC** (ENV-2007-AKL-000659)
AND	**WAITAKERE CITY COUNCIL** (ENV-2007-AKL-000632)
AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
Appellants	
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

STATEMENT OF EVIDENCE OF JOSEPH PAUL DURDIN ON BEHALF OF AUCKLAND REGIONAL COUNCIL

(Transport Modelling)

28 August 2009

INTRODUCTION

1. My name is Joseph Paul Durdin (Paul Durdin). I am a Chartered Professional Engineer (CPEng) and registered under the Chartered Professional Engineers New Zealand Act 2002. This qualification means I have been reviewed by the registration authority and deemed competent to practice in my area of expertise. I am a Member of the Institution of Professional Engineers New Zealand (MIPENZ) and Administrator of the IPENZ Transportation Group's Canterbury / West Coast Branch.

2. I hold the technical qualification of Bachelor of Engineering with Honours in Civil Engineering from the University of Canterbury. Since graduating in 1999, I have worked exclusively in the traffic and transportation field as a consulting engineer. I have practiced in both New Zealand and Australia and developed specialist skills in road safety engineering, integrated transportation assessments, strategic transport planning, intersection and micro-simulation modelling and the design and planning of walking and cycling facilities. My work generally involves the investigation, analysis and design of traffic and transportation projects.

3. I am employed as a Principal Transportation Engineer with Abley Transportation Consultants Limited. The firm undertakes specialist transportation related commissions for local, regional and central government as well as private individuals and community groups.

4. I have experience in operating three micro-simulation modelling packages; SIAS-Paramics (S-Paramics), Quadstone Paramics (Q-Paramics) and AIMSUN. I have used these software packages to develop micro-simulation models for a number of clients including the Christchurch City Council, Christchurch International Airport, Transit New Zealand (now the New Zealand Transport Agency), the Roads and Traffic Authority New South Wales (RTA) and now the Auckland Regional Council.

5. I have read Section 5 of the Environment Court Consolidated Practice Note 2006 'Expert witnesses – code of conduct' and I agree to comply with the code. The evidence I am giving is within my area of expertise except where I state I am relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from my opinions expressed. I have if appropriate, identified where a part of

my evidence may be incomplete or inaccurate and qualified my evidence fittingly.

SCOPE OF EVIDENCE

6. I was asked by my Managing Director, Mr Abley, to develop a hypothetical transport corridor using S-Paramics micro-simulation modelling software and model a number of scenarios. Abley Transportation Consultants Limited owns a license for S-Paramics micro-simulation software. Mr Abley has been engaged by the Auckland Regional Council to provide expert transportation advice regarding the Proposed Plan Change 6: 'Giving Effect to the Regional Growth Concept and Integrating Land Use and Transport' to the Auckland Regional Policy Statement.

7. The ambit of my evidence is to describe a theoretical transport corridor I have developed and the testing of various scenarios. I describe the modelling inputs and output statistics, and provide an interpretation of the results.

8. The scenarios demonstrate the effect that varying the number of access points has on the operation of a theoretical transport corridor from a mobility perspective. The consolidation or amalgamation of access points along a transport corridor is one technique of 'access management', a term that is used to describe the regulation of intersections, access points and median openings on a road. The objectives of 'access management' are to enable access to land uses while maintaining safety and mobility through controlling access location, design, spacing and operation.

9. My evidence is structured in five analytical parts A to E followed by a Summary and Conclusion. The parts of my evidence are:

   A) Overview of Micro-Simulation Modelling

   B) Base Model Characteristics

   C) Scenario Descriptions

   D) Simulation

   E) Model Outputs

A) OVERVIEW OF MICRO-SIMULATION MODELLING

10. S-Paramics is the most widely used micro-simulation traffic modelling software package in New Zealand.

11. The SIAS-Paramics website identifies that traffic micro-simulation is *"…a computer modelling system which represents the behaviour of individual vehicles and their drivers in a road network. These are modelled to observe the rules of the road and to interact with other road users through simple rules. The cumulative effect of modelling individual vehicles is to realistically represent road traffic flow on a physical road network. Micro-simulation is a powerful communications tool because it is able to present its outputs as a real-time visual display."*[1]

12. Micro-simulation models are normally developed to evaluate the effects of changes in a transport environment against known conditions. The modelling of known conditions is typically referred to as a 'Base Model'. The types of changes that are usually modelled include variations in traffic flows associated with new developments; or changes in transport infrastructure such as, bus priority lanes, new and modified intersection configurations and controls. It is common for micro-simulation models to evaluate the effects of a combination of both variations in traffic flow and changes to transport infrastructure.

13. The process of demonstrating that a known base condition replicates actual conditions as accurately as possible is referred to as 'validation'. Section 12 'Validation Report' of the S-Paramics 'The Microsimulation Consultancy Good Practice Guide' describes validation as *"…a comparison of the model output data with observed data to assess the accuracy of the calibrated network."*

14. It is important that the Court appreciates that validation is not required for the modelling I describe in my statement of evidence. This is because the model is of a hypothetical transport corridor of which there are no actual conditions against which to validate the base model.

15. The critical aspect of this modelling process, which ensures each scenario is comparable with each other and the base model, is to only modify one

1 http://www.sias.com/ng/sparticles/sparamicsprinciples.htm

variable within each scenario so that the effects of changing that variable can be readily identified. In this instance, the only variable that is modified between each scenario is the number of access points along the hypothetical transport corridor. The total number of vehicle movements travelling along and turning to and from the transport corridor remains constant in each scenario.

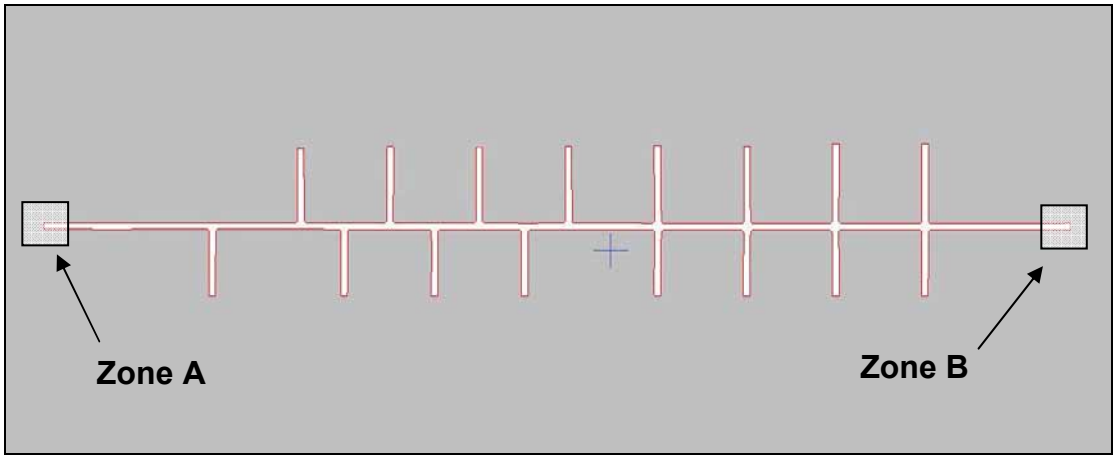
B) BASE MODEL

16. Mr Abley established the general framework for the different scenarios to model. I collaborated with Mr Abley to define the detail of each scenario to ensure each could be compared with the other scenarios, and against the base model.

17. The base model environment comprises a two-lane, two-way transport corridor that is one kilometre in length and subject to a 50km/h speed limit. There are a total of 16 access points intersecting the corridor with 8 access points on each side of the corridor. For the purposes of this study, an access point could represent a driveway, an entrance to a car park, or a minor intersection.

18. The model has been built so that 8 of the access points form 8 Tee (T) intersections with the corridor while the remaining 8 access points form 4 crossroad (X) intersections with the corridor. The base model environment is shown in **Figure A**.

Figure A: Layout of Base Model Environment



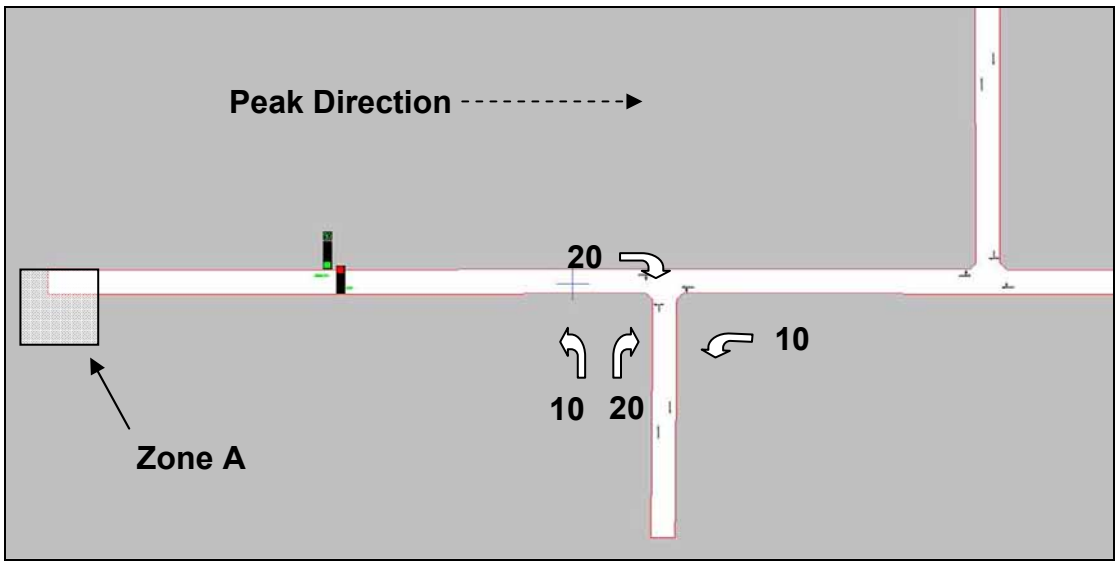
19. To simulate typical 'tidal flow' situations that occur on many corridors in peak periods, I have assigned two thirds of the vehicle demand along the corridor in one direction, A to B and the remaining one third in the other direction B to A. I have simulated 900 vehicles per hour (vph) along the corridor from A to B and 450 vph along the corridor from B to A. The traffic volumes and directional splits used in the model are typical of many two-lane, two-way corridors in major urban centres. The simulation period is for one hour and a flat demand profile[2] has been applied.

20. Each of the access points is assigned 60 vehicle movements per hour. The distribution of inward and outward movements is set at 50%, which means that each zone attracts 30 inward movements and generates 30 outward movements. The basis for the modelled flows are discussed more fully in the evidence of Mr Abley.

21. The assignment of trips on the corridor reflects the tidal proportions on the main corridor. That is, two thirds of vehicle arrivals originate from Zone A and two thirds of vehicle departures are to Zone B. There is no movement of vehicles between the access points in the model.

22. To assist in the understanding of the vehicle distribution and assignment, I have annotated a section of the base model environment with turning vehicle movements, as shown in **Figure B**.

Figure B: Example of Turning Movements in Base Model



2 A **flat demand profile** means that traffic generation from each zone is constant throughout the simulation period. Application of a flat demand profile is a conservative approach to traffic modelling.

23. The default vehicle composition of 94% light vehicles and 6% heavy vehicles has been applied. This too is considered typical of many two-lane, two-way corridors in major urban centres.

24. To further replicate the operation of a typical urban transport corridor, the model includes signalised 'nodes' at either end of the transport corridor. This simulates signalised intersections at either end of the transport corridor and provides gaps for vehicles to turn to or from the access points. It also replicates vehicle bunching along the corridor.

C) SCENARIO DESCRIPTIONS

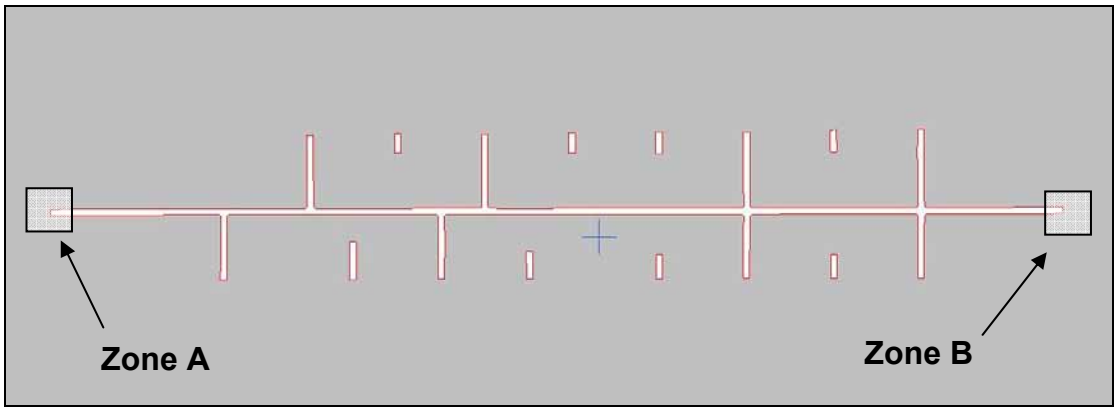
25. Initially three scenarios were modelled.

Scenario 1

26. Scenario 1 involves the closing of four T-intersections (four access points), two on each side of the corridor, and two of the crossroad intersections (four access points). The corridor now has four T-intersection access points and two crossroad intersections (four access points). The number of access points intersecting the corridor is half that of the base model environment.

27. The layout of Scenario 1 is shown in **Figure C**.

Figure C: Layout of Scenario 1



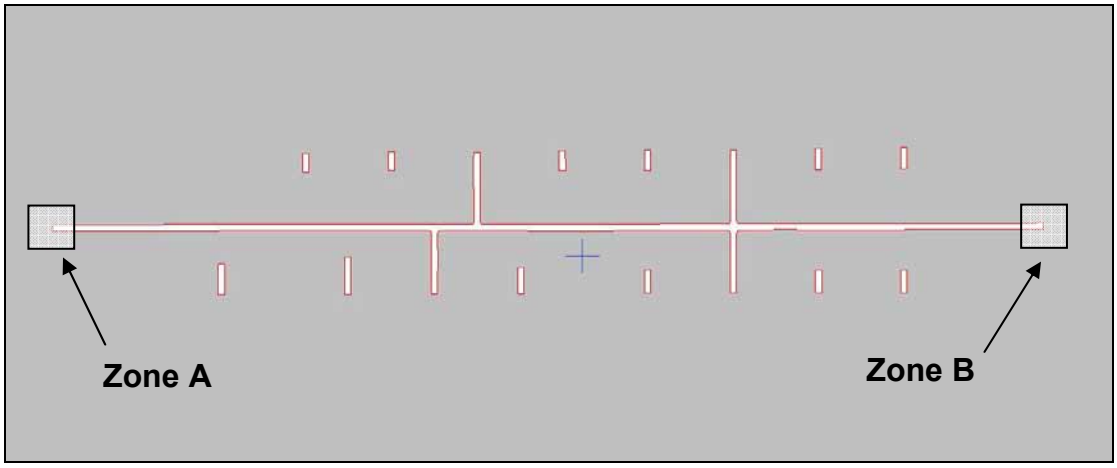
28. The vehicle demands on the closed access points have been allocated to an adjacent access point. This scenario effectively replicates the amalgamation of every second access point meaning that each access point now attracts and generates twice the amount of traffic as the base model. Each access point within the model generates the same number of vehicle movements.

Scenario 2

29. Scenario 2 involves the closure of a further two T-intersections (two access points), one on each side of the corridor, and one crossroad intersection (two access points). The corridor now has two T-intersection access points and one crossroad intersection (two access points). The number of access points intersecting the corridor is half that of Scenario 1 and one quarter that of the base model environment.

30. The layout of Scenario 1 is shown in **Figure D**.

Figure D: Layout of Scenario 2



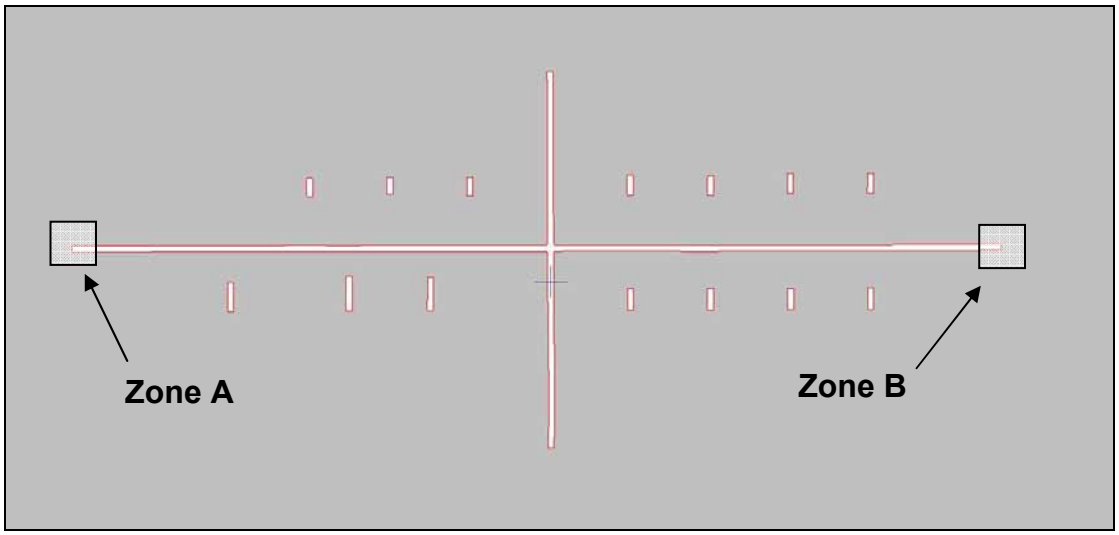
31. The vehicle demands on the closed access points have been allocated to an adjacent access point. This scenario effectively replicates the amalgamation of every second access point meaning that each access point now attracts and generates twice the amount of traffic as the base model.

Scenario 3

32. Scenario 3 involves amalgamating all access points to a single priority-controlled crossroad intersection (two access points). The number of access points intersecting the corridor is half that of Scenario 2, one quarter that of Scenario 1 and one eighth that of the base model environment.

33. The layout of Scenario 1 is shown in **Figure E**.

Figure E: Layout of Scenario 3



34. The vehicle demands on the closed access points have been allocated to an adjacent access point. This scenario effectively replicates the amalgamation of every second access point meaning that each access point now attracts and generates twice the amount of traffic as the base model.

D) SIMULATION

35. I have simulated the base model and each scenario a total of 10 times. Each model simulation generates the same number and composition of vehicle movements between each zone in the modelled network.

36. An identical simulation can be generated by fixing the simulation 'seed'. A simulation 'seed' controls the way in which vehicles are released into the network, which leads to the random arrival of vehicles at intersections in the modelled network. Therefore, it is appropriate to run each model a number of times with different seeds so that the stochastic[3] nature of the release of vehicles means that unusual conditions, such as large numbers of heavy vehicle arrivals at any point on the network, will not skew the results of the model.

E) MODEL OUTPUTS

37. S-Paramics generates output statistics for each vehicle simulated in the modelled network. There are many output statistics that can be obtained,

3 **Stochastic** is a statistical term used in micro-simulation parlance which means involving or showing random behaviour.

including travel times, queue lengths, delays and environmental emissions. Mr Abley has asked me to report on the time it takes vehicles to travel along the corridor from A to B and from B to A.

38. Most arterial transport corridors have a dual function of moving people and goods efficiently whilst also providing access to adjacent land use activities. The local access function is normally of secondary importance to the mobility (movement) function of the corridor. The vehicles in the model travelling from A to B and from B to A do not access the adjoining land use activities in the modelled environment and effectively represent the mobility function of the corridor. Consequently, vehicle travel time is a suitable measure of the success the corridor may be achieving in terms of its mobility function.

39. I report the average travel time; the minimum and maximum average travel times and the standard deviation[4] of the 10 average travel times for vehicle movements along the corridor in both directions. The standard deviation of the average travel times provides an indication of the variability between model simulations and the reliability of the corridor to provide consistent travel times. A small standard deviation indicates that the model is stable and largely independent of the pattern of vehicle generation as determined by different simulation seeds. Larger standard deviations indicate the model is less stable and more sensitive to vehicle generation patterns.

40. To assist with the comprehension of the model outputs, I have also calculated an average vehicle speed from the average travel time along the corridor. An average vehicle speed can be used to derive a Level of Service[5] along the corridor using the Level of Service speed definitions described in Chapter 10 'Urban Street Concepts' of the Transportation Research Board's (TRB's) Highway Capacity Manual. The Level of Service definitions specified for urban streets in the Highway Capacity Manual are reproduced as **Appendix A** of my evidence.

41. The average, minimum and maximum average travel times (in seconds); the standard deviation of the 10 simulations (in seconds), the average vehicle

4 **Standard Deviation** is a statistical measure of the amount by which a set of values differs from the arithmetical mean.

5 **Level of Service** is a qualitative measure describing operational conditions within a traffic stream, based on service measures such as speed and travel time, freedom to manoeuvre, traffic interruptions, comfort, and convenience.

speed (in km/h), free flow speed (in km/h) and Level of Service for vehicle movements along the corridor in both directions are shown in **Table 1** and **Table 2**.

42. The free flow speed is determined by removing all access points from the model and simulating the model to obtain the average travel time for movements along the corridor. The influence of the upstream signalised intersections remains within the simulation.

Table 1: Travel Time Statistics: A to B (Peak Direction)

	Base Model	Scenario 1	Scenario 2	Scenario 3
Average Travel Time	**147.2**	**112.1**	**102.9**	**112.3**
Minimum Travel Time	**121.5**	**106.1**	**100.2**	**108.1**
Maximum Travel Time	**181.8**	**122.1**	**105.3**	**117.5**
Standard Deviation	**17.9**	**4.9**	**1.6**	**3.4**
Average Vehicle Speed	**24.5**	**32.2**	**35.0**	**32.1**
Free Flow Speed	**39.5**			
Level of Service	**C**	**B**	**B**	**B**

Table 2: Travel Time Statistics: B to A (Off Peak Direction)

	Base Model	Scenario 1	Scenario 2	Scenario 3
Average Travel Time	**100.1**	**94.5**	**87.8**	**87.8**
Minimum Travel Time	**94.1**	**90.3**	**86.6**	**85.5**
Maximum Travel Time	**104.1**	**99.4**	**89.0**	**89.2**
Standard Deviation	**3.1**	**2.5**	**0.7**	**1.2**
Average Vehicle Speed	**36.0**	**38.2**	**41.1**	**41.1**
Free Flow Speed	**44.8**			
Level of Service	**A**	**A**	**A**	**A**

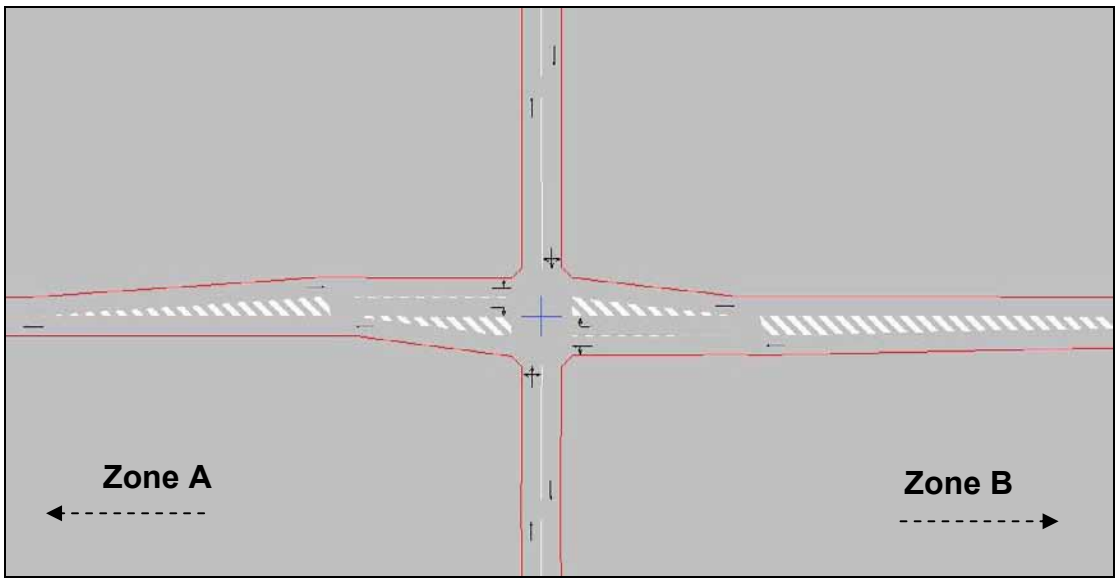
43. Tables 1 and 2 show similar trends. In both cases, the base model has the highest average travel time, exhibits the greatest variability in travel time and hence has the poorest travel time reliability. Scenario 1 has a lower average travel time and smaller standard deviation than the base model. While Scenario 2 has an even lower average travel time and smaller standard deviation than the base model.

44. Interestingly, Table 1 (Peak Direction) shows that Scenario 3 results in higher average travel times and increased variability compared to Scenario 2 and just a slightly higher average travel time than Scenario 1 although it has less (better) variability. Similarly, Table 2 (Off Peak Direction) shows that Scenario 3 exhibits greater variability in travel time than Scenario 2 although the average travel time is the same.

45. Having considered these results and viewing the simulation of Scenario 3, I would recommend the installation of auxiliary right turn lanes on the approach to the intersection of the two access points. Right turn lanes on the main corridor enables vehicles to turn right into the access points, without impeding the progress of vehicles in the through lane. To demonstrate the benefit of this access management technique, I have created another scenario, Scenario 3a, which is a derivative of Scenario 3 with the inclusion of right turn lanes in each direction on the main corridor and at each intersection.

46. The layout of Scenario 1 is shown in **Figure F**.

Figure F: Layout of Scenario 3a



47. The output statistics for Scenario 3a are compared to Scenario 3 in Table 3.

Table 3: Travel Time Statistics: A to B and B to A

	A to B (Peak Direction)		B to A (Off Peak Direction)	
	Scenario 3	Scenario 3a	Scenario 3	Scenario 3a
Average Travel Time	112.3	**97.7**	87.8	**84.8**
Minimum Travel Time	108.1	**96.8**	85.5	**83.6**
Maximum Travel Time	117.5	**98.3**	89.2	**86.2**
Standard Deviation	3.4	**0.5**	1.2	**0.9**
Average Vehicle Speed	32.1	**36.9**	41.1	**42.5**
Free Flow Speed	**39.5**		**44.8**	
Level of Service	B	**A**	A	**A**

48. Table 3 shows that the inclusion of right turn lanes on the main corridor provides substantial travel time benefits, especially in the peak direction where the average travel time has decreased from 112.3 seconds to 97.7 seconds.

SUMMARY AND CONCLUSION

49. The hypothetical transport corridor model and scenarios I have developed and tested are not particularly complex and are suitably generic. Certainly a number of actual transport corridors would exhibit more complex vehicle interactions such as another through lane, interaction with buses, cyclists, pedestrians or parked vehicles.

50. The modelling results clearly demonstrate that a reduction in the number of access points along the hypothetical transport corridor is a very beneficial technique to improve journey times and journey time reliability. It is also demonstrated that further enhancements to journey times can be made through the provision of other access management techniques, such as the inclusion of right turn lanes.

51. I consider it is appropriate to mention that the amalgamation of access points and provision of turn lanes are only two of many access management techniques that could be implemented to facilitate the more efficient movement of vehicles along a transport corridor.

52. The results of the testing are not unexpected and confirm the benefits of access management techniques to improve journey times and journey time reliability that are already well known to the transportation engineering profession.

Paul Durdin
28 August 2009

BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	**of the Resource Management Act 1991**
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
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AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
Appellants	
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

STATEMENT OF EVIDENCE OF STEPHEN JOHN ABLEY ON BEHALF OF AUCKLAND REGIONAL COUNCIL

(Transportation Planning)
28 August 2009

INTRODUCTION

1. My full name is Stephen John Abley (Steve Abley). I am a Chartered Professional Engineer (CPEng) and registered under the Chartered Professional Engineers New Zealand Act 2002. This qualification means I have been reviewed by the registration authority and deemed competent to practice in my area of expertise. I am the Managing Director of my firm, Abley Transportation Consultants Limited, and the firm undertakes transportation related commissions for local, regional and central government as well as private individuals and community groups.

2. My qualifications include an Honours Degree from the University of Canterbury in Civil Engineering (1997) and a New Zealand Certificate in Engineering from the New Zealand Qualifications Authority (1993). As well as holding a current practising certificate as a Chartered Professional Engineer in New Zealand, I am also a Chartered Engineer in the United Kingdom (CEng(UK)) and I hold an annual practising certificate in the New Zealand Section of the International Professional Engineer Register (IntPE). I am also a Member of the Institution of Professional Engineers New Zealand (MIPENZ), a Member of the Institution of Civil Engineers (MICE) in the UK and a Member of the Institute of Directors in New Zealand (MInstD). I also hold national leadership positions within IPENZ including being an IPENZ Board Member and I am an immediate past member of the IPENZ Competence Assessment Board. Within my local community I am the immediate past Chairman of IPENZ Canterbury Branch.

3. Since graduating from University I have specialised in traffic engineering and have twelve years post graduate experience. This experience includes research, transport planning and detailed engineering. My research work includes the measurement of walkability, accessibility and trip generation. My transport planning projects include transport assessments including trip rate analysis, distribution, intersection and link capacities, application of various modelling techniques and assessing the environmental effects of these projects. My detailed design projects have involved consultation, safety assessments, engineering design and supervising implementation works. I have practised in both the United Kingdom and New Zealand. Whilst I live in Christchurch, I am familiar with the Auckland Road network and several Sub Regional and Town Centres within Auckland.

4. I have read Section 5 of the Environment Court Consolidated Practice Note 2006 'Expert witnesses – code of conduct' and I agree to comply with the code. The evidence I am giving is within my area of expertise except where I state I am relying on the opinion or evidence of other witnesses. I have not omitted to consider material facts known to me that might alter or detract from my opinions expressed. I have if appropriate, identified where a part of my evidence may be incomplete or inaccurate and qualified my evidence fittingly.

SCOPE OF EVIDENCE

5. Abley Transportation Consultants was engaged by Auckland Regional Council to provide expert transportation advice regarding the Auckland Regional Policy Statement 'Proposed Change 6: Giving Effect to the Regional Growth Concept and Integrating Landuse and Transport' (**Proposed Change 6 to the ARPS**). My evidence provides support to the joint Councils' position version of Proposed Change 6 to the ARPS (**the Joint Councils' Position**). The basis of my support is the importance of integrated landuse planning and transport, and my evidence demonstrates how the Joint Councils' Position aligns with the Regional Growth Strategy (**RGS**) as envisaged by the Local Government (Auckland) Amendment Act 2004 (**LGAAA**).

6. The LGAAA has directed all Territorial Authorities in the Auckland region to integrate their land transport and land use provisions and ensure these were consistent with the RGS, give effect to the Growth Concept and contribute to those land transport and land use matters specified in Schedule 5 (LGAAA). Integration was required within and across all planning documents in the Auckland region including the Regional Policy Statement (**RPS**). The Growth Concept, as set out in the RGS, supports compact urban environments within town centres, high density corridors and major public transport corridors. I understand Mr. Bonis' planning evidence and the legal submissions will explain in detail the statutory role of both the LGAAA and the Growth Concept.

7. The overriding conclusion of my assessment is that locating development primarily in High Density Centres and then in Intensive Corridors is the preferred planning option for delivering sustainable transport outcomes. I also show the distinction between High Density Centres and Corridors in

terms of their appropriateness to accommodate growth in land use activity, and demonstrate how the Joint Councils' Position aligns with the RGS by setting criteria, framed by national, regional and local planning policies that provide for a High Density Centres and then Corridors based approach to accommodating future growth.

8. As part of this assessment a traffic micro simulation model has been developed that shows the tension that exists between traffic and land use. The modelling demonstrates the necessity to carefully consider development on Corridors. This is because developments often have a number of negative effects in terms of transport and these need to be managed appropriately.

9. My evidence focuses on the transport issues that need to be considered when contemplating Auckland's future growth and is structured in four analytical parts A to D with a Summary and Conclusion part E. The parts of my evidence are:

A) Alignment of RPS and key land use and transportation documents.

B) The primacy of a centres based approach from a transport perspective

C) The transport case for a centres-plus approach

D) Management of major trip generators on Corridors

E) My conclusions drawn from the preceding analysis.

A) ALIGNMENT OF RPS AND KEY LAND USE AND TRANSPORTATION DOCUMENTS

10. As the relevant national transportation policies cascade to the regional level the RPS provides the direction for implementation at the local level. The RPS informs the Regional Land Transport Strategy (RLTS), District Plans and other non statutory transportation strategies.

11. The purpose of Proposed Change 6 to the ARPS is to give effect to the Growth Concept within the RGS, and to contribute to the land transport and land use matters specified in LGAAA s39 and s40 Schedule 5. This is achieved through alignment of the various outcomes required for transport.

12. The focus of the Joint Councils' Position is to manage the transport effects of growth by directing development to High Density Centres and Intensive Corridors, and then elsewhere. Some of the transport outcomes sought from this approach include:

- *"To achieve a high level of mobility and accessibility within the Region that provides for an integrated, responsive, sustainable, safe, affordable and efficient movement of goods and people,"*[1] and
- *"To develop a transport network which supports a compact sustainable urban form,"*[2] and
- *"To avoid, remedy, or mitigate the adverse effects of transport on the environment and, in particular: …(ii) to reduce the need for the transport system to use non-renewable fuels,*[3] and
- *"To develop a transport network which provides an acceptable level of accessibility for all sections of the community within and across the region, by encouraging transport choices,"*[4] and
- *"To develop a transport network which is as safe as is practicable and which promotes better physical health for the community"*.[5]

13. The origin of this approach for the management of future growth as provided by the Joint Councils' Position is described in **Appendix A** of my evidence. This appendix contains a brief synopsis of the most relevant sections of national and regional transportation policy.

14. The Joint Councils' Position is aligned to the following legislation and documents. The relevant parts of which can be summarised as:

Resource Management Act 1991 (RMA)

15. There are several sections under the RMA that are directly or indirectly applicable to land transport. Regional Councils for instance have a specific responsibility to strategically integrate infrastructure with land use through objectives, policies and methods[6]. Similarly, District Plans have to give

1 The Joint Councils' Position 2.6.1 Strategic Objectives, item 6
2 The Joint Councils' Position 4.3 Transport Objectives, item 1
3 The Joint Councils' Position 4.3 Transport Objectives, item 2
4 The Joint Councils' Position 4.3 Transport Objectives, item 4
5 The Joint Councils' Position 4.3 Transport Objectives, item 6
6 Resource Management Act 1991 s30(1)(gb)

effect to the RPS[7] and the Regional Land Transport Strategy must not be inconsistent with the RPS[8].

Local Government (Auckland) Amendment Act 2004 (LGAAA)

16. LGAAA Schedule 5 directs any changes to policies and objectives of an Auckland planning document such that they facilitate a multimodal transport network, reduce the adverse effects of transport on the environment, support land use intensification and integrate transport and land use policies. The anticipated outcomes of the proposed centres and corridors approach as provided by the Joint Councils' Position mirrors the LGAAA objectives.

The Auckland Regional Growth Strategy (RGS)

17. The Growth Concept within the RGS envisages the intensification of urban areas around selected town centres and along transport corridors. The centres and corridors approach provided by the Joint Councils' Position gives effect to this intensification.

18. Other transportation statutes and policies relevant to Auckland can be further summarised as:

Land Transport Management Act 2003 (LTMA)

19. The LTMA came into force to provide the necessary legislative framework for the New Zealand Transport Strategy (NZTS). This includes the preparation of the annual National Land Transport Programme. The overall purpose of the LTMA is to *"contribute to the aim of achieving an affordable, integrated, safe, responsive, and sustainable land transport system"*.[9] With the exception of the word 'efficient', this purpose is very similar to the Proposed Change 6 to the ARPS Strategic Objectives item 2.6.1.6 that is *"To achieve a high level of mobility and accessibility within the Region that provides for an integrated, responsive, sustainable, safe, affordable and efficient movement of goods and people."*

New Zealand Transport Strategy (NZTS)

20. NZTS states that *"over the long term, New Zealand has to reduce its reliance on car-based mobility if access for all is to be improved in an*

7 Resource Management Act 1991 s67(3)(c) and s75(3)(c)
8 Resource Management Act 1991 s67(4)(b)
9 Land Transport Management Act 2003 s3

affordable way."[10] The compact development form delivered through a centres and corridors approach as provided by the Joint Councils' Position reduces reliance on car based mobility by directing future development to areas that are, or can be, made accessible by public transport, walking and cycling.

Government Policy Statement (GPS) on Land Transport Funding 2009/10 – 2018/19

21. The GPS details the government's desired outcomes and funding priorities for the use of the National Land Transport Fund to support activities in the land transport sector. The GPS covers the impacts the government wishes to achieve from its investment in land transport, how it will achieve these impacts through funding certain activity classes, how much funding will be provided, and how this funding will be raised.

22. A major thrust of the May 2009 GPS, whilst still supporting the LTMA and NZTS, is economic efficiency. The compact development form as promoted by the Joint Councils' Position supports transportation efficiency and hence the GPS. It is unsurprising that the Proposed Change 6 to the ARPS Strategic Objectives item 6 also includes the word 'efficiency' as well as those other adjectives included in the LTMA.

Regional Land Transport Strategy 2005 (RLTS 2005)

23. The RLTS 2005 supports the centres and corridors approach as advocated by the Joint Councils' Position but emphasises that centres and corridors need to have existing or potential transport characteristics that are *"aligned with a multi-modal transport system with particular emphasis on public transport, cycling and walking modes."*[11] The proposed wording of the Joint Councils' Position Appendix D Definitions and Abbreviations 'Intensive Corridors' sets out the conditions that must prevail before a Corridor is identified as an 'Intensive Corridor', these conditions are consistent with the integrated transport intentions of the RLTS.

Regional Arterial Road Plan 2009 (RARP)

24. The RARP is a transport strategy *"prepared by the Auckland Regional Transport Authority (ARTA) in collaboration with the region's road controlling*

10 NZTS 2008, section 4.5.1, paragraph 1, page 63
11 RLTS 2005 Chapter 7, Section 3.1

authorities and other key transport stakeholders."[12] The RARP states that… *"the balance of travel and land use demands should be carefully considered."*[13] This principle is prompted in response to the recognition that land use intensification along inappropriate road corridors may compromise the efficiency of the movement network and impede freight movement. This could then conflict with the aim of increasing economic benefits and minimising the need and costs associated with providing new road infrastructure.

25. The RARP also sets out the policy on access management and states that *"It is important to avoid to the greatest extent possible, the down-rating of the transport function of the arterial network resulting from the introduction of additional access demands in inappropriate ways".*[14] Appendix D of the Joint Councils' Position recognises the importance of the movement function of the arterial network by providing a clear definition of an 'Intensive Corridor'.

26. The Joint Councils' Position further recognises the movement function of Intensive Corridors and sets out the conditions that must prevail before land use intensification should be contemplated. This is where the Intensive Corridor is *"compatible with the principal focus of the movement function of the corridor, and does not detract from maintaining public transport network efficiency and effectiveness."*[15] To further reinforce the importance of the movement function of the Intensive Corridor, and in recognition of some of the adverse effects Commercial Activity can provide, there are a further set of criteria[16] for when Commercial Activities could locate in Intensive Corridors.

Integration of Land use and Transportation

27. The policy documents I have cited and that of the Joint Councils' Position share a range of very similar objectives and anticipated outcomes. In essence, these support increasing use of sustainable transport modes rather than emphasising the continued reliance on the private motor vehicle and advocate for much greater integration between land use planning and transportation.

12 RARP Executive Summary, Introduction, paragraph 1, page i.
13 RARP Section 1.2 The Role of Regional Arterial Roads, paragraph 4 bullet point 7, page 1.
14 RARP Section 8.2.1 Access Management Plans, paragraph 4, page 26.
15 The Joint Councils' Position 2.6.5 Strategic Policies Urban Structure, Policy 6(b).
16 The Joint Councils' Position 2.6.5 Strategic Policies Urban Structure, Policy 9(a) to 9(f)

28. The importance placed on integrating transportation and land use planning recognises the two are interconnected and that more efficient and effective outcomes could be achieved from better managing their linkage. Some connections between transport and land use are direct and immediate e.g. landscape impacts of new roads, while other connections are more subtle and longer-term.

29. Some of these other connections are also influenced by social and economic forces ranging from local to global scales, such as the extraordinary increase in mobility provided by the private motor vehicle[17] and the consequent dispersed land use activities common to many Western countries, including New Zealand. It is the growing understanding of the indirect and longer term interactions between transport and land use in the context of the sustainability debate, such as the contribution of transportation to global warming, which is increasing the urgency of implementing integrated land use planning. This 'integrated' transport planning approach is a response to the previous 'predict and provide'[18] transport planning approach.

30. The challenge of more sustainable development makes the integrated approach to transportation and land use planning imperative. An integrated approach to transportation has a number of dimensions including:

- Integration between national transport policies and other high level central government policies e.g. education Transport Entitlement Zones,[19] and between government and private sector initiatives to ensure they respect and reinforce Regional Land Transport Strategies and land transport programmes.

- Integration of land use and transport planning at the regional and local level in areas of rapid population and economic growth and/or where

17 *"…whether or not a motor car is a status symbol, there is no doubt that to many people it is a fascinating possession, and to have one at one's immediate beck and call is an asset of the first order"* Traffic in Towns A study of the long term problems of traffic in towns, Reports of the Steering Group and Working Group appointed by the Minister of Transport, Buchanan C. et al. Her Majesty's Stationary Office 1963.

18 Typified by attempting to predict future transport demand based on previous trends and providing the transport network to satisfy forecast demand. Usually demand was met via additional network capacity in the form of building more roads to cater for private motor vehicles. Hence the term 'predict and provide'. Overtime this approach has been discredited, probably most famously by The Standing Advisory Committee on Trunk Road Assessment in their report 'Trunk Roads and the Generation of Traffic published in 1994 by the UK Department for Transport.

19 The main function of TEZs is to establish the nearest school for a student and to assist in the design of efficient bus routes. If a student is eligible for school transport assistance, he or she will have an entitlement. An entitlement changes depending on where a student lives and where they go to school.

there is evidence of transport related problems resulting from existing network deficiencies.

- Integration between transport modes including modal choice and modal interchange.

31. The alignment of the earlier policies and the numerous synergy between the aims and policies of Proposed Change 6 to the ARPS with national and regional planning documents demonstrates the pivotal role that the Proposed Change 6 to the ARPS has in responding to the increased demand for travel. Increasing travel demand places pressure on transport infrastructure, available funding, traffic congestion in larger urban areas and concerns regarding urban sprawl.

32. The Proposed Change 6 to the ARPS is one planning mechanism to integrate land use and transport while also providing for the realities of existing travel, including use of the private motor vehicle, as land use patterns transition over time to support more sustainable travel.

B) THE PRIMACY OF A CENTRES BASED APPROACH

33. The Auckland Regional Growth Forum[20] commissioned a comprehensive evaluation of the RGS in 2007. Regarding 'land use and transport integration' the authors concluded *"…Greater success occurs where: The integration of land use and transport recognises the different functions of centres and corridors, and signals the primacy of centres and the relationship of corridors",* and *"Development initiatives are focused on a limited number of places (key centres and supporting corridors) to maximise investment benefits".*[21]

34. The key policy documents mentioned earlier share a common theme that supports the development of mixed-use, centralised nodes and development along high quality public transport corridors. A centres based approach, as opposed to a dispersed approach, has clear benefits in terms of using less land area than a dispersed development pattern due to high density mixed land uses. From a transportation perspective the location of land uses such as housing, retail, and offices in close proximity to each other, also provides benefits in terms of reduced travel lengths and the number of vehicle trips to and from these activities. It also provides other benefits in terms of supporting sustainable transport modes such as walking, cycling and public transport.

35. The location of Commercial Activity requires particular attention within the fabric of a city's urban area because the vehicle trip generation of these activities can be high and significantly higher than typical vehicle trip generation of other activities such as industrial or residential land uses. Commercial Activities as defined in the Joint Councils' Position Appendix D provides for a particularly wide range of activities. Consequently it is prudent to pay particular attention to these activities.

36. The main elements associated with a centralised land use planning approach that supports a sustainable urban form are shown in **Figure 1**.

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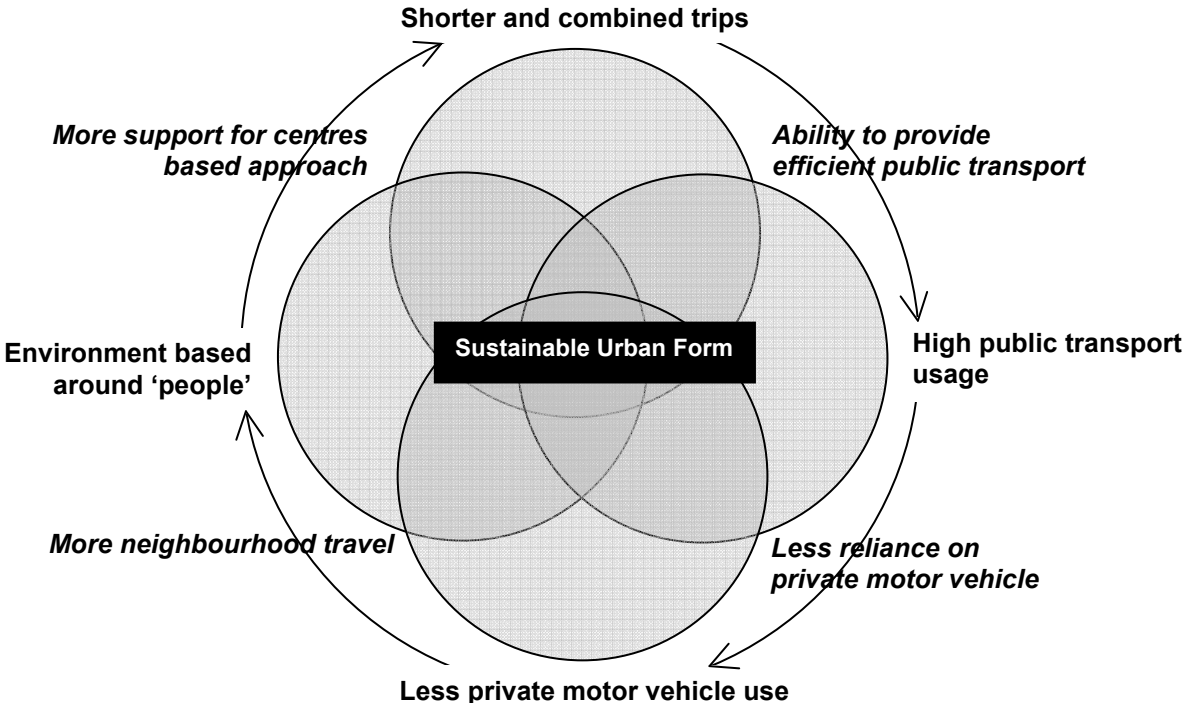
20 Made up from representatives from Auckland Regional Council, Papakura District, North Shore City, Franklin District, Rodney District, Waitakere City, Manukau City and Auckland City; Environment Waikato and Northland Regional Council added in 2005.

21 Growing Smarter, The Auckland Region in the 21st Century, An evaluation of the Auckland Regional Growth Strategy 1999, A technical report for the Auckland Regional Growth Forum, section 5.5.2 July 2007, page 68.

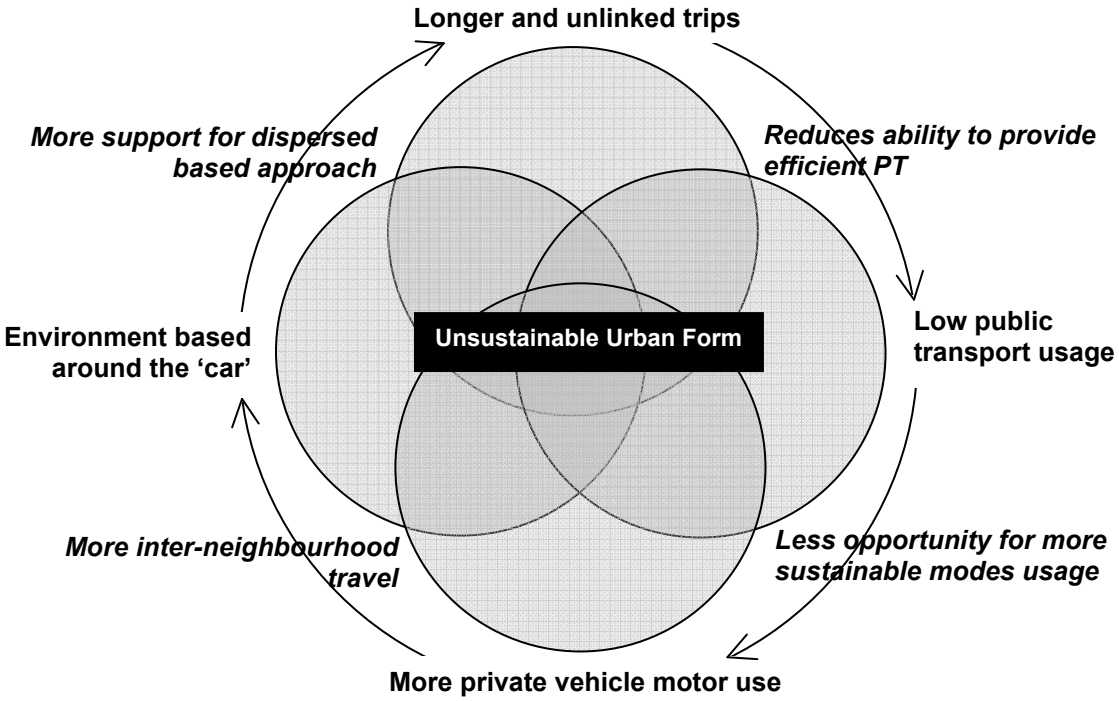
Figure 1: Transport Effects of a Centres Based Approach



37. In contrast, the dispersed city is characterised by low density, large area requirements and separation into distinct zones for residential, commercial or industrial uses. Consequently, high car use dependence is experienced by this land use pattern because of the higher travel distances between origins and destinations, and the lack of passenger transport services between them.

38. Given that residential, commercial and industrial zones are dispersed throughout the city, residents are required to travel further, which increases the total transportation costs per person when compared with a centres based approach. The result of dispersed land use planning is that it forms an unsustainable city as shown in **Figure 2.**

Figure 2: Transport Effects of a Dispersed Based Approach



39. There are many contributing factors that assist towards achieving a sustainable urban form and meeting transport objectives. These include providing appropriate infrastructure, such as good walking and cycling networks, safe and attractive bus stops and covered interchange facilities including real time information, and of course integrated land use planning. For example, walking relies significantly on shorter journey distances, so pedestrians need their origins and destinations to be close together with a safe and pleasant route between them. This acknowledges that better quality facilities can encourage walking[22].

40. To achieve this sustainable urban form on a region wide basis means seeking higher densities of origins and destinations so they are in closer proximity. This is often expressed through higher density living zones focused around High Density Centres. It can also mean for some activities that are small scale, such as those in Neighbourhood Centres, these are more frequent and located to meet the convenience needs of the surrounding local community.

22 Encouraging Walking: Advice to Local Authorities, UK Department of the Environment, Transport and the Regions: London March 2000, paragraph 3.39.

41. With regard to cycling, safety is a key issue and the provision of a safer cycling environment is a significant mechanism to encourage increased cycling. A safer environment includes minimising the potential conflicts that cyclists may have with motor vehicles, particularly larger vehicles including goods vehicles. This necessitates minimising the need for cyclists to cycle in areas with large vehicles or fast moving traffic, or where a desire to cycle in such areas is acknowledged, to ensure that the road environment for cyclists is as safe as possible.

42. Public passenger transport is effective at moving comparatively large numbers of people between relatively few points in an efficient and timely manner. As origins and destinations become increasingly dispersed, the size of the vehicle required to efficiently service the demand becomes smaller until taxis[23] are the most effective form of public transport, although there is also a consequent loss of efficiency. Given that residential properties, which are typically well dispersed across the city, are usually at one end or the other of a bus journey, the bus system needs the other end of the journey to be relatively close to a bus route or terminus. A highly dispersed set of origins and/or destinations compromises the effectiveness of public transport systems.

43. If a shop is beyond a reasonable walking distance from the home and/or office of its customer, then it is likely the trips to these Retail Activities will be more car orientated than if they were located within a High Density Centre or Intensive Corridor. Even if they are within a reasonable walking distance, if these locations are not supportive of more sustainable travel choices e.g. walking, cycling or public transport, then the only viable access is via the private motor vehicle. This potential increasing reliance upon car based travel in the dispersed based approach is at odds with integrated transport planning approach provided by the earlier policy documents.

44. There are then very clear benefits to the transport system of locating residential, Industrial and Commercial Activities carefully throughout the fabric of the city's urban area. These activities should be placed in such a manner as to minimise as far as possible the mobility reliance upon car based travel and to facilitate as best as possible accessibility by more sustainable modes. This typically means locating major trip generating

23 A form of Travel on Demand (TOD) where the user schedules or requests a service.

activities where they can be accessed by walking or cycling, and secondly where they can be well serviced by public transport. Whilst some Commercial Activities in business-industrial or in mixed use areas can usefully service the local employment or residential base, they are not likely to be as convenient for non-car based access for other potential customers that these activities would also wish to attract.

45. Three alternative views to the centres based approach might be:

- That dispersed activity takes advantage of car-based travel that would occur anyway. That is, it spreads the localised adverse effects more thinly across a wider network, and may actually reduce or mitigate the impact of the concentrated retail activity at nodes that would otherwise occur, or

- That it is a given that shopping undertaken at larger stores, such as supermarkets and large format retail stores, requires the use of a private motor vehicle, as large quantities of goods are typically purchased and these are difficult or for all intents and purposes, impossible to carry when walking or cycling, or

- That dispersed retailing better supports walking and cycling because the location of these vast numbers of opportunities will likely be closer than a lesser number of centres based opportunities.

46. The first point is in the main correct in that a centres based approach concentrates traffic effects at a centralised location, but it overlooks the significant benefits of shorter trips and increasing the proportion of walking, cycling and public transport trips when provision is made for these non car based modes. It also overlooks that a centre generally provides for multiple approach directions so these localised adverse effects can, in the majority, be mitigated through good traffic engineering.

47. The second point omits to acknowledge the increasing number and sophistication of express lanes and self-service kiosks at supermarkets and some large format stores for small quantity purchases. It needs to be recognised that not all retail purchases from supermarkets and large format stores always necessitates use of the private motor vehicle.

48. The third point assumes that the retailing opportunity that one wishes to reach will always be the closest opportunity. This ignores the reality of comparison shopping or bespoke shops that do not provide multiple outlets. The consequence is private motor vehicle travel would be required to reach these destinations. The dispersed travel patterns resulting from this travel then discourages walking and cycling, even if those locations were originally close to the origin or destination. A spiral of dependence on the private motor vehicle then occurs that further limits the viability of more sustainable modes of transport.

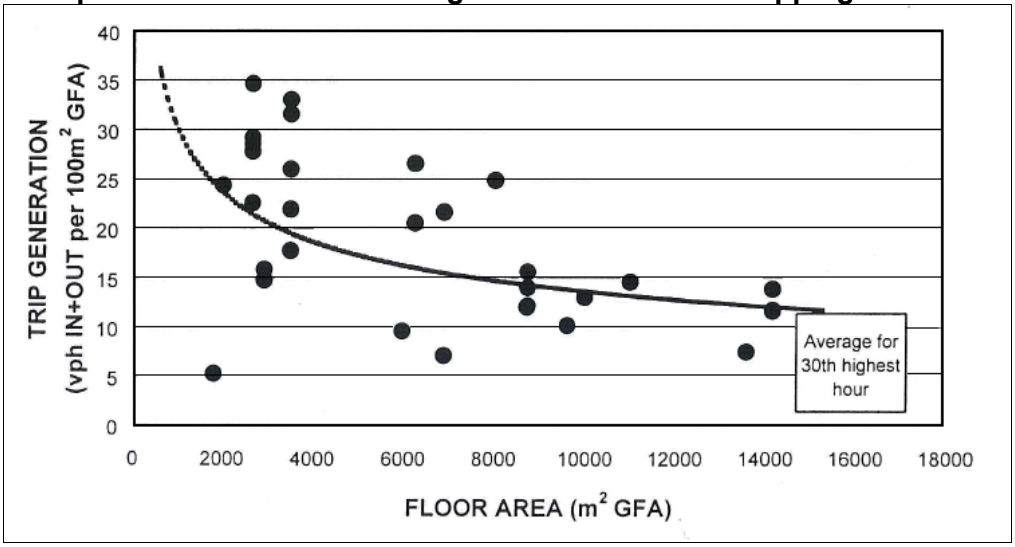
49. These alternative views also ignore the fact that in instances where car-based travel is undertaken to a 'centres based' Commercial Activity, it tends to result in one vehicle trip to a shopping centre, then followed by multiple walking trips within the shopping centre to other Commercial Activities. This is significantly different to a 'dispersed' retail activity where it tends to result in one vehicle trip to the Commercial Activity, and then another vehicle trip to another dispersed Commercial Activity, and so on. This increase in vehicle trips, and the dispersed pattern of these trips, further discourages more sustainable transport mode choices.

50. It is the compact and agglomerated nature of centres that means that access to Commercial Activities within the centre can readily made on foot. The effect of the centres based approach is that travel is linked via sustainable modes even if the original trip to the centre was via a private motor vehicle. The consequence is that overall, travel is more efficient and this reduces the environmental impacts of transportation.

51. In a centre based environment, the Gross Floor Area (GFA) of each separate outlet effectively combines to form an extremely large shopping outlet even though the shops within the centre may be separate to each other. Transfund New Zealand (now part of the New Zealand Transport Agency) Research Report 209 'Trips and Parking Related to Land Use Volume 1' [24] illustrates the economy of scale centres provide via a decreasing vehicle trip generation rate as the size of the centre increases; this is shown in **Figure 3**.

24 Douglass M & McKenzie. D 2001. Trips and Parking Related to Land Use Volume 1:Report, Transfund New Zealand, Research Report 209

Figure 3: Trip Generation Rates for Large Scale Suburban Shopping Centres



52. Whilst the size of dispersed retailing outlets can be large, the aggregate size of town centres would be much greater if it were not for this economy of scale. Also dispersed retailing outlets are not compact because they typically provide for a large number of single use car parks that are typically not well located e.g. adjacent a surrounding residential catchment. The result is dispersed retail activities often have more significant effects in terms of transport and make less efficient use of land. This then means they are difficult to support with an efficient public transport system. Conversely because centres such as Newmarket, Sylvia Park, Botany Town Centre and alike provide these transportation efficiencies, they are easier, and consequently, well supported in terms of transport.

53. Additionally, highly dispersed retail activity complicates the management of heavy vehicles that service such facilities, and potentially increases the number of heavy vehicles required to service these activities. Furthermore, the increase in vehicles on the network then further hinders the promotion of more sustainable transport modes and results in increasing reliance on the private motor vehicle. Again, a spiral of dependence occurs that further limits the viability of more sustainable transportation modes.

54. Overall a dispersed retailing environment produces effects that have greater adverse impacts than a centres based approach.

C) THE CASE FOR A CENTRES-PLUS APPROACH

55. I have outlined that a dispersed planning approach has undesirable consequences and this is likely to have contributed to Auckland's situation of being one of the world's most car dependant cities and having one of the world's highest car ownerships rates together with one of the world's lowest levels of public transport use.[25] In contrast, the Joint Councils' Position envisages growth in centres and then corridors; advocating a 'centres-plus' approach. Before I describe a centres-plus approach, it is necessary to illustrate the distinction between centres and corridors.

56. Centres and corridors share many attributes in that they can both accommodate a mix of land use activities that interact with each other economically, can be accessible by public transport, and in the appropriate circumstances, provide a sense of place. The similarities of these areas can be further illustrated through a comparison of the definitions of each as given in the Joint Councils' Position.

57. From the definitions, it can be seen both localities are characterised by a strong connection to passenger transport nodes and services. The similarities between these area types give support for the centres-plus approach as advocated by the RGS. However there are key differences between these areas. As set out in the RARP (February 2009) and elsewhere, corridors have different functions, one of which is to provide transport links between centres. It is this tension between the effects of land use activity adjacent to corridors and the need to often maintain the movement function of the corridor that distinguishes corridors from centres and dictates the secondary role of corridors in relation to centres.

58. Another key distinction between centres and corridors is that centres can attain a higher order of connectivity and public transport accessibility. I have demonstrated this by comparing the transport characteristics of the High Density Centre of Henderson with the Intensive Corridor[26] of Lincoln Road. I have selected these locations because these urban intensification areas are

25 International Trends & Lessons in Growth Management, A Review of Literature, Section 5.2 The Effects of Car Usage, page 96, Regional Growth Forum, March 2007.

26 The Joint Councils' Position Schedule 1 identifies Lincoln Road as a 'Corridor' although because Schedule 1 now only contains High Density Centres and Intensive Corridors, and the previous combined definition of 'High Density Centres and Corridors' referred to 'urban intensification' as does the definition of Intensive Corridors, it is considered the notation or scheduling of Lincoln Road is as an Intensive Corridor rather than a Corridor. There is no reason to schedule Corridors within Schedule 1.

adjacent each other and both listed in Schedule 1 of Proposed Change 6 to the ARPS.

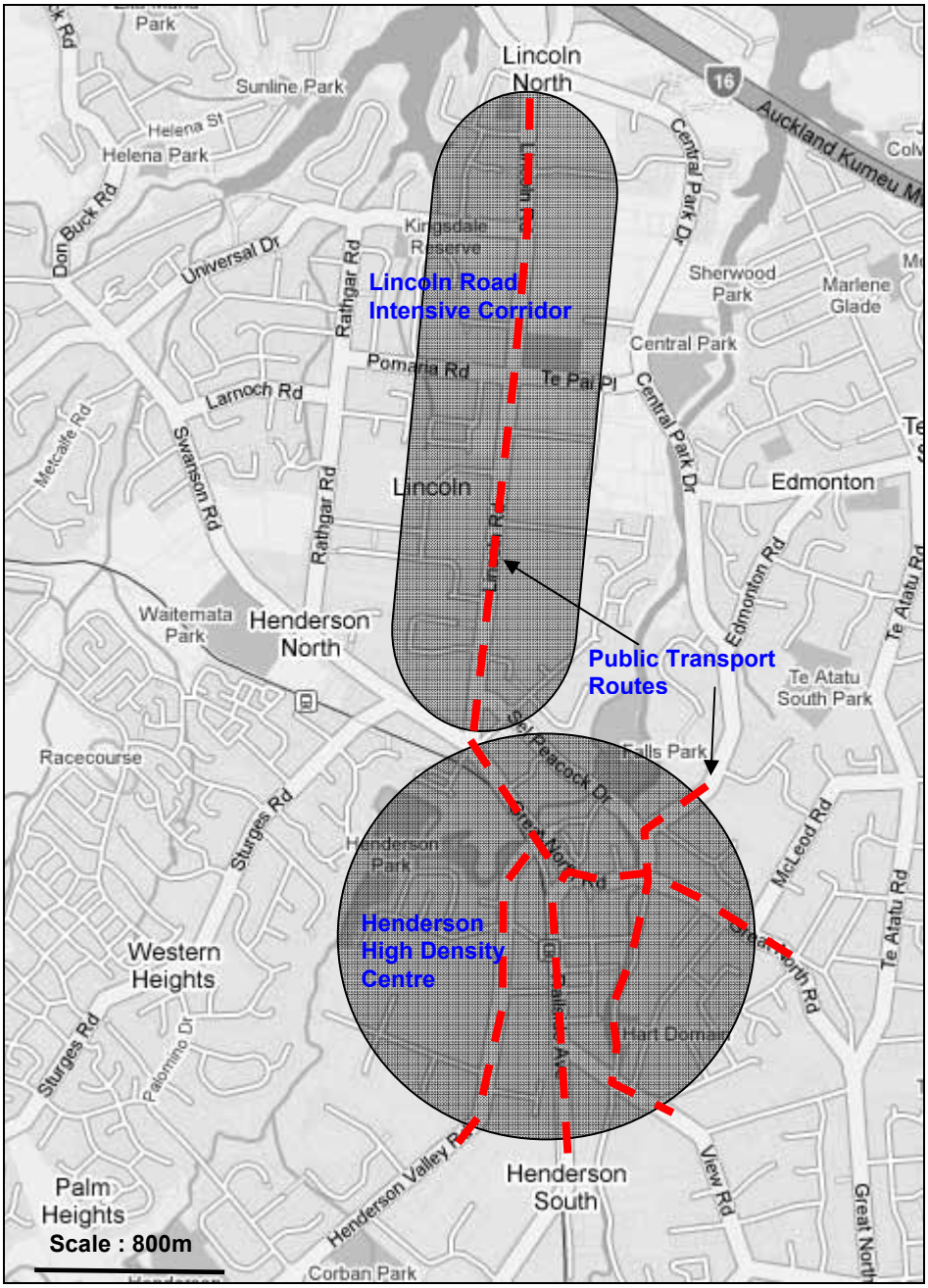
59. Whilst there is likely to be a variation in size between one High Density Centre and another depending if it is a Sub Regional Centre or Town Centre, I have applied a notional centre size of 800m radius[27] for the purposes of this analysis because Henderson is a Sub Regional Centre. This notional size is consistent with the definition of a Sub Regional Centre in the Proposed Change 6 to the ARPS Appendix D and that used in the Smart Growth Regional Classification Project.[28]

60. Similarly, whilst there is likely to be a variation in size between one Intensive Corridor and another, I have applied a notional corridor width of 800m[29] in width for the purposes of this analysis. This notional size is consistent with that stated in the RARP that anticipates corridors catchments will be up to 800 metres[30] in width.

61. The reason for these different walking thresholds is probably an acknowledgement that the centre is likely to be more permeable and the corridor is likely to be less permeable due to the potentially parallel roads. Coincidentally the areas for both these notional catchments are similar at about 2ha. The catchments are shown in **Figure 4** with the existing passenger transport routes indicated as red dashed lines.

27 The equivalent of a 10-minute 'measured as the crow flies' walk at about 1.3m/s or 4.5km/hr
28 Officer Report March 2008 - Smart Growth - Regional Classification Project - Making the Most of Auckland's Centres, Business Areas and Corridors – Auckland Regional Council
29 The equivalent of a 5-minute 'measured as the crow flies' walk at about 1.3m/s or 4.5km/hr
30 RARP Section 8.1 Definitions and Principles, Corridors, paragraph 2, page 25

Figure 4: Comparison of the Transport Attributes of Centres and Corridors



62. It is shown that the centre acts as a potential public transport hub with several bus services radiating out in a range of directions. This provides the opportunity for a large proportion of the surrounding area to access the centre by public transport and provides the opportunity to interchange to other bus routes. Henderson also has the benefit of further modal interchange via the adjacent rail network.

63. Additionally the shape of the centre means that activities are never further away than the diameter of the circle. In this instance this is twice the 800m radius or 1.6km although on average activities will be 800m away.

64. In contrast, the linear corridor of Lincoln Road whilst well served by public transport has two disadvantages over the centre. Firstly the public transport routes are duplicated along the length of the corridor resulting in a lesser public transport catchment area.

65. Secondly, the corridor extends for over 2km that limits the ability for visitors to access the range of activities on foot on Lincoln Road from one point, and probably necessitates 'hops' on the bus route to the other destination or multiple trips in a private motor vehicle. Activities on average will be about 1km away or 25% further than compared to Henderson.

66. The application of a centres-plus approach recognises the finite capacity of centres and in some circumstances, the limited ability to accommodate planned growth within them and offers an alternative to a 'centres-anywhere' approach. As set out in the Joint Councils' Position at Appendix D, planned growth along Intensive Corridors focuses on areas where there is a presence of existing development.

67. This approach sets the principle of intensifying activities along corridors apart from ribbon or string development[31] which is often seen as a precursor to urban sprawl. The use of appropriately selected corridors also provides the opportunity to optimise the use of existing road space and existing public transport services. This approach is not new; a centres-plus approach has also been adopted overseas with a classification of centres and corridors featuring in growth management strategies. In Australia cites such as Sydney and Perth also make use of corridors within their growth management strategies[32], and in the USA there are several examples of planning communities around multi modal corridors.[33]

68. The RGS refers to the need to focus growth in centres and corridors but recognises, as does the Joint Councils' Position and the RLTS 2005, that

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31 *"Linear development can come in a variety of form: ribbon development, 'beads on a string', and linear band'. The first two suffer from long trip lengths, and are part of a dispersed rather than a concentrated pattern…"* Sustainable Communities: the potential for eco-neighbourhoods: Barton, H (ed.); (2000) Earthscan, London. ISBN 1 8583 513 7; Conclusion: Linear Concentration, paragraph 5, page 119,

32 SGS Economics. May 2007 - Establishing a Classification for Auckland's Centres and Corridors. ARC

33 Michaelson J. et al, Great Corridors, Great Communities – The Quiet Revolution in Transport Planning, Project for Public Spaces Inc. www.pps.org, 2008

only corridors that possess the appropriate characteristics should be identified as being suitable for adjacent land use intensification. Preference is clearly given to corridors that have, or can be made to support high speed, high frequency and high quality passenger transport services. Such attributes are characteristic of a rapid transit corridor. Within the definition of a rapid transit corridor, the RGS states that *"the development of rapid transit services in these corridors is seen as a **key** means for improving the region's transport system and supporting more intensive land-use development adjacent to the corridor."*[34]

69. The definition of an 'Intensive Corridor' provided in the Joint Councils' Position Appendix D provides support to the RGS by specifying the following physical or locational characteristics that an Intensive Corridor should possess:

- *"…association with significant passenger transport movements and/or passenger transport nodes,",* and
- *"…intensity of existing development"*; and
- *"…localities…where these are compatible with the principal focus of the movement function of the corridor"*.

70. A centres-plus approach that is based around these principles, and focuses growth in clearly defined High Density Centres and Intensive Corridors, enables growth to occur without the need to extend metropolitan boundaries and city limits. The key transport advantages of a centres-plus approach therefore include:

- the optimisation of the existing transport network and the avoidance of building additional road infrastructure to serve dispersed locations;
- achievement of sustainable land use patterns through compact urban form; and
- achievement of a land use mix and density that can support public transport, walking and cycling.

34 Auckland Regional Growth Strategy November 1999 Glossary page 78

71. The concept of an intensifying a corridor is maybe best illustrated by reference to **Figure 5** and **Figure 6** that are sourced from Auckland City Council's Liveable Arterials Plan.[35]

Figure 5: Example of Corridor Intensification – Ponsonby Road

35 *"A Liveable Arterial is a movement corridor within a coordinated, supportive network that has been designed to take best advantage of available opportunities within recognised limitations"* Auckland City Council, Liveable Arterials Plan, page 3

Figure 6: Example of Corridor Intensification – Great North Road

72. The illustrations convey the change from a traffic dominated environment to one that can be developed to accommodate a more multi-modal corridor that is supported by a higher intensity of land use activities. The examples provided are for Ponsonby Road (Figure 5) and Great North Road (Figure 6). Initially the existing condition of these roads appears similar, although

depending on their intended function the transport investment along the corridor can significantly change their look and feel.

73. Ponsonby Road for example shows provision for public transport and so does Great North Road, although Great North Road also shows provision for bus rapid transit. Ponsonby Road enables cycling and so does Great North Road, although Great North Road further encourages cycling through a dedicated on road cycle lane. It must be remembered these examples are indicative, although they do show what could potentially be achieved.

74. Consequently the nature of corridors can vary in recognition of the primary function that they are designed to serve. As an example, an Intensive Corridor could be designed to cater specifically for a primary user such as public transport services, freight transport, pedestrians and cyclists or use predominantly by general traffic.

D) MANAGEMENT OF MAJOR TRIP GENERATORS ON CORRIDORS

75. Explicit within the definition of an intensive corridor is that it supports higher density Compact Mixed Use Environments. Some Commercial Activities such as large format retail do not fit easily with the nature of the other land uses that are envisaged to locate within an Intensive Corridor such as residential, business, recreational, other retail and hospitality. This is because large format stores, because of their physical size are often major trip generators and present the greatest potential to diminish the movement function and safety of a Corridor. Additionally because of their size they also tend to have the greatest areas of parking that do not easily support the compact mixed use environment expected of Intensive Corridors.

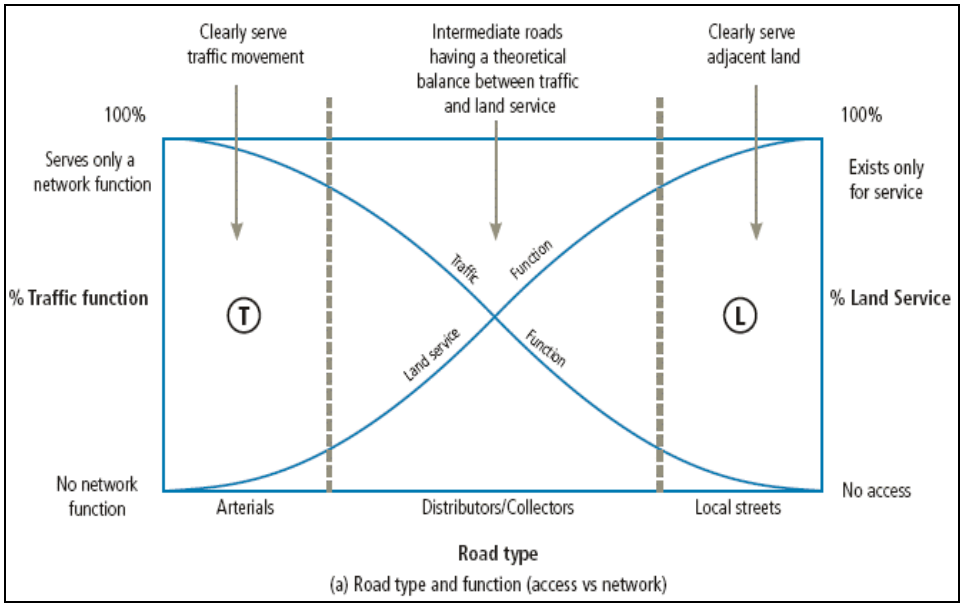
76. Major trip generators are those activities that have the potential to cause a significant increase in vehicle traffic volume and result in adverse environmental effects including costs to the community such as increased environmental pollution, road safety risks and severance effects. A further indirect effect of major trip generators can also be that they hinder or discourage those travelling by more environmentally sustainable transport modes such as walking, cycling and public transport.

77. These major trip generators tend to locate and prefer frontages onto road Corridors where the greatest degree of exposure of their goods for sale or hire to the passing public can be gained. Associated with the location of

these Commercial Activities on arterial roads is the pressure to also allow the various advertising signs for each site and expectations of on-street parking and ease of vehicular access. Overall Commercial Activities can produce many impacts on fronting and adjacent roads, most of which are adverse and if not appropriately located and their effects mitigated, they can be detrimental to the road hierarchy.[36]

78. The concept of a road hierarchy is widely used in New Zealand and most, if not all, local authorities include a road hierarchy within their district plans as a method to define and manage the function of movement corridors. A theoretical summary of how the functions of roads differ in relation to whether they serve a 'traffic function' and a 'land service function' is presented in **Figure 7**.

Figure 7: Theoretical Road Type and Function[37]



79. On the far left it can be seen that roads at the 'top' of the road hierarchy have 100% traffic function and no land service function e.g. motorways, while at the far right, roads at the 'bottom' of the hierarchy serve 100% land service function and no traffic function .e.g. a local residential street. The diagram shows that there is very little 'land service' function envisaged for Arterials and very little 'traffic function' envisaged for Local streets.

36 A road network is provided for the movement of road users. The functional hierarchy of roads stems from the need to reconcile the roads function of providing for the efficient movement of vehicles with those of other transport and non transport uses. It is strongly influenced by the idea that any vehicle travelling between a particular origin and destination should intrude as little as possible into the neighbourhoods and living areas that it has to pass through on its journey.

37 Austroads (1988) Guide to Traffic Engineering Practice Part 9 'Arterial Road Traffic Management', page 3, figure 2.1

80. The management of the road network through a road hierarchy system is well established within the various Auckland Regional, City and District Plans. For example the RARP in its policy on Arterial Access Management Plans states that *"access management is a systematic approach to the management of access to the road network."*[38] The North Shore City District Plan explains *"that it is important to minimise conflict between access and movement along roads which have a through travel function."*[39] The Franklin District Plan also recognises that *"new land use activities are placing greater access pressure on roads that have an important traffic movement function. Many activities are incompatible to the predominant function of the road they front."*[40]

81. The efficiency and safety of the road network, particularly Corridors, requires minimising conflicts between various road users. It is especially important to manage queuing and manoeuvring of vehicles through the control of access to and from Commercial Activities. These may be in the form of grouping of activities such as a Town Centre or limiting access to Corridors via Limited Access Road (LAR) designations[41], the acquisition of link strips and other land use controls such as the spacing of accesses in City and District Plans.

82. The amenity of living areas also requires management from the adverse effects of major trip generators. Access control may be in the form of well controlled entry and exit locations from parking areas directly onto arterial roads, or restricting access and egress to other roads that might be predominantly residential.

83. The need to manage the function of Corridors is demonstrated by the analysis undertaken by my colleague Mr Durdin. The purpose of Mr Durdin's analysis was to test and show the impact of different access management techniques such as reducing the number of access points. If reducing the number of access points shows improved journey times or journey time reliability, then this is a benefit. The opposite philosophy would be adding access points that would show dis-benefits such as increasing journey times and less journey time reliability. Intensification can mean increasing demand for more access points to and from adjoining land use.

38 Regional Arterial Road Plan February 2009, Explanation of Policy 8.2.1
39 North Shore City District Plan June 2002, Section 12.4.3.2 - Specific Rules for Classified Roads
40 Franklin District Plan 2000, Section 9.2.2 - Conflicting Activities
41 Local Government Act s346 (Local Authorities) and Government Roading Powers Act 1989 s88 (New Zealand Transport Agency)

This would add support to the Joint Councils' Position for the management of transport effects of growth by enabling it in Intensive Corridors, if appropriate and subject to the criteria in Policy 2.6.5.9 in the Joint Council's Position.

84. The hypothetical transport Corridor that Mr Durdin has constructed within the modelling software is imaginary. It does not attempt to replicate an actual Auckland Corridor but does attempt to replicate the operating conditions that could be expected on such a Corridor. In this regard I have selected a typical traffic flow that would generically represent a peak one hour weekday period between say 5pm and 6pm. It is a typical transportation planning approach to assess the worst one hour periods of a weekday because these are important periods for daily travel. These worst one hour periods are typically the morning and evening commuter periods and an afternoon period. I have notionally selected 1,350 vehicles per hour to represent the evening period. These are the vehicles travelling through the corridor uninterested in the adjoining land uses and accesses.

85. I have also selected a notional vehicle trip generation for each access of 60 vehicles per hour. This could represent a number of generic and different land uses and activities such as:

- about 120 medium density residential apartments, or
- about a 400m2 GFA food market, or
- about a 3,000m2 GFA office, or
- about 4,500m2 GFA industrial manufacturing.

86. It is unnecessary to specify exactly what mix of activities might combine to locate in this particular hypothetical Corridor. Rather the different activities are only provided to set the scene for the scale of each activity for what this assumed vehicle trip generation could represent.

87. As access points are combined, these theoretical activities rearrange themselves to make use of the remaining access locations. Consequently in Mr Durdin's Base Model, one of the different activities could be located at each access. As access points are consolidated such as in Scenario 1, where the number of access points is reduced from 16 to 8, two of the

different activities would now be located at each access, and so on as access points are reduced.

88. Given the vehicles accessing the Corridor are additional to the through movement vehicles, the overall traffic flow on the corridor is 1,830 vehicles per hour.[42] This is representative of a busy road although within the capacity of the Corridor as evidenced by Mr Durdin's calculation that shows the Base Model still operates at Level of Service (LOS) C. Mr Durdin has provided an explanation of what LOS C describes in his Appendix A that states *"…stable operations; however, ability to manoeuvre and change lanes in midblock locations may be more restricted than at LOS B, and longer queues, adverse signal coordination, or both may contribute to lower average travel speeds of about 50 percent of the FFS* [free flow speed] *for the street class"*.

89. I acknowledge that the specific selection of the through traffic flow and trip generation will affect the significance of Mr Durdin's modelling. Fewer vehicles and therefore less interaction between turning, accelerating, decelerating and manoeuvring vehicles will lessen the benefits of consolidating access points.

90. Even so, given the other more complex vehicle interactions that Mr Durdin mentions are not included in the hypothetical model I am confident the model is suitably representative of a Corridor during a peak period and does not over-represent effects. Other actual transport Corridors may show poorer LOS and potentially LOS F that reflects *"…urban street flow at extremely low speeds, typically one third to one-fourth of the FFS* [free flow speed]. *Intersection congestion is likely at critical signalised locations, with high delays, high volumes, and extensive queuing."*

91. Mr Durdin's analysis shows that where accesses are reduced, average travel time and vehicle speeds through the network generally improve. The magnitude of these benefits can be large when considered on a global basis where the time savings per vehicle might be small, yet when applied to each vehicle the combined savings can be significant. Additionally the improved journey time reliability also provides economic efficiency because motorists

42 A to B = 900 (through) +320 (turning) = 1220 vehicles per hour in peak direction.
B to A = 450 (through) +160 (turning) = 610 vehicles per hour in peak direction.
Combined = 1220 + 610 = 1830 vehicles per hour.

are better able to estimate travel times before setting off on a journey, and hence allow for less 'just in case' time budgets.

92. In summary Mr Durdin concludes *"The modelling results clearly demonstrate that a reduction in the number of access points along the hypothetical transport corridor is a very beneficial technique to improve journey times and journey time reliability"*[43]. I agree with Mr Durdin's conclusion. Furthermore the modelling shows the opposite is also valid, if access points are added to a transport Corridor to support a Compact Mixed Use Environment or Commercial Activity, without appropriate and effective mitigation journey times and journey time reliability will worsen. As I have said above, the modelling demonstrates the necessity to carefully consider development on Corridors. This is because developments often have a number of negative effects in terms of transport and these need to be managed appropriately.

93. In some instances mitigation of the negative effects of the activities in a Compact Mixed Use Environment using access management techniques will not be extensive or beneficial enough to outweigh the dis-benefits of intensification. This might be because of the specific location and the poor compatibility with the movement function of the Corridor or because the activities in the Compact Mixed Use Environment detract from maintaining the public transport network efficiency and effectiveness[44]. The Joint Councils' Position sets out a number of conditions, including strategic conditions, that must prevail before land use intensification is enabled in Intensive Corridors.[45]

94. Where Commercial Activities are unable to locate in High Density Centres or Intensive Corridors due either to their scale, form or irresolvable traffic effects, the Joint Councils' Position still provides support for such development in other locations subject to a number of criteria. It is appropriate to locate Commercial Activity in other appropriate locations where their adverse effects can be adequately avoided, remedied or mitigated.[46]

43 Mr Durdin evidence 28 August 2009 Paragraph 50
44 2.6.5 Strategic Policies Urban Structure, Policy 6(b)
45 2.6.5 Strategic Policies Urban Structure, Policy 9(a) to 9(f)
46 2.6.5 Strategic Policies Urban Structure, Policy 11

95. This sequential approach offers three key advantages:

- it provides flexibility by accommodating the needs of various forms of retail activities that are ill-suited to locating in High Density Centres and Intensive Corridors;
- it ensures that major trip generating activities are not sited in dispersed locations (any more than absolutely necessary); and
- it provides a mechanism to ensure that the negative effects of major trip generators can be adequately avoided, remedied or mitigated.

E) SUMMARY AND CONCLUSIONS

96. In my evidence I have highlighted that the anticipated transport benefits of a centres and corridors approach as provided by the Joint Councils' Position is consistent with the transport outcomes as envisaged by national and regional policy documents, and other relevant strategy documents in the Auckland area.

97. The Joint Councils' Position directs growth primarily to centres on the basis that centres offer the highest opportunity to undertake travel by non-car modes, provide opportunity for trip linkage on foot and reduces overall reliance on private motor vehicle travel.

98. The Joint Councils' Position recognises that not all Commercial Activities are suited to High Density Centres. The Joint Councils' Position therefore directs growth, as a secondary preference to Intensive Corridors, that is, where land use intensification along such corridors has a strong association with passenger transport, existing development with scope for intensification, and the Corridor can accommodate intensification without compromising the movement function of the Corridor.

99. The need to manage the function of road corridors through access management, and demonstrated through the modelling undertaken by Mr Durdin, is well established at regional and local strategy and policy level. This management of the road network is required in order to maintain economic efficiency for freight movements, promote safer road conditions and enable passenger transport to function effectively.

100. In conclusion I support the Joint Councils' Position and consider the centres-plus approach to be the most effective means of achieving the longer term sustainable transport objectives for managing the transport impacts associated with growth throughout the Auckland Region.

Steve Abley
28 August 2008

BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND** (ENV-2007-AKL-0000611)
AND	**THE WAREHOUSE LTD** (ENV-2007-AKL-000661)
AND	**SYLVIA PARK BUSINESS CENTRE LIMITED** (ENV-2007-AKL-000544)
AND	**FEDERATED FARMERS OF NZ INC** (ENV-2007-AKL-000659)
AND	**WAITAKERE CITY COUNCIL** (ENV-2007-AKL-000632)
AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
	Appellants
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

Evidence of Philip Mark Osborne

On Behalf of the Auckland Regional Council

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1. Introduction

1.1 My name is Philip Mark Osborne and I am an Economic Consultant for the company Property Economics Ltd, based in Auckland. My qualifications include – Bachelor of Arts (History/Economics), Masters in Commerce, a Masters in Planning Practice from Auckland University, and have provisionally completed my doctoral thesis.

1.2 For the past six years I have been a senior economic consultant for Property Economics. Previous to this I have been a business analyst to several large firms both here and in Europe. I have also taught economics at both the secondary and tertiary levels for five years.

1.3 I advise local and regional authorities including around New Zealand in relation to retail, industrial and business and forward planning issues. I also provide consultancy services to a number of private sector clients in respect of a wide range of property and economic issues, including retail and economic impact assessments, forecasting market growth, determining future land demand for the retail sector, and economic cost-benefit analysis. My areas of expertise include forecasting future economic implications of growth in respect of retail demand as well as assessing likely economic impacts of retail.

1.4 I have been engaged by Auckland Regional Council to provide evidence in support of the joint council's position on Plan Change 6 to the Auckland Regional Policy Statement (RPS). My evidence consists of two parts regarding the economic significance of High Density Centres and the need to provide appropriate land for industrial activity:

(a) **Part 1** addresses the justification for intervention into the retail market seeking to provide a centres plus framework that encourages in-centre activity. This part is divided into the sections. The first section addresses the economic justification for intervention when a market fails to consider costs or benefits that affect community wellbeing. Secondly there is a need to assess these potential costs or benefits in terms of the Auckland retail market, and lastly the potential level of benefits jeopardised by inappropriate out-of-centre development is identified.

(b) **Part 2** assesses the likely demand for industrial land in the Auckland Region and the current market's ability to accommodate this in a sustainable fashion.

1.5 In 2006 I was commissioned by The Warehouse Ltd (TWL) to present evidence in the LGAAA hearings. My evidence in this case dealt with the need to have regard for the net social benefit of resource utilisation when considering efficient retail planning, and is in keeping with the material contained in the impending evidence.

1.6 I confirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court's Consolidated Practice Note 2006, and I have complied with that code when preparing this evidence. I confirm that the issues addressed in this evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed

2. Auckland Regional Council RPS Proposed Change 6

2.1 Auckland Regional Councils Proposed Plan Change 6 seeks to provide for the distribution of business activity within the context of the 'centres plus' strategy within the Regional Policy Statement. I understand that the Joint Position of the Councils as reflected in the Proposed Plan Change 6 (PPC6) document has an approach that provides a preference for commercial (including retail development) within defined High Density Centres first, then defined Intensive Corridors, and last other 'undefined' locations, to be known as the 'centres plus' approach.

2.2 The main thrust of the Councils Joint position, as I understand it, is to establish a sequential test with criteria that acknowledges the importance and value of existing centres in the region and sets out 'in-centre' (High Density Centre) development as the main preference to guide future retail development in the region, followed by defined Intensive Corridors and then undefined 'anywhere else' locations. Specifically provisions 2.6.5.14 and 2.6.5.15 seek to provide a framework to protect a sufficient level of appropriately located industrial business land within Auckland Region. The provision of this land is necessary in facilitating the intensification of other sectors. In short the proposed plan change seeks to build a framework through which community wellbeing is served and enhanced by encouraging the accommodation of

retail activity in High Density Centres and Intensive Corridors due to increased efficiencies and social value.

PART 1: The Justification for Encouraging Centres Plus In-Centre Activity

3. Justified Intervention

3.1 The need for exogenous intervention into a market is necessitated by the fundamental intent of seeking to maximise community wellbeing either through improvements in equity or an improvement in economic efficiency. ARC's proposed Change 6 seeks to improve economic efficiency within the retail market consequently enhancing community wellbeing.

3.2 There is a distinct thread running through the Resource Management Act 1991 (RMA) that deals with community wellbeing in terms of efficiency. A primary guiding principle of the RMA is the efficient (and sustainable) utilisation of scarce resources within a community. There has been recognition from the Environment Court that efficiency, as it pertains to the RMA, relates to economic efficiency and there is a need for this to instruct policy governing the utilisation of these resources. This implies that the decisions by which these resources are consumed are derived in an economically efficient manner.

3.3 The market is indeed a powerful mechanism for the efficient allocation of resources and all too often unnecessary intervention causes markets to operate inefficiently with potential benefits lost to the community in order to protect private concerns. However, the essential statement here is that providing society's resources are priced according to their real value to society. In considering the real value of resource use it is crucial to have regard for all social costs and benefits of that utilisation that are not always considered by the market, these in themselves illustrate the 'real' value of resources to a community. This is the basis for Council's argument that left to its own devices the market will not operate efficiently given the fact that the market fails to consider total community well-being. In order to justify intervention it is fundamental to show that the market outcome will produce a less than optimal, or efficient, result for the community.

3.4 For the purposes of this evidence there are two forms of economic efficiency, productive and allocative. Productive efficiency relates to the efficient use of resources to maximise the 'bundle' of outputs (goods and services) an economy can produce. At this point an economy can not produce any more of a good unless it reduces production of another of improves productivity of resources.

Allocative efficiency has to do with the value of what is produced to the community as a whole. This implies that community welfare is maximised based on a particular allocation of resources. Although this is often seen as Pareto Efficiency, where it is not possible to make a member of the community better off without making someone else worse off, in public economics this has been more commonly referred to in terms of the community as a whole or the 'net' effect. In some cases, where possible, this requires compensating affected parties. In order to pursue allocative efficiency it is fundamental that all key consumer values and preferences are identified and considered. The identification of these values is pivotal with regard to maximising community wellbeing from scarce resources and is therefore fundamental in understanding this form of economic efficiency.

3.5 Economic efficiency is essential when providing for sustainable resource use, this efficient employment is key with regard to economic well-being. As stated, this efficiency should not be a rationalization for the protection of individual businesses through simple trade competition. However, what is essential is the identification of any distributional effects. These distributional effects are costs or benefits that are not considered by the market and yet are critical to enhancing the community's economic and social well-being. These impacts are often referred to as externalities as the parties affected are external to the individual market transaction.

3.6 There is an important distinction to be made in terms of the types of externalities that must be considered here. These typically take two forms, pecuniary and true. Pecuniary externalities equate simply to market effects which are not, and should not be, assessed under the RMA. These are simple price effects and are not considered in cost benefit analysis. True or technical externalities have a real impact on the efficiency level of a market thereby affecting community well-being. They are effects for market decision on the resource use of a third party. The impact of externalities, their need for inclusion and market efficiencies are explained further in Appendix 2. Externalities occur when one parties actions affect another parties well-being and the relevant costs and benefits are not reflected in the market. The RMA makes a clear distinction between market effects and true externalities. The sustainable and

efficient management of resources under the RMA is based on the inclusion of these effects.

3.7 In part the justification for intervention in locating retail is similar to that given for residential. Councils restrict the spread of residential development to more intensive zones because the cost of allowing dispersal are significant and are not considered by the market, such as increased infrastructure costs, reduced transport efficiencies, inefficient land use, as well as reduced community amenity. These are factors that an individual participant in the market does not always consider, not just the impact of these costs on themselves but the cost of their decision on others. The opposing costs of not allowing residential to spread are potentially increased residential prices and reduced development. These are costs that, as explained in Appendix (1), in retail are likely to be less than in residential and yet the net benefits of restricting residential expansion are clear. The continued expansion of residential would not only incur increasing social costs but has the potential to stifle innovation and produce a dispersed community. Planning is about informed value judgements and restricting individual choice for the benefit of the entire community's well-being.

4. Retail Market

4.1 As outlined in the previous section (4) market decisions are primarily made based on private costs and benefits, typically costs or benefits borne by the community are not recognised by the participants and therefore lead to an inefficient allocation of resources. Retailers chose locations based on a series of criteria that are balanced against their own costs and benefits and therefore produce the highest net gain for themselves. These criteria generally include but are not limited to; suitable profile / exposure, accessibility for customers and suppliers, feasible costs, appropriate parking provision and appropriately shaped sites.

4.2 The benefits of the market lead approach are the clear market signals which are necessary to produce equilibrium in the market where the amount of retail supplied is in balance with consumer demand. Over time retail, along with other activities, has clustered into 'centres' due to observable benefits to both the consumer and retailer. These benefits of agglomeration have been recognised by the market and are inherent in retail location decisions.

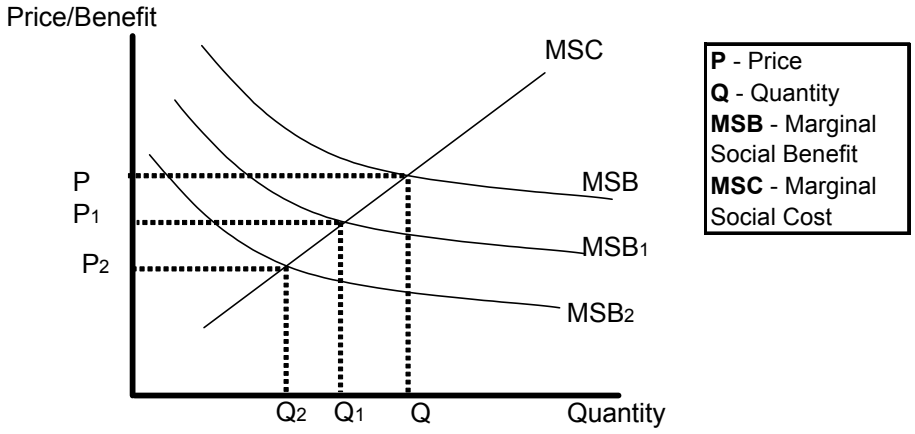
4.3 However in the presence of externalities these signals can fail resulting in either an over or under production of retail in the wrong locations. Without regulation retail locational decisions in Auckland will continue to be based on private cost benefit decisions. Given the opportunity retail operators and developers will continue to locate retail based on their own returns and will not have regard for what is best for the community. Although many of the criteria outlined above are represented within centres the weighting of these is crucial. Often 'destination' retailers prioritise land costs given that they do not require the critical mass created within established areas, these retailers generally create their own profile due to their size and type and are specifically sought out by shoppers. This is often justified by the potential savings they offer to consumers while reducing their own costs. It is argued that these private benefits are often outweighed by the costs to the community of this locational strategy; this cost is further exacerbated by the exodus of smaller stores following the larger profile retailers. This pulling power is evident in the retail market as it operates currently. When consolidated retail landlords such as malls negotiate lease terms with larger anchor tenants they factor in the large patronage they will generate for smaller retailers and leverage the rents accordingly.

4.4 It is a commonly held position that section 32 analysis, under the RMA, should only be concerned with additional costs and benefits rather than the total costs and benefits. This is an important point especially with regards to retail centres. For example, the loss of a shopper in a centre will have a additional impact on vitality. This change is extremely difficult to assess comparatively however, for example shoppers would need to be asked what impact on the vitality value a Given percentage decrease in shoppers would have on a centre. Therefore, when making a decision on the likely impacts consideration must be had for the total value (cost and benefits) and the likely proportional (incremental) impact on the variables affecting these (e.g. the number of shoppers visiting a centre). Often however a value judgement must be made by public decision makers as to the comparative values of these costs and benefits. This is an important point when assessing the results of the resident survey later in my evidence.

4.5 As individual decisions impact upon community wellbeing it is important to understand the cumulative impact of these decisions. The graph below indicates the impact on the total community's wellbeing of individual decisions. As a few shoppers make the decision to patronise 'out-of-centre' retail they impact on the cost benefit decisions made by those left. This moves the (marginal – the impact of one more

person) benefit curve down (MSB2). This results in a further 'group' of shoppers deciding to leave the in-centre locations since some of their 'value' has been eroded. This impact has the potential to continue as the benefits attributable to shopping in-centre continue to be diminished relative to the value of out-of-centre retailing.

Graph 1: Potential Marginal Impacts on the Relative Value and Activity in Centres



4.6 The fundamental issues underlined here are simple to outline but somewhat more difficult to assess. They involve the principle that retail centres are community assets in themselves and include:

- What are the potential benefits of locating retail in 'centres'?
- Does the market (either retailer or consumer) give appropriate recognition to these benefits and the potential community value?
- Are these true externalities and what is the potential extent of these benefits to the community?
- What are the likely costs of restricting the potential locations for retail in Auckland to higher density areas?

The objective of this Change 6 is to create a planning framework that enables a greater level of economic efficiency while avoiding inequitable protection within the market.

It is important at this stage to note that not all retail 'centres' operate in a similar manner. This is why it is important to have established a hierarchy of centres. The values associated with each centre type will differ based on its role and function, from a high priority for convenience in local centres to a lower relative value for regional retail centres and the CBD.

4.7 The magnitude of the impacts on the Auckland Regional community is discussed in the following section (5). Given that there are potential costs associated with regulation, not least of which is the muting of market indicators, there needs to be a clear understanding of the level of potential effects associated with the market failure. These assessments are not intended to quantify the direct impact of proportional decentralisation but to indicate the potential social and economic values tat are jeopardised.

5. Efficiencies of Intensified Retailing Activity

5.1 The economic argument for intervention is based on the fact that the market fails to consider significant community benefits achieved through the locating of retail activity. These failures conceal the true value of retail centres and if unchecked are likely to result in an inefficient use of resources. It is important to note that the loss of these potential benefits are not confined to the impacts on the existing retail network but must also be considered in terms of the potential future efficiencies that could be achieved. In these terms a lost social benefit is tantamount to a social cost. The potential loss to the community of 'decentralised' retail activity is coined in this section in terms of the benefits of 'in-centre' retail. The benefits discussed here include the decline in retail centre function and amenity along with adverse effects on the roading network, public transport provision, resource productivities, land efficiencies community facilities and centre infrastructure. Each is also assessed in terms of whether they should be regarded as 'true' externalities and to what level the market may (or should) be considered to have regard for them.

Decline in amenity of centres

5.2 The amenity of a centre is directly related to its vitality and vibrancy, which in turn has a strong correlation with the level and potential level of people within a centre. A loss of patronage to a centre is not only likely to result in decreased infrastructure efficiencies and a fall in other activities but is very likely to reduce the value residents place on the vibrancy and sense of community achieved there.

5.3 These functions are notoriously difficult to assess in terms of their use and value to the community. In June 2007 and February 2009 Property Economics undertook a 'social survey' of three cities – Auckland, Christchurch and Wellington. The purpose

of this survey was to gain insight into what residents valued in a major retail centre. The full survey and results are included in Appendix 3. A contingent valuation methodology was used here because it is one of the only ways to assign dollars amounts to non-use values for an environment, values that do not involve market purchases and may not involve direct participation or can be assessed through proxies.

5.4 This survey was designed to assess the value that residents placed on retail centre attributes and compare these values between Auckland and Wellington and a more dispersed retail market such and Christchurch. 2,600 residents were asked why they visited the CBD, how often, what they considered most important about it and then attempted to place a value on having access to retail in this centre as opposed to more dispersed locations. The purpose of this survey was to illustrate the magnitude of value that is being jeopardised.

5.5 In considering the costs and benefits of Proposed Plan Change 6 it is important not just to have regard for the current situation that exists in Auckland, but the benefits that are likely to be attributable due to adopting a consolidation approach. These benefits can then be weighed against a more liberal dispersal stance. The hypothesis here was that Auckland has already suffered from out-of-centre retail development that has potentially reduced the social value of centres, such as the CBD.

5.6 The results of this survey for the Auckland Region are shown in Appendix 3 (with Christchurch and Wellington included in the more expansive supplementary report). These results pertain directly to the issue of amenity and the social externalities that are attributable to a retail centre such as the CBD. In the hierarchy of retail centres it is acknowledged that the CBD typically holds the greatest social value. The results of the survey showed:

- That a significant proportion of respondents (60%) primarily used the CBD for activities other than shopping or work.
- In terms of what respondents found most important to them about their CBD both ‘sense of community’ and ‘active and vibrant’ not only feature strongly in responses but also had correspondingly high values. These figures rose substantially when considering just those whose main activity was shopping.

This shows social factors and amenity are valued very highly by the community.

- The average personal value, with regard to the average value placed on the Auckland CBD by an Auckland resident, of the agglomerated activity in the Auckland CBD was ($202 per annum) over 3.5 times greater than that of the Christchurch CBD ($54 per annum) even when adjusted for income differentials. This has been assessed through a 'willingness to pay' methodology. This value was dispersed widely among respondents. The importance of this value is that it is not replicated elsewhere and therefore the net value is jeopardised.

5.7 Although, as previously pointed out, marginal changes in community values would be ideal, the use of total value figures give clear indications of the potential value and therefore the loss to community well-being.

5.8 Given the figures indicated above some basic extrapolation of data can be undertaken. The survey above took into account those that did not use the CBD for personal use at all and so can be taken as a statistically robust sample for the relevant city populations. The total 'willingness to pay' for the social value to the Auckland population (15 years and older) per annum is approximately $98m - $143m[1]. Convenience itself is relatively subjective and although centres allow for multiple trips this factor has been removed from both sets of results. This provides an indicative social value for Auckland CBD of $79m to $114 per annum. This is the potential value jeopardised in the Auckland CBD alone by continued decentralisation that will undermine the vibrancy and sense of community. As previously stated it is impossible to assess the marginal effect on 'one more person' leaving the CBD and whether there is a 'tipping' point in terms of activity. As previously stated this value does not imply all future retail investment should take place in the CBD as issues of convenience, choice, sustainable infrastructure utilisation and local identity become increasingly important for different forms of retail activity.

[1] This is based on a proportional number of respondents (proportional to the Auckland Regional population over 15 years of age) who deemed either 'Atmosphere', 'Vitality', 'Convenience' or 'Sense of Community' as the most valuable CBD attribute. It is important to note that only 53% of respondents fell into these categories. The primary attributes (for the Auckland CBD) identified by these respondents were cross-tabulated with their respective values (relating to questions 5a and 5b of the survey).

5.9 As commented earlier the comparison here is not the current situation compared with potential decentralisation (or the 'with' or 'without' scenario), it is consolidation of retail in centres versus this dispersal scenario. Value to the community of these retail / community centres is not just what is currently valued by the community but what could be achieved. Christchurch offers a comparative 'decentralised' retail environment. It is of interest to note that the Christchurch CBD had a value 75% lower than that indicated by Auckland residents, while the relative value for the Wellington CBD was similar to tat experienced in Auckland. This value is an indication of the potential loss to the community that is unlikely to be replicated elsewhere.

5.10 It can be argued that this activity and vibrancy act as a competitive advantage for the CBD and thereby work as trade competition. However, the value of the CBD to patrons is not just determined by their own decisions but those of other shoppers who do not consider this loss in their decision making, resulting in a direct resource effect on a third party. By dispersing retail activity the value of a vibrant centre is reduced, there is little doubt that, allowing for congestion, there is a direct relationship between the level of activity in a retail centre and the average amenity value achieved from it.

5.11 A more liberal view may also illustrate the problem of reducing the choice of some people for the benefit of others. The issue here pertains to welfare economics; it is the wider community well-being that should concern policy makers. This is the purpose for intervention impacting upon what the market would produce so that it creates a social equilibrium. In making a private decision a patron may weigh up a price saving of say $50 per annum (in an out-of-centre location) with their social value of an existing centre, $40, and make the decision based on the perceived $10 gain. However the fact that they no longer use the centre may have a cumulative effect on everyone else of $100 per annum. Thus the community well-being is enhanced by having that patronage in the centre.

5.12 In terms of benefits to the wider economy vibrancy and local amenity are often key factors in the housing and employment decisions made by skilled labours. This environment is more likely to lead to increases in value added goods and productivity gains for the local economy.

Agglomeration and Productivity Gains

5.13 The arguments for agglomeration pertain mainly to specific productive activities within an economy. The basis for these arguments is that increased densities lead to synergies and improved flow and utilisation of resources. The presence of agglomeration effects within the New Zealand market is somewhat contentious, however the supporting academic and empirical evidence identifying the economic benefits are particularly strong and widely accepted. Work undertaken in 2007 by Ascari Partners and Richard Paling Consulting (Williamson, Paling & Waite, 2007) has shown a doubling of employment densities accompanied by accessibility will result in productivity gains of around 3%. It is important to note here that these productivity gains would need to already exist in a market for them to be considered by individual firms and are therefore less likely to occur without other incentives for them to locate here.

5.14 The agglomeration of retail has two effects which are important to distinguish between, the first is the increased profile created by a critical mass of retail. There are obvious 'flow-on' benefits to retailers of locating within a vibrant and active centre along with the potential for some economies of scale. These benefits however are for the most part considered by the retail market in its locational decisions. Based on these benefits alone there would be no requirement for intervention as the market would operate efficiently.

5.15 However the second impact of retail agglomeration has to do with the environment that is created through this critical mass. Centralised retail creates both amenity and diversity with the local area. The agglomeration of retail into centres provides an environment that will facilitate that agglomeration of other commercial activities and allow for the productivity gains identified above. Current research shows a clear link between vibrancy and local amenity and skilled employment and business locational decisions.

5.16 The ability of retail to provide this environment, and thereby improve community wellbeing, is not considered is individual retail decisions and are therefore distributional impacts with regards to this resource. The potential level of these impacts are significant given even a 1% gain in productivity in the Auckland CBD would represent over $80m annually. This amount is indicative only as it relies on accessibility and other capacity that may 'crowd out' some of these benefits.

Adverse effects on community infrastructure

5.17 The provision of community facilities and infrastructure is a social investment. The justification for this investment is the social value that these services and facilities provide to the community. This is considered to be significant enough that they are publicly funded and supplied. The reason they are publicly supplied is because given their social value the free market would not supply enough of them given a patrons individual value (price).

5.18 Such facilities include libraries, community centres, public meeting areas, police stations, etc. These are generally provided in centres with high activity so as to coincide with retail and other uses. The scale of these facilities also coincides with the scale of activity located within the centre e.g. the main library in Auckland is in Auckland CBD. This in, and of itself, is reason to suggest that there is a direct relationship between use of community facilities and other activity such as retail. Simply put the greater the level of activity and accessibility in a centre the greater the utilisation of such public assets. Not only is profile important for these types of facilities but they are located to make good use of multi-use trips.

5.19 The provision of these facilities are sometimes seen as 'sunk costs', dismissing their relevance and their potential underutilisation as costs to decentralised retail activity. Although this line of thinking is correct with regards to the fixed investment it fails to consider the return from the community investment that is lost if these assets are undermined. The utilisation of these assets has community value that must be considered when potentially reducing their usage. I believe what he sees, in this regard, as sunk costs are in fact community investments that must be considered in terms of their initial costs (and hence on-going opportunity cost) to society. Even if the investment is irrecoverable (hence not property etc) there is still a need to have regard for this investment, especially if not considering their value is likely to lead to a duplication of facilities.

5.20 There are two potential effects of reduced usage of community facilities within retail centres. The first is that the marginal cost per patron increases thereby reducing efficiency and reducing the social benefits through its provision, and the second is that the infrastructure has to be duplicated elsewhere causing significant inefficiencies of community resources. The costs involved in underutilisation of these

resources or indeed their duplicate are relative obvious and must be considered when locating associated activities.

5.21 The provision of these facilities within centres may result in a slight competitive advantage for these retail locations as they draw primary users, however reduced retail densities will result in a lower potential utilisation. (Property Economics Social Survey showed 19% of personal visits to Auckland CBD were to utilise community facilities, 10% of these were the primary purpose for the visit) The Council provides these resources because they have significant social benefit to the community, to undermine their use, in any way, diminishes that benefit. The basic principle here is to try and maximise the net social benefit gained through provision of these goods, therefore the location of these is extremely important. To put a library in the middle of no-where and then to argue that people still have the choice to use it if it enhances there own well-being is absurd, it increases the private cost and reduces the social benefits associated with that facility. This co-location also has the potential to increase accessibility and efficiencies in terms of travel.

5.22 The argument pertains to whether the choice made by patrons is an informed one and whether the 'free' market will take into account the true value of these resources to the community. Society is continually restricting consumer choice based on what is most beneficial to the community as a whole, cigarettes, drugs, pollution etc, private choice is restricted for the betterment of society. Individual choices must be held accountable to the community.

Transportation Efficiency

5.23 The basis for this argument lies in Mr. Abley's evidence relating to the transport efficiencies achieved through the agglomeration of activities with one of the key generators or these travel patterns being retail patronage.

5.24 Transportation efficiencies are fundamental when considering the economic costs and benefits associated with this intervention. These values are inherently linked to the level of accessibility to activities and assets within these areas. In terms of costs, relating to the proposed plan change, it is crucial that consideration is made for the capacity of this infrastructure as the benefits are likely to be tempered by a 'crowding out' effect. In terms of transportation this is often referred to as congestion. The impact of this is to reduce the benefits attributable to these locations while increasing

the costs in terms of reduced convenience and increased travel times. It is important to note that the proposed plan change allows for this, as the infrastructure associated with a centre becomes more congested there is provision for the establishment for new centres or if appropriate other retail locations

5.25 As stated the transport efficiencies associated with agglomerated retail activity are addressed in Mr Ableys evidence. From an economic point of view the private costs linked with retail travel are, for the most part, considered in individual decisions. If there are travel savings for an individual shopping in-centre these will create a competitive advantage for that retail location. Similarly if a centre has superior public transport facilities this provides an incentive for the market to frequent this retail.

5.26 However efficient transportation networks provide obvious benefits to the community that are not considered in these decisions. These benefits include:

- Reduced public costs for roading and public transport infrastructure (reducing the need for duplication)
- Reduced pollution
- Increased equity for those reliant on public transportation (It was of interest to note that 24% of those accessing the Auckland CBD did so through public transportation – Property Economics Social Survey 2009).
- Increased certainty around public and private sector infrastructure investment
- Reduced marginal cost (reducing the 'per trip' cost)

5.27 It is generally accepted that there are transport efficiencies associated with centralised activity. It is fundamental to note that not all these benefits are considered in individual retail decisions. Given that the level of investment into this form of infrastructure climbs into the billions of dollars it is critical that this be given some level of security as to its efficient utilisation and therefore effective return. Similarly, some level of certainty is essential when investing in public transportation both from an efficiency aspect and from an accessibility point of view. Retail location is essential both directly and indirectly in these decisions due both to the level of activity generated by this market and the co-location of other activities due to amenity.

Decline in Shopping Centre Function

5.28 The function of a retail centre is not limited to the trading of goods and services. Retail centres also fulfil a social and community function. This is the very crux of the argument whether these centres are simply competing retail hubs that should be left to rise or fall by the market, or whether they have a greater function as a community focal point and for general social interaction. To have regard for them only as commercial centres would negate their true social value that is not always consciously considered in decisions made by shoppers but has wide reaching social implications. One of the primary purposes of planning is to create liveable functioning communities in which retail centres play a pivotal role.

5.29 These functions are notoriously difficult to assess in terms of their use and value to the community. In June 2007 and February 2009 Property Economics undertook a 'social survey' of three cities – Auckland, Christchurch and Wellington. The purpose of this survey was to gain insight into what residents valued in a major retail centre. The full survey and results are included in Appendix 3. A contingent valuation methodology was used here because it is one of the only ways to assign dollars amounts to non-use values for an environment, values that do not involve market purchases and may not involve direct participation or can be assessed through proxies.

5.30 When asked what activity they primarily used their respective CBD for nearly 60% of respondents stated they used their CBD primarily for activities other than shopping or work. The same survey found that the most important feature of their respective CBD's was the activity and vibrancy (12% - 23%) as well as the sense of community (3% - 23%). It is important to note that although this is identified by patrons and should operate as trade competition for the centres it is dependant on others values and their presence in the centre. This clearly shows that the retail accommodated within centres provides an important and far greater function than just the opportunity to shop. These functions and their values however are fundamentally linked to the health of the centre. If taken in isolation the simple function that a centre fulfils to shop would not justify protection, however intervention is justifiable to safeguard the non-market functions that exist outside the values considered in this decision.

5.31 The sense of community created here has real value sought by society due the flow-on benefits associated with it such as reduced crime, and improve community

relationships which lead to greater synergies. These benefits are not typically considered in individual decisions and are generally achieved through a critical mass. The importance of this issue is illustrated through the millions of dollars invested every year into community and youth programme. Retail activity is a linchpin in creating identity in a local community for a society to operate efficiently. This value is often not recognised by society until it is lost.

5.32 The sense of identity that these centres provide plays a key role in not only local identity but also visitor recognition. The agglomeration of retail as well as other activities provides an environment which facilitates a critical mass that in itself operates as an 'attraction' for visitors. There are additional benefits with regards to vibrant, activity centres operating as tourist destinations thereby increasing economic activity and well-being in a given area. National and international visitors contribute over $3b per annum to the Auckland Region GDP, any impact on this figure represents a significant nominal value to the regional economy and will result in considerable flow on effects through the economy.

Land Use Efficiencies

5.33 A key purpose of planning is to produce the most efficient use of an economy's land resource. Planning regulations are designed to control private uses for this resource so as to produce a sustainable long-term outcome. Inherently there are two potential shore-falls of the market in achieving this with regards to retail location.

5.34 The first issue is associated with the potential lack of information available to private developers. This may take the form of making decisions without full knowledge of competitor investment plans. Inaccurate forecasts of future demand may effect the efficient allocation of this land resource. This potentially leads to an oversupply of retail within the market. The relevance to retail location is that there is a propensity of out-of-centre retail to have a greater degree of viability (and lower risk) in the shore-run. This oversupply is evident in a market such as Christchurch where out-of-centre retail has resulted in greater levels of retail floorspace that under produce relative to the comparative cities.

5.35 Secondly potential efficiencies are lost where a resource is over allocated as the market has no necessity to utilise these efficiently. E.g. without restrictions on residential land some efficiencies would be lost from higher density living. The

efficient use of land is fundamental to community well-being. The provision of relatively cheap land in inappropriate locations provides the market with misleading signals which has the potential to reduce the productivities of land for the entire economy.

The potential impacts of planning controls

5.36 In any assessment of effects, under the RMA, it is crucial to have regard for both the benefits and costs of a proposed plan.

5.37 As stated the market is an efficient allocator of scarce resources. Market indicators such as price typically channel these resources based on demand and relative value. The recognition of social benefits over and above these, and any subsequent intervention, has the potential to influence these indicators and lead to inefficiencies.

5.38 Intervention into the 'free' operation of the retail market in the form of proposed Plan Change 6 may result in:

1. The retention or increase in the price of retail land
2. Congestion leading to reduced accessibility and therefore a 'crowding out' of the benefits outlined
3. Potential exclusion of some retail models
4. Increase in the cost of retail

5.39 The provision of cheap land for retail use has long been the basis for the decentralisation of retail. The priority of land costs in retail location decisions is most commonly held by destination retailers who do not rely on the presence of other retailers' activity to support the viability of their business. However, as previously stated, these retailers themselves create a profile that enviably changes the relative 'attractiveness' of retail locations for other retailer. This in turn has a significant impact on all the benefits previously identified. The simple point here is the provision of cheap land, but at what cost to the community? The market does not consider these disbenefits and therefore the price of this land for retail use is not a true representation of its cost, thus leading to inefficient resource use.

5.40 Accessibility is a key factor is the level and existence of the benefits attributable to retail agglomeration. Without this these benefits will be significantly reduced. It is

fundamental that capacity in the existing network is maintained. Further to this it is my understanding that the joint Councils position involves a sequential test that will allow the development of commercial activity in new centres, on Intensive Corridors or 'other' retail locations where considered appropriate. This test should include the existing and potential capacity of these networks.

5.41 Over the past 15 years there has been a proliferation of retail models fundamentally structured so as to compete by utilising their 'destination' status and therefore they avail themselves of resources with reduced competition. Firstly there is no reason to suggest that these retail models will not operate successful in competition with others, as they do currently throughout Auckland. Secondly if these retailers can illustrate a net social benefit in their location there is no reason for them to discontinue the discretionary application of this model. This is in keeping with the criteria set out in the joint Council position where appropriate activity can situate in non-centre locations.

5.42 This point relates to all those previously discussed. The simple point here is that if these prices can not be maintained in centre then their benefit of providing these should be balanced against the locational inefficiencies.

5.43 It is important to have a balanced approach when considering the impacts of the joint Councils position on the centres plus approach. Often it is purported that in the event of an unlikely result a liberal, market led, approach should be adopted. This is commonly based on the assumption that it is better to have trade competition to promote well-being. I do not believe that this is an appropriate approach to retail supply in Auckland. Given the levels of current retail floorspace in this area it is unlikely that there will be a significant impact on competition brought about by the Councils' Joint Position on the centres plus approach, relative to the potential losses to the community from decentralised retail. The potential costs are further alleviated by the Councils' Joint Position which is an enabling framework that does not prevent out of centre retail development, where appropriate. Due to the fact that the potential losses to the community of allowing continued decentralisation are so great, in this environment, and the likely risks to the economy of the Council's Joint Position are so limited, it is entirely prudent to assume a precautionary stance on this issue. There is an important balance to be maintained between protecting community benefits and potentially stifling positive market growth. Given the current retail environment however it is my opinion that the former is more likely in Auckland. It is not the role of

the Council to restrict competition or protect commercial interests, it is however its role to protect and enhance the community's social and economic well-being.

Impacts of insufficient capacity

5.44 Key to the arguments above outlining the benefits of retail agglomeration is the ability for the centres themselves to efficiently accommodation an appropriate level and range of retail activity. Mr Tansley's evidence indicates that there is currently insufficient capacity, in terms of viable development potential, within existing centres.

5.45 There are three primary issues to identify when considering 'non centre' retail development. The first is the level of capacity within existing centres and the extent to which efficiency gains will be 'crowded out' by congestion potentially leading to an undersupply of retail to the market that impacts on community wellbeing. This needs to be viewed with regard to the markets ability to sustain a new centre. The second issue is in terms of the wider Council objectives. The desire to intensify residential areas brings with it the need too accommodate retail demands in areas that may not be suitable for centres. Lastly the need to accommodate diverse forms of retail may necessitate the consideration of alternate locations where the impact of retail location has a positive impact on the community. Such a form potentially is large format retail (LFR). The locational requirements for this form of retail are often different to those seen in other comparative and specialty retail formats. In some cases the locating of LFR in centres has the potential to reduce accessibility and legibility in these locations. Parking provisions and building structures often dislocate activity in these areas.

5.46 A potential alternative location for appropriate retail put forward by the joint Council position on centres plus comes in the form of intensified corridors. These fit the objective of potential residential intensification while accommodating growth along areas with improved access to public transport. It is important to note that these areas are unlikely to exhibit the level of benefits attributable to centres however they offer a potential alternative for some retail activities that are unable to locate in centres yet provide a benefit to the community both directly and in terms of meeting parallel planning objectives.

6. Conclusion on justification for intervention

6.1 There are several other reasons why intervention into the retail market in Auckland is entirely appropriate. The restricting of certain retail activity in existing centres creates pressures that are likely to produce further agglomeration effects and improve efficiencies. There must however be capacity in existing centres for this to occur. The reduction of private costs are not a valid reason in themselves to allow unrestrained dispersal of activity if this results in a net loss to the community.

6.2 The distributional effects brought about by the on-going decentralisation of retail in Auckland, present a serious threat to community well-being and are inconsistent with the RMA guidelines to support and enhance this. The concerns over these externalities are not restricted to Auckland or the national arena. The United Kingdom has witnessed the effects of a market lead decentralisation of retail throughout the 1970's and 1980's. They have seen the proliferation of out-of-centre retail that was '*neither socially or environmentally sustainable*'. It was due to this that the government first introduced the PPG6 and then subsequently the PPS6 (Planning Policy Statement) in 2005. The key objective of this policy was to promote the vitality and vibrancy of town centres by:

- *Planning for the growth and development of existing centres; and*
- *Promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all.*

6.3 Research undertaken in the UK regarding this policy found that, '*Positive benefits are likely to be strongest where additional development takes place in the centre, or by an expansion of the centre, followed by edge-of-centre sites where a development will be well connected to the centre*[2]*'.* This sequential approach is fundamental to the PPS6 where out-of-centre retail sites are only considered after in-centre and edge-of-centre locations, and only when served by good transport and links to existing centres. *'New out-of-centre' locations that are accessible by a range of transport modes may be considered where all other options have proven unacceptable'*. This approach provides flexibility in that it prefers in-centre development but does not preclude the possibility of out-of-centre development if it provides a net benefit to the community.

[2] PPS6 Planning for Town Centres, Office of the Deputy Prime Minister, United Kingdom

6.4 In my opinion the joint Councils position on centres plus is required to cater for the positive externalities that are undoubtedly present in existing retail centres. It is extremely important that the community's best interests are served by the location and agglomeration of retail activities that allow not only for efficiencies in land and infrastructure but also for social values of vibrancy and community. It is important to note that this is a guiding principle and the cost benefit analysis on individual retail projects may be proven to benefit the community in separate locations, these however are likely to be the exception rather than the rule. In conclusion I support the Councils' Joint Position on the centres plus approach included in the amended Proposed Plan Change 6 to the Auckland Regional Policy Statement.

PART 2: Auckland Regional Industrial Activity

7. Need for Industrial Land

7.1 For the purposes of this evidence 'industrial activity' includes those sectors that are commonly referred to as Group 1 industries. These include; manufacturing construction, wholesale trade, transport & storage and some utilities. These categories fall under Group 1 activities generally because of their land extensive nature.

7.2 Enabling the accommodation of Group 1 activities in the Auckland Region is crucial to both the direct production and employment benefits as well as the indirect support of ancillary support services. Group 1 activities constitute over 32% of regional employment and are a key component in business service demand as well as 'retail spend' generation. The economic importance of industrial activity within the Auckland Region is not limited to the direct outputs of this sector. This activity unpins many of the service sectors throughout the region and provides vital injections into the economy through external trade. Although the value of industrial land is reflective simply of the direct outputs from this sector, as with rural activity, the relative price of land viable for industry activity should not be an indication of its level of importance to the local economy. It is necessary therefore, since the market will not adequately assess its importance through pricing, to protect the viability of this sector where appropriate.

7.3 Auckland region continues to face pressures from population growth and with this the demand for business land. In order for Auckland to grow into an internationally competitive city it is necessary that it function in an integrated manner. The provision of appropriate industrial land is key to a competitive, export focused economy as well as providing jobs for a third of its workforce.

7.4 It is important to note that many of these activities have accompanying support services that generally have high 'value added' potential and are therefore crucial to the long term 'health' of Auckland's economy. These 'flow-on' benefits are important to consider as they often exhibit higher levels of productivity and agglomeration benefits. Auckland continues to struggle with the provision of these activities as competition from such areas as Tauranga and Hamilton provide land with less competition for other service activities such as retail providing lower relative prices.

7.5 The uptake of land by the service sectors and land speculation has had significant implications for land values over the past 10 years. The increase in Auckland's land prices and the competitive pressure of other land uses has left the Region with a shortage of industrial land available for future development.

7.6 The potential inability of Auckland region to accommodate appropriate industrial activity will have considerable effects on the regions population and its ability to remain international competitive.

8. Estimated Industrial Land Market

8.1 Due to its locational requirements the industrial land market has seen increasing competitive pressure over the past decade. Industrial activity typically requires:

- Large land parcels
- Vacant land
- Good access to motorways and arterial roads
- Relatively cheap land
- Distance from sensitive activities
- Consistent energy supply

It is important to note that these requires mean that industrial demand competes with a variety of other uses not least of which Large Format Retail. Most of the criteria

outlined above are those sought by this activity as well. Over recent years, throughout the country, this activity has continued to compete with industrial activity to a level that industrial businesses are either forced to accept inefficient locations or increasing leave an are altogether.

8.2 Appendix 6 illustrates the pressure exhibited in Manukau City over a six year period, with prices in some areas quadrupling. This has occurred where adjacent residential pressures have lead to other activities locating in industrial areas. The result of this pressure is drive out industrial activity leading to the either longer travel times for workers or the loss of jobs altogether.

8.3 Auckland has the second highest price for industrial land in Australasia. In August 2007, CBRE stated that "*Auckland is just not competitive in an Australasian context for major industrial occupiers*". As a consequence Auckland is losing business opportunities, not just locally but internationally. CBRE were receiving 10-15 enquiries a month from Australian companies considering their locational options, but they have no Auckland product they can offer. Many occupiers want to own the land and not lease. Without the ability for occupiers to own their own land due to limited supply and/or very expensive land, then they will take their business elsewhere. The lack of industrial zoned land in Auckland is driving occupiers out and limiting opportunities to increase industrial output.

8.4 Given the pressure on the current level of industrial activity and competitiveness the estimated future demand for industrial land has been of considerable concern to Councils. Table 1 below shows the current level of vacant industrial land in the Auckland Region. It is important to note that not all this land is located appropriately nor is it available for development due to such issues as land banking.

Table 1: Industrial Land Demand for Auckland Region (Hectares)

	Group 1 (Ha)			
	Total	**Potential**	**Brownfield**	**Vacant**
Auckland City	966	12	119	54
North Shore City	536	14	13	46
Manukau City	2,092	349	86	249
Waitakere City	492	41	29	57
Papakura District	301	34	42	26
Rodney District	260	22	17	44
Franklin District	0	0	0	0
Auckland Region	**4,647**	**472**	**306**	**477**

Source: Auckland Regional Council

8.5 The demand for industrial land to 2031 has been estimated using Auckland Regional Councils employment projections and assessing this against the employee to land ratio for each Group 1 sector. Recent trends have also been assessed in terms of more intensive or extensive land use by sector exhibited over the past 10 years. The resulting demand is shown in Figure 2. The expected increase in demand of over 1,300 hectares does not include the servicing of these areas by roading and so has the potential to underestimate the gross land area required by up to 30%.

Table 2: Estimated Group 1 Land Demand to 2031(Hectares)

(Hectares)	Manufacturing	Transport & Storage	Construction	Wholesale Trade	Other	Total
Rodney District	18.0	10.7	6.9	11.4	0.7	47.8
North Shore	70.8	14.8	0.4	68.2	0.0	154.1
Waitakere City	64.7	12.4	6.0	28.3	0.0	111.4
Auckland City	229.9	73.9	-2.0	234.6	21.2	557.5
Manukau City	257.3	55.4	-2.9	129.3	11.1	450.2
Papakura District	23.9	6.2	5.7	13.8	0.3	49.9
Auckland Portion of Franklin District	-1.9	2.3	1.6	7.3	2.5	11.7
Auckland Region	**662.6**	**175.8**	**15.7**	**492.9**	**35.8**	**1,382.7**

Source: ARC, Property Economics

8.6 Tables 1 and 2 illustrate that the current level of industrial land is woefully inadequate to met the estimated demand to 2031. In order for a market such as this to operate efficiently a 10% vacancy rate is often considered appropriate at any one point in time. This enables businesses to plan for growth and for land negotiates to take place. Given the projections for land demand shown in Table 2 the current level of vacant industrial land (477 hectares as shown in Table 1) would be taken up within the next 6 – 7 years. When including 'brownfield'[3] and potential sites (as shown in Table 1), there is a conservative shortfall of some 130 hectares. With a 10% 'buffer' this figure rises to over 700 hectares.[4]

9. The Need for Appropriate Intervention

9.1 Provisions 2.6.5.13 and 2.6.5.14 of PPC6 seek to protect sufficient industrial land in appropriate locations within Auckland Region. The need for this protection is evident in the likely potential shortfall of industrial land that will be further exasperated by competing activities. Local authorities need to provide confidence to the market in

[3] Existing business zoned land that has been built on, that is either not in current use, or is significantly under-utilised and could be regenerated for business purposes.

the environments ability to accommodate future business growth. This confidence is essential in providing a competitive national and international location.

9.2 It is important to note the use of the term 'appropriate' in relation to the location of this industrial land. In terms of economic efficiency this term refers to locations that provide the lowest cost (including opportunity costs) relative to their benefits (i.e. highest net social benefit). It is important that this is a key criterion in assessing suitable and existing locations with regard to their activity.

9.3 The provision and protection of a sufficient and appropriately located industrial land is fundamental in enabling a value added internationally competitive economy for the Auckland region and growing its core economic base. As such I support the inclusion of the joint Councils position on 2.6.5.14 and 2.6.5.15 offering protection of appropriately zoned industrial land within Auckland Region.

Philip Osborne
28th August 2009

[4] The ARC commissioned *Green Field Business Land Report* stated that by 2031 there would be a need to provide an additional 775 – 975 hectares of Greenfield land to accommodate Group 1 growth.

APPENDIX 1 – Competitive Impacts of Increased Supply

In economic theory there are two types of market conditions, perfect and imperfect competition. Perfect competition implies no barriers to entering or exiting the market, this important condition results in these markets only ever achieving what are known as 'normal profits', these are the minimum acceptable returns for the inputs necessary to operate in the market (e.g. labour, capital, rent, etc.). In this market the price for the good or service is maintained at its lowest through the ease of competition. As more profit is made more competitors enter the market driving the price back down, if the price falls below this level then participants leave the market, reducing supply and thus increasing the price.

An imperfect market (a less theoretical market) implies some level of barrier to entry or exit. Most often this barrier is either: natural (e.g. control of a natural resource), capital (e.g. money), skill based or regulatory. These barriers are used by participants within the market to restrict entry and thereby maintain a higher price; the extreme example of this is a monopoly. For the most part the retail market, as a whole, sits at the lower end of the imperfect market spectrum. Barriers to entry for the market as a whole have been eroded more recently through the reduced need for capital through mail order and internet retailing. This advent has seen areas that have had geographic barriers to retailing become more competitive as economies of scale can be achieved at a regional or national level. This has had a significant impact on the competitive pricing of retail goods around New Zealand over the past 10 – 15 years and will continue to have dramatic effects into the future.

In considering the expected impact of increased retail supply on the Auckland market it is crucial to understand the environmental conditions under which the market operates. One of the most important of which is the competitive level at which the retail market in Auckland currently exists. In simple terms the more competitive the retail market is the less likely change in supply will have an impact on price.

This competitive environment is illustrated in the subsequent figures. As has been stated above, most markets exist in some form of imperfect state but it is the extent of this imperfection that determines a competitor's potential impact on price. Figure 1 below illustrates a highly imperfect retail market (such as a monopoly). As supply increases in this uncompetitive market the impact on the price is significant. However the retail market in

Auckland is more likely to exhibit monopolistic (it is important to note this is not a monopoly) tendencies. This is where there are a large number of retailers; this situation is illustrated in Figure 2. In this case an increase in supply will have a marginal decrease in price.

The reason for this level of competitiveness is due to the advent, as stated previously, of mail order and more recently internet sales also along with the proximity of other retail offers this is likely to create a highly competitive retail market.

Figure 1: Imperfect Market, Moderate to Low Competition (e.g. Monopoly, Oligopoly)

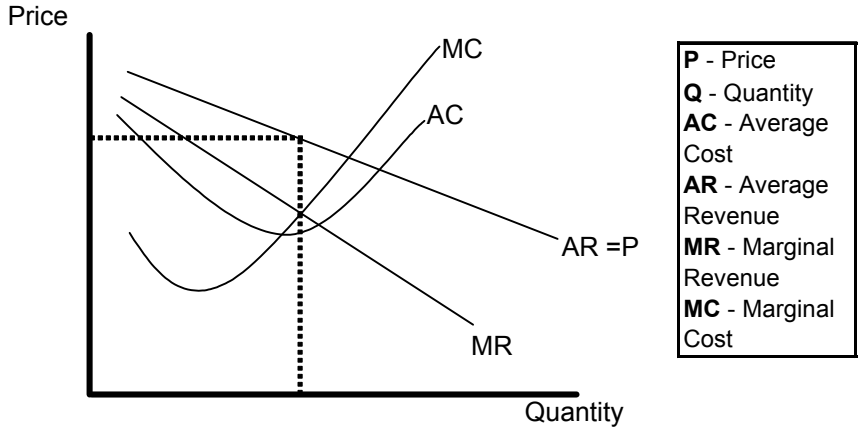
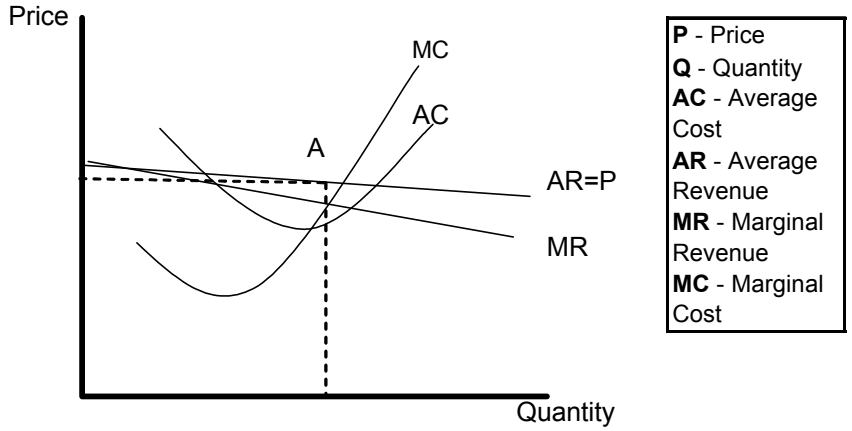
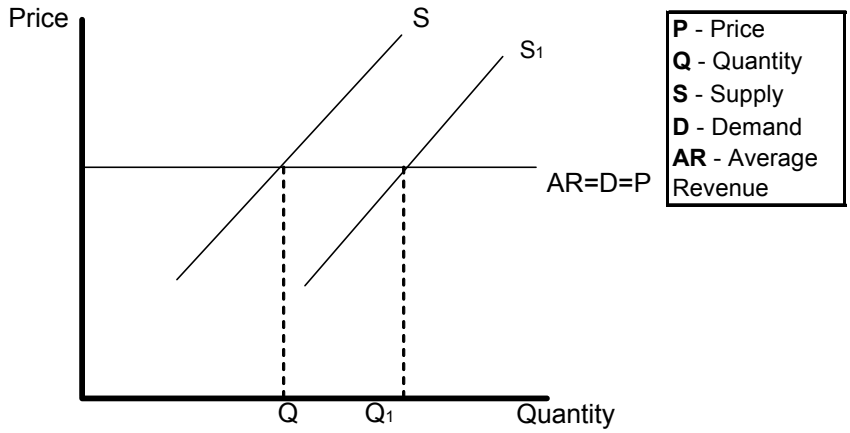


Figure 2: Imperfect Market, High Competition (e.g. Monopolistic Competition)



The resulting Figure 3 shows that although increased competition may in the short-run reduce prices, competitors are likely to be forced out reducing supply and returning the market to its previous position.

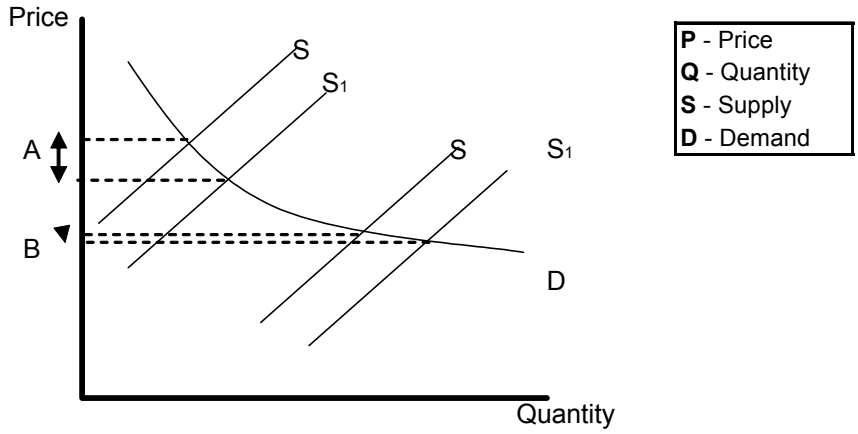
Figure 3: Impact of an increase in Supply on a Perfectly Competitive Market



In simple terms in a competitive retail market such as Auckland there is little possibility of increased supply in the general retail market having any impact on retail prices in the long-run. Intervention into this market by way of restrictions on retail locations is likely to have some impact on the form that this retail takes. However it is my understanding that Plan Change 6 seeks to locate appropriate retail activity within a hierarchy with centres most favoured as a location moving to more dispersed locations if appropriate.

Figure 4 shows the likely position of Auckland on the demand curve for retail. Point A represents the drop in price brought about by an increase in supply in an uncompetitive market, while point B shows the change in price in a competitive retail market such as Auckland.

Figure 4: Competitive vs. Uncompetitive Retail Market



Intervention into the retail market that encourages out-of-centre retail to consider net community wellbeing is likely to have some affect on the creation of new retail developments on cheap land. However it is essential to have consideration for the true cost of these cheaper locations on the total community. The potential for lower prices can be significantly

outweighed by the loss in efficiency to the community. Further to this the retail market can not be depended on to regulate the total market supply in a sustainable manner. In addition, the joint Councils position on Proposed Change 6 allows for new retail development on Intensive Corridors where it is appropriate. This in itself allows for additional capacity further reducing the likely price impacts on this market.

APPENDIX 2 – Externalities and Community Well-being

Figure 1: Market with associated negative externalities (e.g. Out-of-centre Retail)

Figure 2: Market with associated positive externalities (e.g. In-centre Retail)

Figure 3: Supply side intervention in a market with positive externalities

The key factors in the argument against complete retail liberalisation are the externalities produced by this market. Externalities are community (social) costs or benefits that are not received or paid for by those involved in the market transaction, the decision makers. The social cost of either the production on consumption is termed the Marginal Social Cost (MSC) while the social benefit of that additional unit is called the Marginal Social Benefit (MSB). Typically markets with negative externalities (costs) over produce as illustrated by Figure 1 while markets with positive externalities under produce (benefits), Figure 2.

Figure 1: Market with associated negative externalities (e.g. Out-of-centre Retail)

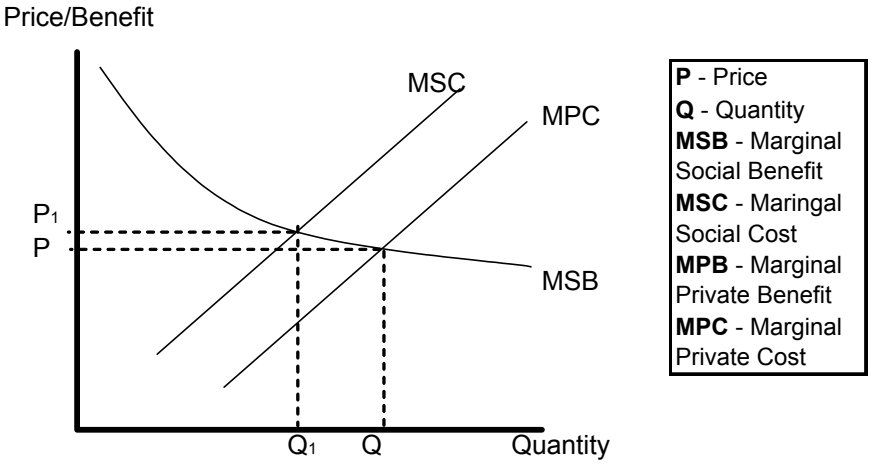
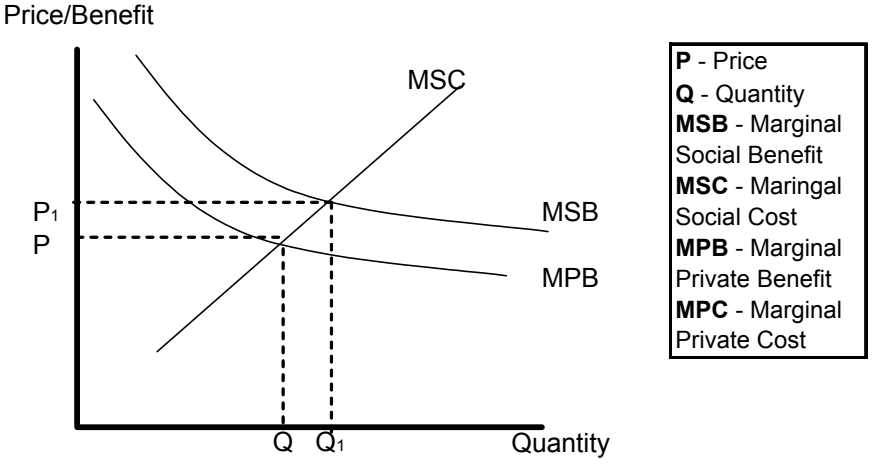


Figure 2: Market with associated positive externalities (e.g. In-centre Retail)

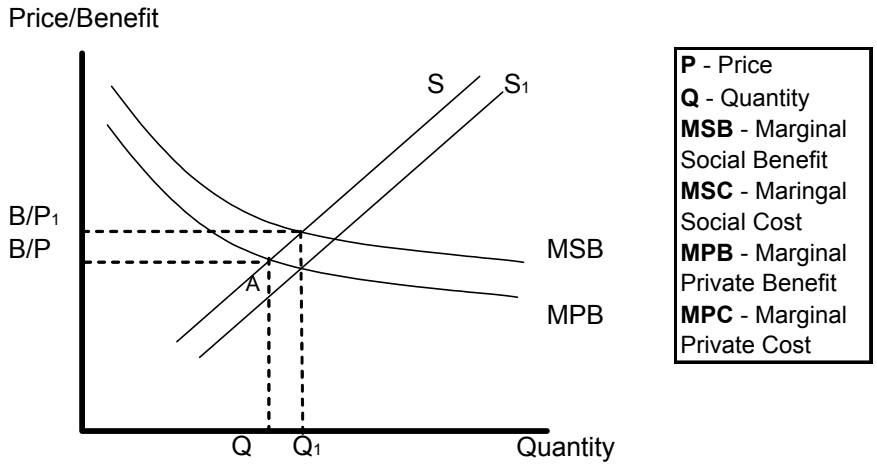


There are two types of externalities to distinguish between, true externalities and pecuniary externalities. True externalities are external costs and benefits that are not mediated through markets. It is necessary for Council to consider these as their inclusion in the decision making process has the potential to impact upon the well-being of the entire community.

With regards to retail, the decisions of some parties significantly impact on the well-being of others, this requires consideration of the total benefits to the community of retail location and agglomeration in order to maximize these benefits or minimize the costs.

An example of a positive externality in terms of retail location is the additional community benefit achieved through creating a vibrant, attractive community focal point that provides a sense of community. Under normal market conditions the critical mass needed to create this may not be maintained due to the fact that people are considering their own costs and benefits and not the impacts they have on others. Given this scenario the demand for in-centre retail may be lower (D=MPB) than is efficient. Figure 3 outlines this scenario. Point A represents an unregulated market.

Figure 3: Supply side intervention in a market with positive externalities



Point A shows the market where the positive externalities of in-centre retail are not considered. The market will produce Q1 of in-centre retail floorspace. Given that there are benefits that the market does not fully consider the demand curve should be represented by MSB, this would produce more retail activity at Q2. However, given the nature of this market the intervention is not on the demand side but on the supply side. With Council intervention, increasing the amount of in-centre retail will move the supply curve from S to S1. This creates a market, in this example, that is in a social equilibrium where community well-being

is maximized. Simply put; in-centre retail has community benefits not recognized by the market. When included this produces a greater benefit to the community than the market if left to its own devices.

An argument, for a potential cost of this intervention, is that by protecting in-centre development, retail costs (primarily rents) remain higher, limiting the increase in supply. However, in a competitive market (as discussed in Appendix 1) this will have a limited, if any, impact on price. Conversely, the development of retail activity out-of-centre not only reduces these benefits but also has direct costs associated with it. The potential provision of additional infrastructure, increase travel etc must be attributed to this retail by location.

This under representation of costs is illustrated by Figure 1. If these costs were included the supply curve would decrease increasing the price, that now includes these external costs, and decreasing the amount of out-of-centre retail the market would permit. Unlike many markets however it is difficult to charge or tax specific retail locations it is therefore necessary to restrict the quantity of retail in these locations. The restriction of this retail space is key to planning as it maintains land efficiency. To achieve this efficiency all relevant externalities must be considered.

APPENDIX 3 – Residential Social Amenity Survey

Property Economics undertook a resident survey for the wider Auckland, Wellington and Christchurch areas in order to gain some understanding as to the value of, primarily the areas' CBD but also other large retail centres. The purpose of this survey was to evaluate whether or not people did in deed value these retail centres for more than just their retail offer. Due to the fact that the Christchurch retail market already exhibits significant signs of dispersal it was necessary to compare these results in relation to a market (for what ever reason) that is more centres based and thus would show a potential, if not wholly comparable, value.

2,600 random telephone surveys were undertaken between June 2007 and January 2009, 600 in both the Wellington and Christchurch areas and 1,400 in the Auckland Region (200 by District). The survey itself was made up of 15 questions and was validated by TNS Research, a specialist market research company in Wellington. The survey was undertaken by experienced independent interviewers and the results were compiled by Property Economics.

The Pilot Study

A pilot study of 50 surveys were undertaken initially to ascertain a number of variables and ranges. This primarily dealt with what residents were willing to pay to be able to access the respective centres. It was necessary to establish these ranges for comparability and to facilitate residents' answers and understanding of the questions.

The following results relate to the Auckland Region with a supplemental report available addressing all three areas surveyed with a greater degree of cross tabulation of results.

APPENDIX 4 – Residential Social Amenity Survey Questions

The Survey included the following questions:

SECTION 1 – CBD QUESTIONS

Q1 What are the two main activities you use the CBD for?

Shopping (includes all types of shopping i.e. grocery, clothes, furniture etc)	01	**CONTINUE**
Eating out	02	
Meeting friends	03	
Working	04	
Playing sport and/ or going to the gym	05	
Going to the theatre and/ or movies	06	
Going to bars and / or nightclubs	07	
Going to the library	08	
Enjoying the parks and open spaces such as [INSERT RELEVANT EXAMPLE]	09	
Other List	10	

Q2 Thinking now about when you use the CBD for personal use, that is for activities such as shopping, meeting people, eating out, attending cultural or sporting events or using community amenities such as the library or parks.

How often would you use the CBD for personal use in an average month/year? **(if respondent answered work in Q1-** include the times you use it for personal use while you're in there for work**)**

If respondent answered work in Q1:

Q2 (b) How often would you use the CBD for personal use on days that you are not working?

ASK ALL

Q3 When you travel to the City's CBD for personal use what type of transport do you normally use to get there?

INTERVIEWER: PROMPT RESPONDENT FOR THE MODE OF TRANSPORT THEY USE MOST OFTEN TO GET TO THE SHOPPING MALL IF THEY PROVIDE MULTIPLE ANSWERS

Walking	01	**CONTINUE**
Push Bike	02	
Bus	03	
Taxi	04	
Private car	05	
Private motorcycle	06	
Train	07	
Another mode of transport [please specify]	08	

Q4 On a scale of 1 to 10 where 1 is not at all important and 10 is extremely important, how important is [INSERT CITY NAME] City's CBD to you for **personal** use?

Not at all important	01	**CONTINUE**
	02	
	03	
	04	
	05	
	06	
	07	
	08	
	09	
Extremely important	10	

Q5 I would now like you to imagine that all of the stores/eating places and other facilities within the CBD have been moved to their own separate locations away from one another.

If you **had to pay** a sum of money to use the CBD as it is now instead of using each of these stores, eating places and other facilities in their own separate locations for a period of 1 year, how much would you pay to do this?

(That is **how much money would you be willing to pay to use** the CBD as it is **instead of the stores/eating places and other facilities in their new separate locations** for a period of 1 year?)

1 0
2 $1-49
3 $ 50-99
4 $100-199
5 $ 200-499
6 $ 500-999
7 more than $1000 (how much?)

Q5 (b) Why is the CBD as it is important to you? (if respondent struggles, read from list but rotate)

1 Convenient
2 Sense of community
3 Active and vibrant (happening)
4 Choice/options
5 Atmosphere
6 Aesthetic
7 other - list

SECTION 2 – NEAREST SHOPPING MALL

Q6 What Shopping Mall do you use the most?

Q7 What 2 main activities do you use (answer to 6) and its surrounding streets for?

Shopping (includes all types of shopping i.e. grocery, clothes, furniture etc)	01	**CONTINUE**
Eating out	02	
Meeting friends	03	
Working	04	
Playing sport and/ or going to the gym	05	
Going to the theatre and/ or movies	06	
Going to bars and / or nightclubs	07	
Going to the library	08	
Enjoying the parks and open spaces such as [INSERT RELEVANT EXAMPLE]	09	
Other List	10	

Q8 (a) How often would you use [INSERT SHOPPING MALL SELECTED FROM Q6] for personal use in an average month/year.
(if respondent answered work in Q7- include the times you use it for personal use while you're in there for work**)**

If respondent answered work in Q7:

Q8 (b) How often would you use that shopping mall for personal use on days that you are not working?

ASK ALL

Q9 When you travel to [INSERT SHOPPING MALL SELECTED FROM Q6] for personal use, what type of transport do you normally use to get there?

INTERVIEWER: PROMPT RESPONDENT FOR THE MODE OF TRANSPORT THEY USE MOST OFTEN TO GET TO THE SHOPPING MALL IF THEY PROVIDE MULTIPLE ANSWERS

Walking	01	**CONTINUE**
Push Bike	02	
Bus	03	
Taxi	04	
Private car	05	
Private motorcycle	06	
Train	07	
Another mode of transport [please specify]	08	

Q10 On a scale of 1 to 10 where 1 is not at all important and 10 is extremely important, how important is [INSERT SHOPPING MALL SELECTED FROM Q6] to you for personal use?

Not at all important	01	**CONTINUE**
	02	
	03	
	04	
	05	
	06	
	07	
	08	
	09	
Extremely important	10	

Q11 (a) I would now like you to imagine that all of the stores within [INSERT SHOPPING MALL SELECTED FROM Q6A] have been moved to their own separate location outside of the mall and away from one another.

If you **had to pay** a sum of money to use [INSERT SHOPPING MALL SELECTED FROM Q6A] instead of using each of these stores in their own separate location away for a period of 1 year, how much would you pay to do this?

That is **how much money would you be willing to pay to use** [INSERT SHOPPING MALL SELECTED FROM Q6A] **instead of the stores in their new separate locations** for a period of 1 year?

1 0
2 $1-49
3 $ 50-99
4 $100-199
5 $ 200-499
6 $ 500-999
7 more than $1000 (how much?)

Q11 (b) Why is the centre itself important to you? **(if respondent struggles, read from list but rotate)**

1 Convenient
2 Sense of community
3 Active and vibrant (happening)
4 Choice/options
5 Parking
6 not weather dependant
7 other - list
8 Atmosphere

APPENDIX 5 – Residential Social Amenity Survey Results

The Auckland Regional results were as follows:

Summary of Results

Q1 What are the two main activities you use the CBD for?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Shopping	20%	9%	30%	19%	23%	21%	21%	20%
Eating Out	7%	18%	15%	38%	16%	16%	8%	17%
Meeting Friends	6%	2%	9%	14%	12%	12%	8%	9%
Working	16%	26%	7%	13%	9%	0%	8%	13%
Playing Sport and/or going to the gym	4%	1%	1%	1%	0%	0%	3%	2%
Going to the theatre and/or movies	25%	32%	14%	8%	21%	14%	33%	21%
Going to bars and/or nightclubs	2%	1%	7%	2%	3%	7%	2%	3%
Going to the library	3%	0%	0%	0%	1%	0%	6%	2%
Enjoying the parks and open spaces	1%	1%	9%	4%	6%	26%	9%	6%
Other	17%	10%	9%	2%	9%	5%	4%	9%

Q2 How often would you use the CBD for personal use in an average month/year?

Times Per Year	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	4%	32%	36%	20%	36%	58%	43%	31%
1 to 5	23%	25%	26%	21%	43%	24%	39%	29%
6 to 10	8%	8%	8%	6%	8%	1%	6%	6%
11 to 20	19%	14%	10%	16%	5%	5%	6%	11%
21 to 50	20%	16%	13%	18%	6%	8%	6%	12%
51 to 100	8%	4%	3%	7%	2%	0%	1%	0%
101 to 200	6%	2%	1%	2%	1%	2%	2%	2%
201 to 360	14%	1%	5%	10%	2%	0%	1%	5%

Q2 (b) How often would you use the CBD for personal use on days that you are not working?

Times Per Year	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	24%	12%	54%	0%	47%	24%	30%	26%
1 to 5	0%	7%	23%	0%	40%	18%	30%	14%
6 to 10	0%	12%	8%	0%	0%	3%	0%	5%
11 to 20	15%	37%	8%	0%	7%	26%	30%	24%
21 to 100	52%	33%	8%	0%	7%	24%	10%	28%
101 to 360	9%	0%	0%	0%	0%	5%	0%	3%

Q3 When you travel to the City's CBD for personal use what type of transport do you normally use to get there?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Walking	12%	0%	0%	0%	0%	0%	0%	2%
Push Bike	1%	1%	0%	1%	0%	0%	0%	0%
Bus	21%	6%	11%	7%	18%	7%	0%	11%
Taxi	3%	1%	1%	2%	1%	2%	0%	1%
Private Car	52%	82%	73%	77%	80%	60%	77%	72%
Private Motorcycle	1%	0%	1%	2%	0%	0%	0%	1%
Train	10%	0%	11%	10%	1%	31%	23%	10%
Company car	0%	0%	0%	1%	0%	0%	0%	0%
Ferry	0%	11%	3%	0%	1%	0%	0%	2%
Scooter	1%	0%	0%	0%	0%	0%	0%	0%

Q4 On a scale of 1 to 10 where 1 is not at all important and 10 is extremely important, how important is the City's CBD to you for **personal** use?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Not at all important	16%	13%	44%	18%	36%	10%	38%	26%
2	12%	7%	7%	13%	27%	12%	9%	12%
3	11%	2%	11%	19%	12%	10%	9%	11%
4	6%	6%	5%	11%	5%	10%	5%	7%
5	19%	9%	11%	14%	8%	17%	12%	13%
6	4%	17%	6%	8%	4%	12%	7%	7%
7	8%	18%	6%	6%	5%	10%	8%	8%
8	13%	15%	8%	4%	2%	7%	8%	8%
9	4%	10%	1%	2%	0%	7%	3%	3%
Extremely important	10%	3%	3%	5%	1%	7%	2%	4%

Q5 If you **had to pay** a sum of money to use the CBD as it is now instead of using each of these stores, eating places and other facilities in their own separate locations for a period of 1 year, how much would you pay to do this?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	0%	1%	0%	1%	1%	0%	0%	0%
$1-49	51%	29%	71%	45%	62%	14%	62%	52%
$50-99	18%	30%	11%	25%	21%	14%	8%	18%
$100-199	8%	21%	6%	10%	4%	7%	7%	9%
$200-499	7%	8%	5%	10%	4%	12%	8%	7%
$500-999	5%	4%	4%	6%	3%	17%	8%	5%
more than $1,000 plus	11%	7%	4%	4%	5%	36%	7%	8%

Q5 (b) Why is the CBD as it is important to you?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Convenient	15%	8%	16%	10%	5%	8%	15%	11%
Sense of community	5%	1%	4%	2%	5%	0%	4%	3%
Active and vibrant (happening)	15%	21%	22%	20%	17%	33%	9%	18%
Choice/options	22%	28%	24%	32%	22%	10%	56%	29%
Atmosphere	11%	37%	13%	28%	14%	43%	7%	21%
Aesthetic	1%	2%	3%	3%	8%	3%	9%	4%
Other	31%	3%	19%	5%	30%	5%	0%	13%

Q6 What Shopping Mall do you use the most?

Shopping Mall	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Albany	3%	34%	0%	2%	33%	0%	0%	11%
Botany	1%	0%	38%	0%	0%	6%	6%	7%
Glenfield	0%	31%	0%	0%	1%	0%	0%	5%
Manukau	1%	0%	31%	0%	0%	18%	12%	8%
Papakura	0%	0%	1%	0%	0%	68%	13%	8%
Pukekohe	0%	0%	0%	0%	0%	3%	55%	9%
St Lukes	22%	0%	3%	6%	1%	0%	0%	4%
Sylvia Park	24%	0%	7%	0%	0%	4%	6%	6%
West City	2%	0%	0%	63%	2%	0%	0%	10%
Other	47%	35%	21%	29%	64%	1%	9%	31%

Q7 What are the two main activities you use your centre for?

Activity 1	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Shopping	87%	99%	89%	83%	98%	94%	93%	92%
Eating Out	4%	0%	3%	10%	1%	2%	4%	3%
Meeting Friends	1%	0%	1%	4%	1%	0%	0%	1%
Working	2%	1%	1%	0%	1%	1%	0%	1%
Playing Sport/Going to the gym	1%	0%	0%	2%	0%	1%	1%	0%
Going to the theatre/movies	5%	0%	4%	1%	0%	1%	2%	2%
Going to bars/nightclubs	1%	0%	0%	0%	0%	0%	0%	0%
Going to the library	0%	0%	1%	2%	0%	0%	1%	0%
Enjoying the parks/open spaces	0%	0%	1%	0%	0%	1%	0%	0%
Other	2%	0%	2%	0%	0%	0%	1%	1%

Q8 How often would you use this centre for personal use in an average month/year?

Times per year	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	2%	1%	0%	15%	1%	1%	0%	3%
1 to 5	9%	2%	2%	0%	2%	0%	2%	2%
6 to 10	4%	1%	2%	1%	4%	0%	1%	2%
11 to 20	11%	4%	6%	7%	10%	0%	10%	7%
21 to 50	37%	43%	36%	39%	47%	37%	37%	40%
51 to 100	19%	34%	30%	21%	19%	29%	25%	25%
101 to 200	10%	13%	16%	8%	12%	21%	14%	13%
201 to 576	10%	4%	10%	10%	8%	12%	12%	9%

Q8 (b) How often would you use this centre for personal use on days that you are not working?

Times per year	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	0%	0%	25%	0%	0%	0%	14%	6%
12	0%	50%	25%	0%	0%	20%	14%	13%
24	25%	0%	0%	13%	0%	0%	29%	13%
36	0%	50%	0%	0%	50%	0%	0%	6%
48	50%	0%	25%	25%	0%	40%	43%	31%
52	0%	0%	0%	13%	0%	0%	0%	3%
96	0%	0%	25%	38%	50%	40%	0%	22%
120	25%	0%	0%	13%	0%	0%	0%	6%

Q9 When you travel to this centre for personal use what type of transport do you normally use to get there?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Walking	17%	3%	8%	6%	8%	10%	1%	7%
Push Bike	0%	1%	1%	1%	0%	1%	1%	0%
Bus	4%	3%	3%	4%	1%	4%	0%	2%
Taxi	0%	0%	1%	0%	0%	2%	1%	0%
Private Car	76%	94%	87%	88%	91%	80%	96%	88%
Private Motorcycle	0%	0%	1%	1%	0%	0%	0%	0%
Train	3%	0%	1%	1%	0%	3%	2%	1%
Other	1%	0%	0%	0%	0%	0%	1%	0%

Q10 On a scale of 1 to 10 where 1 is not at all important and 10 is extremely important, how important is this centre to you for **personal** use?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Not at all important	7%	1%	1%	1%	1%	0%	3%	2%
2	4%	1%	5%	2%	2%	0%	2%	2%
3	7%	2%	2%	5%	2%	1%	1%	3%
4	7%	2%	2%	7%	3%	1%	4%	4%
5	9%	7%	11%	8%	9%	4%	9%	8%
6	10%	17%	4%	5%	8%	3%	4%	8%
7	12%	17%	14%	13%	12%	5%	9%	12%
8	22%	23%	29%	25%	24%	19%	24%	24%
9	10%	15%	17%	13%	10%	22%	20%	15%
Extremely important	13%	16%	18%	21%	30%	45%	26%	23%

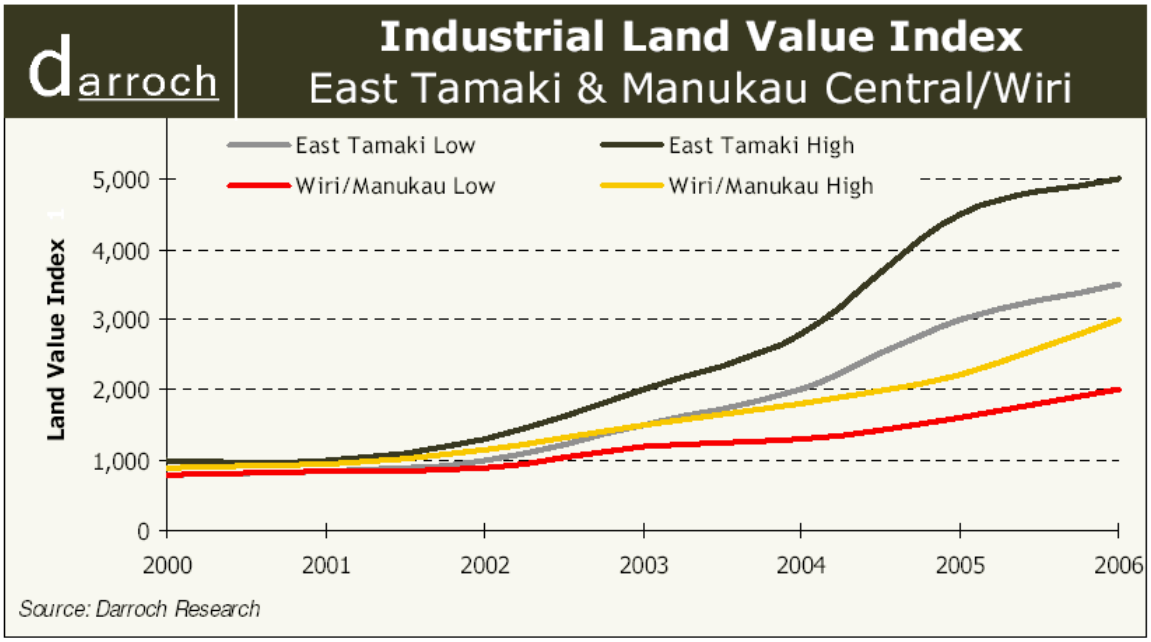
Q11 If you **had to pay** a sum of money to use this centre as it is now instead of using each of these stores, eating places and other facilities in their own separate locations for a period of 1 year, how much would you pay to do this?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
0	38%	31%	39%	28%	40%	1%	42%	33%
$1-49	24%	32%	25%	30%	21%	1%	6%	21%
$50-99	10%	13%	12%	16%	10%	6%	6%	11%
$100-199	8%	6%	7%	11%	11%	7%	14%	9%
$200-499	6%	4%	9%	9%	6%	9%	11%	8%
$500-999	14%	4%	8%	4%	11%	19%	20%	11%
$1,000	0%	2%	0%	1%	0%	16%	2%	2%
$2,000	0%	3%	0%	1%	1%	19%	0%	2%
$3,000 - $25,000	0%	6%	1%	1%	0%	21%	1%	3%

Q11 (b) Why is this centre as it is important to you?

	Auckland City	North Shore City	Manukau City	Waitakere City	Rodney District	Papakura District	Franklin District	Total
Convenient	54%	48%	71%	73%	54%	56%	62%	60%
Sense of community	5%	4%	4%	6%	2%	11%	12%	6%
Active and vibrant	1%	1%	2%	1%	1%	0%	0%	1%
Choice/options	27%	32%	15%	11%	39%	19%	18%	23%
Parking	10%	9%	2%	6%	3%	3%	2%	5%
Not weather dependant	2%	2%	1%	1%	1%	1%	0%	1%
Atmosphere	1%	4%	4%	2%	2%	9%	7%	4%
Other	1%	0%	2%	2%	0%	1%	0%	1%

APPENDIX 6 – Industrial Land Price Changes in Manukau (2000 – 2006)



BEFORE THE ENVIRONMENT COURT

ENV-2007-304-000472

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED** (ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED** (ENV-2007-AKL-0000580)
AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND** (ENV-2007-AKL-0000611)
AND	**THE WAREHOUSE LTD** (ENV-2007-AKL-000661)
AND	**SYLVIA PARK BUSINESS CENTRE LIMITED** (ENV-2007-AKL-000544)
AND	**FEDERATED FARMERS OF NZ INC** (ENV-2007-AKL-000659)
AND	**WAITAKERE CITY COUNCIL** (ENV-2007-AKL-000632)
AND	**MANUKAU CITY COUNCIL** (ENV-2007-AKL-000679)
	Appellants
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

Evidence of Timothy James Heath

On Behalf of the Auckland Regional Council

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1. Introduction

1.1 My name is Timothy James Heath and I am a Property Consultant and Retail Analyst for the company Property Economics Limited, based in Auckland. I have a double degree from the University of Auckland – Bachelor of Arts (Geography major) and Bachelor of Planning.

1.2 I am a registered member of The Property Council of New Zealand and proprietor and Director of Property Economics Limited, a consultancy providing property research services to both the private and public sectors throughout New Zealand. I have undertaken such work for twelve years, with the last six years of these as director of Property Economics Limited.

1.3 I advise local and regional councils throughout New Zealand in relation to retail, industrial and business forward planning issues. I also provide consultancy services to a number of private sector clients in respect of a wide range of property issues, including retail and economic impact assessments, forecasting market growth, determining future land demand for the retail and industrial sectors, and economic cost-benefit analysis.

1.4 I am fully familiar with the Auckland region retail market having worked on a wide variety of research projects for both private developers and all the Council authorities in the region over the past twelve years, including retail impact assessments, future retail demand studies, retail market assessments and catchment analysis, demographic and community profiling and longer term retail strategies.

1.5 I have read and agree to comply with the Environment Court's Code of Conduct for expert witnesses outlined in the Environment Court's Consolidated Practice Note 2006. I have complied with this practice note in preparing this statement of evidence. I confirm that the issues addressed in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

2. Background

2.1 Property Economics was engaged by Auckland Regional Council ("The Council") in August 2008 to assess potential effects of retail development continuing to occur in 'out-of-centre' locations over the medium term future (2021) on the existing regional centre network.

2.2 I understand that the Councils' Joint Position as reflected in the amended version of Proposed Plan Change 6 (PPC6) ("The Councils' Joint Position") document has an approach that provides a preference for commercial (including retail development) within defined High Density Centres first, then defined Intensive Corridors in appropriate circumstances, and last other 'undefined' locations.

2.3 This evidence is based on providing a distributional assessment to determine whether the Councils' Joint Position (which is basically a 'Centres Plus' approach) is an appropriate policy framework to ensure considered management of potential effects as a result of ongoing retail market growth can be supported.

2.4 The main thrust of the Councils' Joint Position, as I understand it, is to establish a sequential test with criteria that acknowledges the importance and value of existing centres in the region and sets out 'in-centre' (High Density Centre) development as the main preference to guide future retail development in the region, followed by defined Intensive Corridors and then undefined 'anywhere else' locations. As such, in my opinion, the Councils' Joint Position is an enabling framework that does not prevent 'out-of-centre' retail development, where appropriate, nor unnecessarily protect existing centres, but balances these divergent forces by establishing a set of policy criteria to better manage the potential effects of 'out-of-centre' retail development on existing centres. This will ensure the economic and social value of centres is preserved and not undermined in the future.

2.5 For the purpose of my analysis 'out-of-centre' refers to retail development in locations (current and future) outside the region's existing centre network and particularly those High Density Centres identified in Schedule 1 of the ARPS.

2.6 As part of this exercise Property Economics has created two models, which I explain in my evidence:

- Retail Market Simulation Model, which is a method for evaluating the trade competition impacts of new retail development on existing centres; and
- Property Economics' Retail Expenditure Model, which forecasts retail expenditure to 2041, which is then used as an input into the Retail Market Simulation Model.

2.7 As part of this exercise, Property Economics forecasts demand for retail floorspace and retail land over the longer term (2041) in order to provide a high level market context within which to consider the potential effects generated by the medium term (2021) modelling exercise. This is simply to acknowledge that the market is not going to stop growing at the year 2021, and therefore neither will potential effects. However, the 2021 year is adopted as it is a forecast period where more robust projections can be made. The aforementioned analysis is to assist in quantifying the issue and assessing the need for the Councils' Joint Position policy framework.

3. Scope of Evidence

3.1 My evidence will assess the potential trade competition impacts and subsequent retail distributional effects as a result of additional 'out-of-centre' retail development on the existing network of retail centres in the Auckland region. In particular, within my evidence I will:

(a) Explain the Retail Market Simulation Model, including methodology, definitions and assumptions, and data sources (sections 4 to 6)

(b) Forecast population and household growth for the Auckland region out to 2041 (section 7)

(c) Forecast growth in retail expenditure for the Auckland region out to 2041 using the Property Economics' Retail Expenditure Model (section 8)

(d) Forecast growth in retail expenditure for each Origin Catchment using the Property Economics' Retail Expenditure Model (section 9)

(e) Forecast demand for net retail floorspace and the subsequent demand for additional retail land for the Auckland region out to 2041 (section 10)

(f) Run the customised Retail Market Simulation Model for the Auckland region that estimates potential retail distribution effects on the existing centre network (section 11)

(g) Analyse the potential retail trade impacts that additional 'out-of-centre' retail development will have on the region's existing centre network (section 12)

(h) Provide advice on the outcomes of implications of the modelled retail development scenarios assessed for the regional retail market (section 13)

(i) Draw conclusions regarding the appropriateness of the Councils' Joint Position based on my assessments (section 14)

4. Data Sources

4.1 The base data used in the research for this evidence has been derived from:

- Statistics New Zealand:
    1. Sub-national Family and Household Projections 2006-2031
    2. Census of Population and Dwellings 2006
    3. Residential Building Consent trend data 1996-2006
    4. Households Economic Survey (HES) 2007
    5. Business Demographic Data 2007
    6. Retail Trade Survey trend data
    7. Tourism Spend data from Tourism Satellite Account

- Net retail floorspace data 1998 and 2008 for the Auckland Region, sourced from Mark Tansley at Marketplace NZ Ltd.

- Shopper vehicle origin data obtained from vehicle surveys undertaken by Property Economics in February and March 2009 of the shoppers using the main retail centres and corridors in the Auckland region. In particular, the survey involved recording vehicle registration plates within each centre, which were later coded to physical addresses, and linked to each of the Origin Catchments. A full list of the 40 centres surveyed is shown in **Appendix 1**.

- Drive time data between centres and shopper Origin Catchments obtained from Steve Abley at Abley Transportation Consultants, Christchurch.

5. Retail Market Simulation Model Methodology

5.1 The approach adopted in developing the Retail Market Simulation Model involved a series of analyses and calculations that determine the estimated retail sales of a centre based on the input of the following datasets:

- Current shopping patterns determined from the Property Economics' vehicle survey of shoppers using the main retail centres in the Auckland region. A copy of this survey's results is illustrated in the maps attached as **Appendix 2**. The red dots represent the location of the physical addresses the surveyed vehicle registration plates were linked to. The usable survey sample size for the identified centres and corridors ranged between 300-700 vehicles, with the larger regional centres being at the upper end of this range. These retail centres were selected as they are considered to represent the higher order retail centres in the region, and are the centres that have the most significant influence on the region's shopping patterns.
- The current geo-spatial distribution and quantum of net retail floorspace across the region as at 2008 (Retail Supply).
- The estimated distribution of retail floorspace as at 2021 based on the future development scenarios assessed.
- Relative drive time proximity of centres to other centres (Drive time Data).
- Relative drive time proximity of centres to shopper 'Origin Catchments'. Origin Catchments are 46 delineated areas that have been determined for the purpose of the retail model. In total these areas make up the total Auckland Region. A breakdown of the 'Origin Catchment' areas is illustrated on the maps in **Appendix 3**.
- Forecast retail expenditure (demand) generated from each 'Origin Catchment' over the assessed period.

5.2 The Retail Market Simulation Model is a method for simulating patterns of shopping behaviour based upon the group of spatial interaction models called gravity models. A gravity model has been utilised to analyse the data sets outlined in paragraphs 4.1 and 5.1, and calibrated to incorporate current shopping patterns, in terms of the extent of centre catchments, and drive times. This methodology, in my opinion,

provides an accurate representation of the current origin and destination of retail expenditure from which to assess the future scenarios. **Appendix 4** provides a more detailed description of the Retail Market Simulation Model and input data.

5.3 The Retail Simulation Model is a mathematical formula that gives weight to the three key retail centre variables of location (travel time), attractiveness (catchment extent), and size (retail floorspace). All existing retail floorspace in the region is included in the calculations. **Appendix 6** provides details of the retail floorspace for the existing 2008 market, and both modelled scenarios (the scenarios are described in section11 of my evidence).

5.4 The 'attractiveness' variable is measured in terms the extent of the centres retail catchment. In particular the extent of each centres primary catchment (the closest 75% of shoppers) is measured and a weight is attributed and included in the model.

5.5 In total over forty specific centres have been included in the Retail Market Simulation Model as detailed in **Appendix 6**. The balance of retail floorspace has been included as either 'other centres', which includes smaller centres, or as 'outside centre' floorspace, which includes all retail floorspace not considered to be 'in-centre'. Each centre is given a locational reference in the model, in this case a longitude and latitude coordinate. Other Centres and Outside Centre floorspace is attributed a locational reference in terms of the Supply Catchment area in which it is located. In total there are 23 Supply Catchments across the region, and these are illustrated in **Appendix 7**. There are only 23 Supply Catchments compared with 46 Origin Catchments. This is because a more fine grained approach was considered necessary when considering the Origin Catchments.

5.6 When the calculation is applied to a scenario, it determines the amount of retail dollars that will be diverted away from the identified existing centres, and spent in the new retail developments. These can then be totalled to determine the overall retail impact of various scenarios on the existing centre network, on a centre by centre basis (see Table 5).

6. Definitions & Assumptions

6.1 Throughout this evidence *'retail'* includes retail store types as defined by Marketplace NZ Ltd (refer to **Appendix 5** for the breakdown of retail categories applied).

6.2 In addition to the Marketplace NZ floorspace data, Property Economics have estimated the quantum of café, restaurant & takeaway floorspace in the region to align the categories with Property Economics' Retail Expenditure Model. This retail sector has been estimated and included in the retail supply data as this sector is excluded from the Marketplace NZ floorspace survey, but is a sector that in my opinion should be included as it generates significant retail sales, and are important stores for many existing centres and the function they play in the community.

6.3 The floorspace has been estimated by assessing the geo-spatial distribution of café, restaurant and takeaway employees across the region and applying an average floorspace per employee rate for this sector of 13 sqms per employee. The 13sqm per employee is based on the average floorspace per employee ratio in this sector in areas where actual retail floorspace and employees have been surveyed within the last 12 months by Property Economics, including Newmarket, Rangiora, Kaiapoi, Greymouth and Whangarei.

6.4 The retail categories included in the demand forecasts in this evidence include the following

- Food Retailing
- Footwear
- Clothing and Softgoods
- Furniture and Floor Coverings
- Appliance Retailing
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other Stores

6.5 For the purposes of this evidence the retail sales and floorspace figures exclude the sectors of accommodation, automotive vehicle related sales (such as Repco, Super Cheap Autos) and services (such as Firestone Direct, Pit Stop), and marine equipment retailing. Also trade based activities are excluded (such as Resene, Guthrie Bowron, Mico Bathrooms, Plumbing World, Tile Warehouse, Cory's

Electrical, trade based building supply outlets, among others) many of which now occupy large format retail tenancies.

7. Projected Auckland Regional Growth

7.1 Long term population growth forecasts to 2051 have been prepared by the Auckland Regional Council for the region. These growth forecasts are presented in Table 1, and it is these projections I have adopted for the purposes of my analysis. The ARC projections estimate the 2008 population of the region was 1.44m (rounded), with this forecast to increase to 1.74m by 2021, and 2.16m by 2041, representing an additional 720,000 people in the region with average annualised growth of approximately 22,000 people over the period.

Table 1: Regional Population and Household Growth Forecasts 2006-2051

	Year							Growth		% Growth p.a.	
	2006	2008	2011	2021	2031	2041	2051	2008-2021	2008-2041	% 2008-2021	% 2008-2041
Population											
Rodney District	92,400	96,000	101,500	119,100	136,800	152,400	165,900	23,100	56,400	1.7%	1.4%
North Shore City	221,100	227,000	236,000	266,300	294,300	318,100	337,300	39,300	91,100	1.2%	1.0%
Waitakere City	195,400	201,800	211,700	242,500	272,400	299,400	322,800	40,700	97,600	1.4%	1.2%
Auckland City	428,500	440,300	458,600	521,100	578,500	626,300	663,900	80,800	186,000	1.3%	1.1%
Manukau City	347,000	360,600	381,900	453,300	525,500	595,200	661,000	92,700	234,600	1.8%	1.5%
Papakura District	46,900	48,300	50,300	56,800	63,300	69,200	74,700	8,500	20,900	1.3%	1.1%
Franklin District	60,800	63,000	66,300	76,400	86,300	94,600	101,500	13,400	31,600	1.5%	1.2%
Auckland Region	1,392,100	1,436,800	1,506,300	1,735,500	1,957,100	2,155,200	2,327,100	298,700	718,400	1.5%	1.2%
Households											
Rodney District	35,600	37,000	39,000	47,600	57,000	63,500	69,100	10,600	26,500	2.0%	1.7%
North Shore City	79,000	82,300	87,400	102,400	117,700	127,200	134,900	20,100	44,900	1.7%	1.3%
Waitakere City	67,400	69,600	73,000	86,600	104,800	115,200	124,100	17,000	45,600	1.7%	1.5%
Auckland City	158,700	165,600	176,400	208,400	241,000	260,900	276,600	42,800	95,300	1.8%	1.4%
Manukau City	102,100	107,400	115,700	141,600	175,200	198,400	220,300	34,200	91,000	2.1%	1.9%
Papakura District	16,200	16,700	17,300	20,300	23,400	25,600	27,700	3,600	8,900	1.5%	1.3%
Franklin District	21,700	22,800	24,500	29,400	34,500	37,800	40,600	6,600	15,000	2.0%	1.5%
Auckland Region	480,700	501,100	533,300	636,300	753,600	828,600	893,300	135,200	327,500	1.9%	1.5%
Household Size											
Rodney District	2.6	2.6	2.6	2.5	2.4	2.4*	2.4*	-	-	-	-
North Shore City	2.8	2.8	2.7	2.6	2.5	2.5*	2.5*	-	-	-	-
Waitakere City	2.9	2.9	2.9	2.8	2.6	2.6*	2.6*	-	-	-	-
Auckland City	2.7	2.7	2.6	2.5	2.4	2.4*	2.4*	-	-	-	-
Manukau City	3.4	3.4	3.3	3.2	3.0	3.0*	3.0*	-	-	-	-
Papakura District	2.9	2.9	2.9	2.8	2.7	2.7*	2.7*	-	-	-	-
Franklin District	2.8	2.8	2.7	2.6	2.5	2.5*	2.5*	-	-	-	-
Auckland Region	2.9	2.9	2.8	2.7	2.6	2.6*	2.6*	-	-	-	-

** held constant at 2031 level*

7.2 Table 1 translates the ARC population growth forecasts into household growth forecasts by applying Statistics NZ's forecasts of average household size, at Territorial Authority level, out to 2031. These are shown in Table 1 and decrease from an average of 2.9 persons per dwelling in 2008 to 2.6 persons per dwelling in 2031. The decline is driven by families being started later in life, and also by an increased proportion of older adults in the population. Post 2031 the average household size is assumed to stay constant at the estimated 2031 levels.

7.3 There are an estimated 501,000 households, averaging 2.9 persons per dwelling, in 2008. By 2021 it is estimated that there will be 636,000 households, and by 2041 829,000 households. This represents average annual growth of 9,900 households over the 2008-2041 period.

8. Retail Expenditure Growth in the Auckland Region

8.1 The household projections outlined in Table 1 provide the basis for estimating the retail expenditure (or demand) for each Origin Catchment (ie the retail expenditure growth for the Auckland region shown in Table 1 is broken down into retail expenditure for each Origin Catchment identified in Appendix 3). Also included in these forecasts are regional tourism expenditure and business expenditure over the forecast period. A detailed breakdown of inputs into the Property Economics Retail Expenditure Model is provided in **Appendix 8**.

8.2 Growth in real retail expenditure has also been incorporated at a rate of 1% per annum over the forecast period. The 1% rate is an estimate based on the level of debt retail spending, interest rates and changes in disposable income levels and is the inflation adjusted increase in spend per household over the forecast period.

8.3 Real retail expenditure growth is based on two primary factors: real discretionary income and Marginal Propensity to Consume (MPC). This relates to how much real money people are left with in their pockets after mandatory spending and how willing they are to spend it. This rate has been high over the past decade, with debt/equity spending, high consumer confidence and low unemployment, this is however likely to remain subdued over the short to medium term.

8.4 The average household retail expenditure for each Origin Catchment has been determined using the Household Expenditure Survey (HES) 2007, geographical spread of employees, Regional Tourist index and the National Retail Trade Survey (NRTS). The average annual household income for each Origin Catchment was sourced from the 2006 New Zealand Census of Population and Dwellings and extrapolated up to 2008, while the employee and Retail Trade Survey analysis was based on 2008 information. The total retail expenditure is further broken down by retail category.

8.5 The Auckland Region's total retail expenditure is assessed at $18.5b in 2008 ($2008). This is projected to grow by approximately $9.3b (or 3.2% per annum over the 13-year period 2008-2021) to an estimated $27.9b by 2021. This is equivalent to average expenditure growth of around $720m per annum over the forecast period. This is shown in Table 2.

Table 2: Retail Expenditure Growth Forecasts 2006-2051 ($m)

	Year							Growth		% Growth p.a.	
Terirotral Authority	2006	2008	2011	2021	2031	2041	2051	2011-2021	2011-2041	% 2011-2021	% 2011-2041
Rodney District	1,060	1,140	1,260	1,780	2,470	3,020	3,540	640	1,880	3.5%	3.0%
North Shore City	2,830	2,990	3,240	4,240	5,330	6,060	6,680	1,250	3,070	2.7%	2.2%
Waitakere City	2,040	2,170	2,360	3,150	4,430	5,250	6,030	980	3,080	2.9%	2.7%
Auckland City	6,790	7,220	7,900	10,690	13,780	15,860	17,600	3,470	8,640	3.1%	2.4%
Manukau City	3,560	3,850	4,320	6,260	9,130	11,430	13,820	2,410	7,580	3.8%	3.4%
Papakura District	510	540	580	740	940	1,100	1,250	200	560	2.5%	2.2%
Franklin District	690	740	800	1,070	1,360	1,570	1,750	330	830	2.9%	2.3%
Auckland Region	17,450	18,590	20,430	27,900	37,410	44,260	50,640	9,310	25,670	3.2%	2.7%

Source: Property Economics, Statistics NZ

8.6 Over the long term, annual retail expenditure is forecast to increase to $44.2b by 2041, an increase of $25.7b. The substantial growth is attributed to both household growth, of 1.5% per annum, and real retail expenditure growth of 1% per annum. It is important to recognise that real retail expenditure growth accounts for 40% of total growth for the Auckland region.

8.7 Internet retail expenditure is likely to account for an increasing proportion of total retail sales over the forecast period. Retail Trade Survey data includes sales that occur in retail outlets and does not include the sale of goods and services over the Internet. An increasing proportion of stores, such as supermarkets and The Warehouse, offer an Internet retail option for customers, and these sales are included in the Retail Trade Survey data. While no accurate information is available on Internet retail sales, anecdotal evidence indicates that in NZ approximately 5% of all retail goods and services are purchased 'online'. However, given the length of the forecast period, it is considered prudent to acknowledge and account for this retail format to significantly grow. While it is considered this new form of retailing is unlikely to take over the retail market in the foreseeable future, it is likely to become an entrenched and integral component of it. As such, over the longer term it is considered reasonable to assume this proportion increases to 15%, effectively reducing the amount of spend available for physical retail stores by this amount.

9. Retail Expenditure Growth in Origin Catchments

9.1 The Auckland Region has been disaggregated into 46 Origin Catchments as illustrated in **Appendix 3**. Retail expenditure has been forecast for each Origin Catchment out to 2021, based on the Property Retail Expenditure Model outlined under **Appendix 8**. In order to input the demand forecasts into the Retail Market Simulation Model, the central point for each Origin Catchment is assigned a longitude and latitude coordinate.

9.2 Approximately 9% of shoppers using Auckland's main retail centres come from outside the Auckland region. These shoppers account of 19% of all sales in the Auckland region, due to their higher average spend per trip. The demand generated from these secondary and tertiary markets is included in the Retail Market Simulation Model, and is allocated an 'origin location' approximately 45 minutes drive to the north and south of the region's boundaries. Retail demand generated from these secondary and tertiary markets has been held constant as a proportion of total demand, for the period out to 2021.

10. Retail Floorspace and Retail Land Demand Growth

10.1 Sustainable retail floorspace and retail land forecasts have been devised by applying an average sales productivity of $8,850/sqm to the retail expenditure forecasts presented in Table 2. **Appendix 9** outlines the methodology employed to develop the sales productivity level.

10.2 Sustainable retail floorspace figures represent the amount of floorspace that can sustainably and viably be supported by the market in each sector based on the retail expenditure generated and sustainable trading productivity for each sector. Sustainable floorspace is assessed at a level of sales per square metre that maintains adequate profitability for retail operators, allowing for good quality fitouts and retail environments, diversity of offer and vibrant retail centres.

10.3 Current sustainable floorspace is estimated at 2.17m sqms. This is around 600,000 sqms above the current retail floorspace of 1.56m sqms. The possible reason for this apparent undersupply is the Marketplace NZ retail floorspace supply survey data does not include all retail categories that are assessed in the demand estimates. It is important to note that some retail stores have a partial retail and partial wholesale or

trade function (i.e. building supply outlets), and for this reason may not have been recorded on the survey. The possibility of a current undersupply is however not evaluated in any further detail in my evidence, as the focus of this evidence is the future distribution of retail floorspace and potential impacts, and this is limited to growth occurring post 2008.

10.4 Future demand for retail floorspace within the region is estimated to be significant. Over the 2008-2021 period there is estimated demand for an additional 1.1m sqms of retail floorspace, and over the 2008-2041 period, an additional 3.0m sqms.

10.5 Net floor area is estimated at 70% of gross floor area on average, and has been converted on this basis for my analysis, and net land area is estimated at requiring a gross floor area site coverage of 45%. It is important to recognise that over time, as Auckland intensifies, that more intensive and multi-level retail developments will occur. This will in effect increase the site coverage ratio, and generate a more efficient use of land with the implication being a lower 'at grade' land requirement moving forward.

10.6 The retail land (assuming all 'at grade') required to accommodate this growth is also significant. The current retail land requirement in the region is estimated at 690 hectares, and this is forecast to increase to 1030 hectares by 2021 and 1640 hectares by 2041. As a cautionary note, as the region intensifies, commercial land prices increase, and land opportunities for retail activity diminishes, it is anticipated that retail activity will in some instances be accommodated in multi-storey buildings, or in buildings with underground carparks, such as evident in some of the existing retail malls. This may reduce demand for land by as much as 20-30%, indicating by 2041 in the order of 1230 hectares may be a more realistic requirement, as compared with the estimated 1640 hectares identified in Table 3.

Table 3: Sustainable Retail Floorspace and 'At Grade' Retail Land Forecasts 2008-2051

	Year							Growth		% Growth p.a.	
	2006	2008	2011	2021	2031	2041	2051	2011-2021	2011-2041	% 2011-2021	% 2011-2041
Susutainable Floorspace (net million sqms)											
Rodney District	124,000	134,000	148,000	208,000	289,000	353,000	414,000	74,000	219,000	3.4%	3.0%
North Shore City	331,000	350,000	379,000	495,000	623,000	708,000	780,000	145,000	358,000	2.7%	2.2%
Waitakere City	239,000	254,000	276,000	368,000	518,000	613,000	704,000	114,000	359,000	2.9%	2.7%
Auckland City	793,000	843,000	923,000	1,248,000	1,609,000	1,852,000	2,055,000	405,000	1,009,000	3.1%	2.4%
Manukau City	416,000	450,000	505,000	731,000	1,066,000	1,335,000	1,614,000	281,000	885,000	3.8%	3.4%
Papakura District	60,000	64,000	68,000	87,000	110,000	129,000	146,000	23,000	65,000	2.4%	2.1%
Franklin District	81,000	86,000	94,000	125,000	159,000	184,000	205,000	39,000	98,000	2.9%	2.3%
Auckland Region	2,038,000	2,171,000	2,386,000	3,258,000	4,368,000	5,167,000	5,912,000	1,087,000	2,996,000	3.2%	2.7%
Sustainable Floorspace (gross sqms)											
Rodney District	178,000	191,000	212,000	298,000	413,000	505,000	592,000	107,000	314,000	3.5%	3.0%
North Shore City	473,000	500,000	542,000	708,000	890,000	1,012,000	1,115,000	208,000	512,000	2.7%	2.2%
Waitakere City	342,000	363,000	395,000	526,000	740,000	876,000	1,006,000	163,000	513,000	2.9%	2.7%
Auckland City	1,133,000	1,205,000	1,319,000	1,783,000	2,299,000	2,646,000	2,936,000	578,000	1,441,000	3.1%	2.4%
Manukau City	595,000	643,000	722,000	1,045,000	1,523,000	1,908,000	2,306,000	402,000	1,265,000	3.8%	3.4%

11. Development Scenarios and Premises

11.1 The Retail Market Simulation Model uses an established 'base scenario' premise and assesses the effects of a particular development scenario against that premise, effectively showing a 'with' and 'without' scenario. These are described in the following paragraphs, and are quantified in Table 4.

11.2 **Base Scenario (0% Out-of-centre):** This assumes there is no additional 'out-of-centre' retail development over the period out to 2021. The Base Scenario is to an extent hypothetical, however would be achievable if there was a prohibitive planning framework to this end. Under this scenario all retail expenditure growth would be accommodated within the region's existing centre network, and in practical terms would result in an expansion in the supply of retail floorspace within existing centres.

11.3 **Scenario 1: 50% Out-of-centre:** This is considered the most plausible outcome as it is more consistent with current trends, as assessed in detail in the evidence prepared by Mr Tansley. In this scenario, it is assumed 50% of new retail development will occur in 'out-of-centre' locations and 50% within the existing centre network. Under this scenario 50% of growth is distributed proportionally to the current distribution of 'out-of-centre' floorspace, and likewise, the balance of growth is distributed proportionally to the current distribution of 'other centre' and known centre floorspace.

11.4 **Scenario 2: 75% Out-of-centre:** This is considered to reflect an increased rate of 'out-of-centre' retail development, and is considered to be a 'worst case' scenario. This scenario would occur if there is an increase in new retail centres supported by

the local authorities, such as at Silverdale, in combination with the current trend of out-of-centre development.

11.5 Current 'out-of-centre' retail floorspace is estimated at 13% of the total supply. Under the 50% 'out-of-centre' scenario this increases to 26%, and under the 75% 'out-of-centre' scenario this increases to 34%. An important distinction to make is between new centres and out-of-centre development. In particular, some out-of-centre developments will be of a scale that will later redefine them as new centres. Or in other words, they will be considered an 'out-of-centre' retail development at proposal stage, and subsequently achieve status as a retail centre once resource consent is approved, e.g. Sylvia Park. Within this context, the increase in out-of-centre retail activity presented in Table 4 is considered appropriate and realistic, as new retail centres that are 'out-of-centre' are not attributed an in-centre status that is effectively established by the resource consent.

Table 4: Future Retail Supply Scenarios

	2008 Floorspace (Actual)				2021 50% Outside Centre Scenario				2021 75% Outside Centre Scenario			
Sustainable Land (hectares)	**Inside Centre**	**Outside Centre**	**% Outside Centre**	**Total**	**Inside Centre**	**Outside Centre**	**% Outside Centre**	**Total**	**Inside Centre**	**Outside Centre**	**% Outside Centre**	**Total**
Rodney District	59,600	9,400	14%	69,000	84,400	33,600	28%	118,000	72,200	45,800	39%	118,000
North Shore City	243,700	44,300	15%	288,000	300,700	101,300	25%	402,000	272,200	129,800	32%	402,000
Waitakere City	165,900	6,100	4%	172,000	208,500	48,500	19%	257,000	187,300	69,700	27%	257,000
Auckland City	492,200	108,800	18%	601,000	638,000	255,000	29%	893,000	565,000	328,000	37%	893,000
Manukau City	321,000	8,000	2%	329,000	421,200	108,800	21%	530,000	370,800	159,200	30%	530,000
Papakura District	39,000	7,000	15%	46,000	53,500	21,500	29%	75,000	46,300	28,700	38%	75,000
Franklin District	28,900	26,100	47%	55,000	34,400	31,600	48%	66,000	31,600	34,400	52%	66,000
Auckland Region	1,347,300	209,700	13%	1,557,000	1,738,700	600,300	26%	2,339,000	1,543,400	795,600	34%	2,339,000

Source: Property Economics

12. Assessment

12.1 The Retail Market Simulation Model produces a set of impacts (i.e. estimated loss of retail turnover spent at each of the existing centres) based on data assumptions and the methodology employed.

12.2 Common sense needs to be applied to the results, as the calculations rely upon assumptions of future retail floor space supply and also upon the potential development of some chosen areas and not others. These assumptions are not necessarily translated into 'real world' scenarios, but in my opinion represent reasonable possibilities based on current information and trends. No matter how realistic the future supply assumptions, the fluid nature of retailing means underlying changes will have occurred at virtually every centre of retail activity. For example, as

each major retail initiative is opened, it is likely to attract retail stores from other, less attractive locations.

13. Retail Market Simulation Model Results

13.1 Table 5 shows the percentage impacts of the 50% Scenario and 75% Scenario on the existing centres assessed.

Table 5: Model Results 2021

	50% Outside Centre	75% Outside Centre
Centre	**Percentage Impact**	**Percentage Impact**
Albany	-5%	-8%
Barrys Point Road	-14%	-20%
Birkenhead	-3%	-4%
Botany Town Centre	-9%	-13%
Browns Bay	-6%	-9%
Cavendish	-13%	-19%
CBD	-7%	-11%
Central	-8%	-12%
Dominion	-19%	-29%
Dressmart	-22%	-33%
Glen Innes	-24%	-36%
Glenfield	-8%	-12%
Harvey Norman	-10%	-15%
Henderson	-14%	-21%
Howick	-4%	-6%
Hunters Plaza	12%	18%
K Road	-9%	-13%
Lincoln N	-9%	-14%
Lincoln Road	-15%	-23%
Manukau City Centre	-13%	-20%
Manukau Supa Centa	-12%	-18%
Manurewa Centre	-25%	-39%
Milford	-13%	-20%
New Lynn	-13%	-20%
Newmarket	-11%	-17%
Orewa	-18%	-28%
Otahuhu	-22%	-33%
Pakuranga	-10%	-15%
Panmure	-12%	-18%
Papakura	-18%	-27%
Ponsonby Road	-30%	-46%
Pukekohe	-12%	-18%
Southgate	-20%	-31%
St Lukes	-20%	-30%
Sylvia Park	-11%	-17%
Takapuna	-12%	-19%
Te Irirangi	-38%	-58%
The Hub	-9%	-14%
Wairau Park	-17%	-25%
Warkworth	-12%	-19%
Westfield Manukau	-13%	-19%
Westgate	-18%	-27%
Whangaparaoa	-22%	-33%
Other Centres	-24%	-36%
Total Inside Centre	**-15%**	**-23%**
Total Outside Centre	**231%**	**336%**

Source: Property Economics

13.2 The trading impact across the assessed centres in the region under the 50% Scenario is estimated to range between 3% to 38%. Importantly, 15 centres are projected to incur impacts over 15%, and of these 9 have estimated impacts over 20%. These centres include Glen Innes, Manurewa, Otahuhu and Whangaparaoa, notably all centres influenced by new retail mall development in their trade catchments in recent times, and are relying on growth in the market to improve the performance of their existing retail supply.

13.3 The trading impact across the region under the 75% Scenario is estimated to range between 4% to 58%. The wider range is a reflection of the increased proportion of retail development attributed to 'out-of-centre' locations. There are 20 centres estimated to incur impacts over 20%, and of these 10 centres have estimated trade impacts above 30% based on the 'with and 'without' scenario. Under this scenario centres identified with impacts above 20% include Milford, New Lynn, Orewa and Henderson.

13.4 While I am conscious of the inherent limitations involved in accurately modelling a future market, I believe the results presented in Table 5 provide a useful basis to understand the potential impacts associated with ongoing 'out-of-centre' retail development, and demonstrate there is potential for current trends to significantly impact on the commercial performance and role of existing retail centres.

13.5 To provide some reality to the trade impact percentages identified in paragraphs 13.2 and 13.3, the levels of impacts estimated under both scenarios would result in significant adverse effects on some of the centres. For example, Glen Innes is estimated to incur a 24% trade impact under the 50% scenario, and 36% under the 75% scenario. The likely result will be store closures in the centre, loss of community function, loss of community economic and social investment and potentially community disenablement. An impact at the scale identified is likely to downgrade the centre in the wider retail network to a lower level envisaged by Council. Some other 'real world' outcomes also include reduced capital investment in building stock by property owners as a result of lower investment returns, lower quality retail environment, reduced investment by retail tenants in their store fitouts (and hence quality), which ultimately leads to a general deterioration in the quality and standard of the physical components of the centre, and a breakdown of the centre's economic base through reduced shoppers and retail expenditure captured.

13.6 These types of impacts do not necessarily happen immediately, but emerge over a period of time, particularly as a result of cumulative 'out-of-centre' development in a centre's trade catchment. This is often seen in many centres not by necessarily a significant increase in vacancies (although an increase in vacancy rate is typical), but also by a drop in the quality of a tenant, i.e. a Farmers store may move out of a centre but the space could be re-tenanted by a couple of lower quality tenants that do not have the same 'pulling power' such as a $2 Variety shop and a furniture shop. This situation would not result in an increase in vacancy, but a significant drop in shoppers using the centre and the flow-on effects of this.

13.7 The types of impacts discussed above will be experienced in many of the existing centres with identified trade impacts in the 15% plus range, but to varying degrees depending on the quality, type, format and size of new competition in the 'out-of-centre' locations.

14. Conclusions

14.1 Strong population and household growth is forecast for the Auckland region over the 2008-2041 forecast period. Population is estimated to increase from 1.44m in 2008 to 1.74m in 2021, which is an increase of 300,000 people (rounded). Households increase at a faster rate due to forecast reductions in household size, particularly as a result of the ageing population. In 2008 there are an estimated 501,000 households in the region, and by 2021 this is forecast to increase to 636,000 households, an increase of 135,000 households. In percentage terms, population growth is forecast at 1.5% per annum over the period out to 2021, and household growth is forecast at 1.9% per annum over the same period. This growth is the primary driver of increased demand for retail goods and services, and as a consequence demand for retail floorspace and land.

14.2 Annual retail expenditure growth for the Auckland region is forecast to be significant over the forecast period, with estimated increases from around $18.5b in 2008, to $27.9b in 2021, and $44.3b in 2041. Correspondingly, there are substantial increases in the forecast sustainable retail floorspace (i.e. additional retail floorspace required), from an estimated 2.2m sqms in 2008, to 3.3m sqms in 2021 and 5.2m sqms in 2041.

14.3 In terms of modelled effects, I have prepared two future scenarios that reflect possible future retail markets. The more conservative of these assumes 50% of new retail development occurs in 'out-of-centre' locations, while the second scenario assesses the effects of an assumed 75% of new retail development being established in 'out-of-centre' locations.

14.4 Overall, the impact of the more conservative of the two development scenarios indicated impacts on the existing centres modelled would range between 3% to 38%, with 15 centres recording trade impacts above 15%. In a practical sense, this would result in some of the existing centres having significantly less turnover when compared against the 'in-centre' alternative by 2021.

14.5 Under the 75% scenario, impacts on the modelled existing centres are estimated to range between 4% to 58%, with 21 centres recording trade impacts of 20% or greater, which again, in a practical sense, results in many of these centres having significantly less turnover when compared against the 'in-centre' scenario by 2021.

14.6 These levels of trade impacts would lead to additional flow-on social impacts and costs as outlined in Mr Osborne's evidence in chief, which when combined are likely to lead to significant distribution effects on the existing centre network. This supports the introduction of Councils' Joint Position as a tool to manage potential distributional effects in the future.

14.7 While hypothetical in nature, the analyses described in my evidence indicates the impacts from ongoing 'out-of-centre' retail development based on the scenarios developed to be potentially significant, and will likely result in a significant reduction in the potential trading levels of existing centres. These impacts will be the result of numerous 'out-of-centre' developments that individually may have minor impacts, however cumulatively generate impacts that are significant.

14.8 Given the significant growth in retail expenditure forecast out to 2021, and further to 2041, it is virtually assured this growth will be far greater than 'in-centre' capacity based on my work in the region over the last 10 years and general observations. The Councils' Joint Position recognises this in the policy framework by allowing a sequential test (High Density Centre / town centres, Intensive Corridors, where appropriate, and 'anywhere else' in order of preference) for retail developments. The policy framework allows future retail activity to be established in locations that do not

compromise existing centres. This is considered a balanced and prudent approach as it recognises that while retail development will occur 'out-of-centre', particularly in Intensive Corridors where appropriate, any new retail development will complement rather than compromise the existing network.

14.9 Mr Osborne's evidence outlines some quantified economic and social values of the existing centres identified in my analysis. These values and centres are potentially threatened by unrestrained future 'out-of-centre' retail development, i.e. Intensive Corridors, other Corridors and 'anywhere else'. This shows not only the need for the Councils' Joint Position policy framework, but the importance of it for better managing future retail growth within the Auckland region. It will, in my opinion, provide an appropriate level of 'checks and balances' to ensure these economic and social values in the existing centre network is not undermined by new retail development in the future.

Tim Heath
August 2009

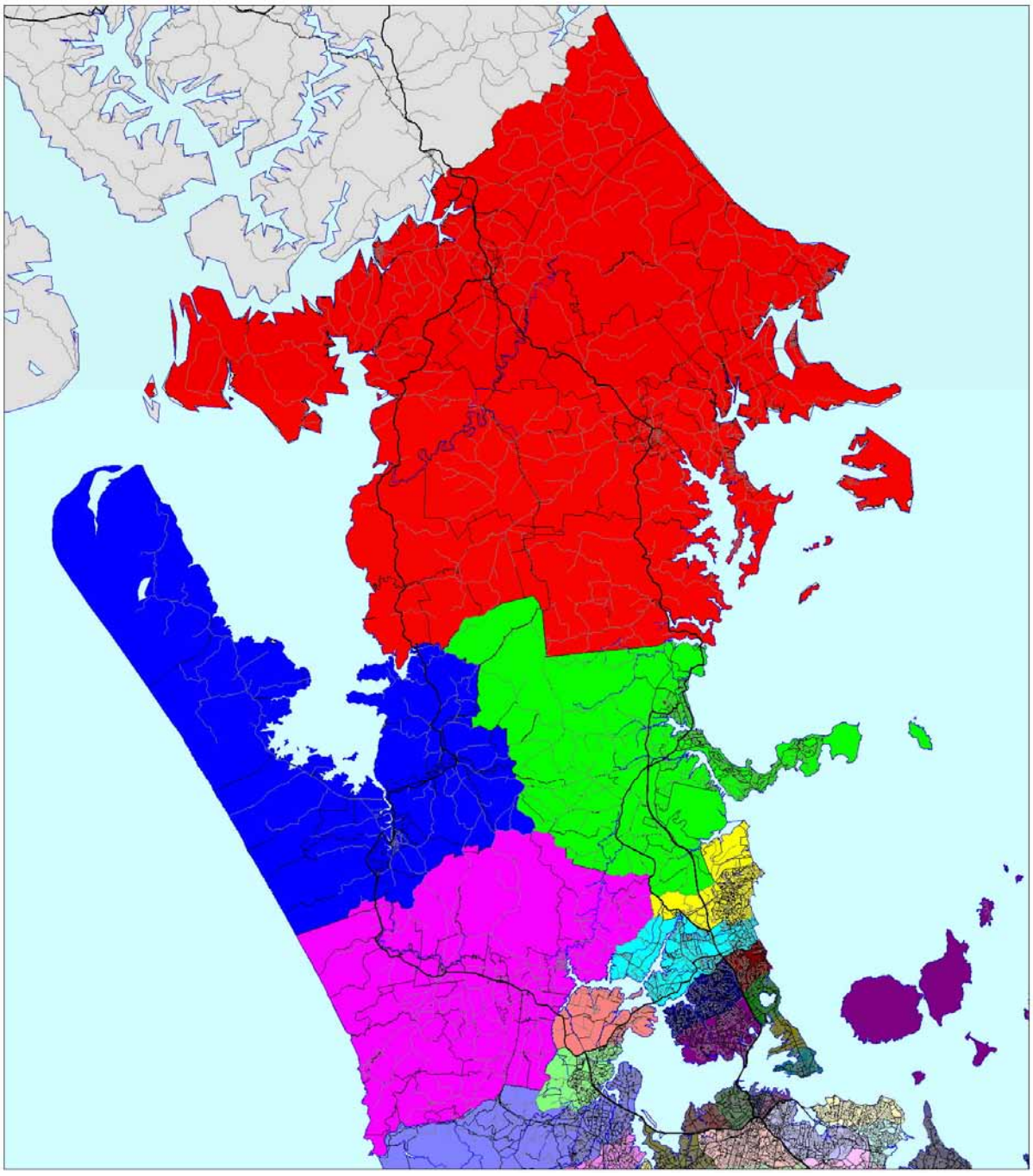
APPENDIX 1: Retail Centres and Corridors Assessed

RDC	NSCC	ACC	WCC	MCC	PDC	FDC
Warkworth Town Centre	Browns Bay	CBD - Lower, Central, K'Rd	Westgate	Botany/The Hub	Papakura Town Centre	Pukekohe
Orewa Town Centre	Albany	Newmarket	Lincoln North Centre	Manukau CC	Southgate Takanini	
Whangaparaoa Plaza	Wairau Park LFR	Onehunga / DressSmart	Henderson	Pakuranga		
	Milford	Sylvia Park	New Lynn	Howick TC		
	Takapuna	St Lukes		Manurewa		
	Birkenhead	Otahuhu		Hunters Plaza		
	Glenfield	Glen Innes		Manukau Supa Centa		
		Panmure				
		Harvey Norman Centre				
Corridor Locations:		Dominion Road	Lincoln Road	Cavendish Drive		
		Ponsonby		Te Irirangi Drive		

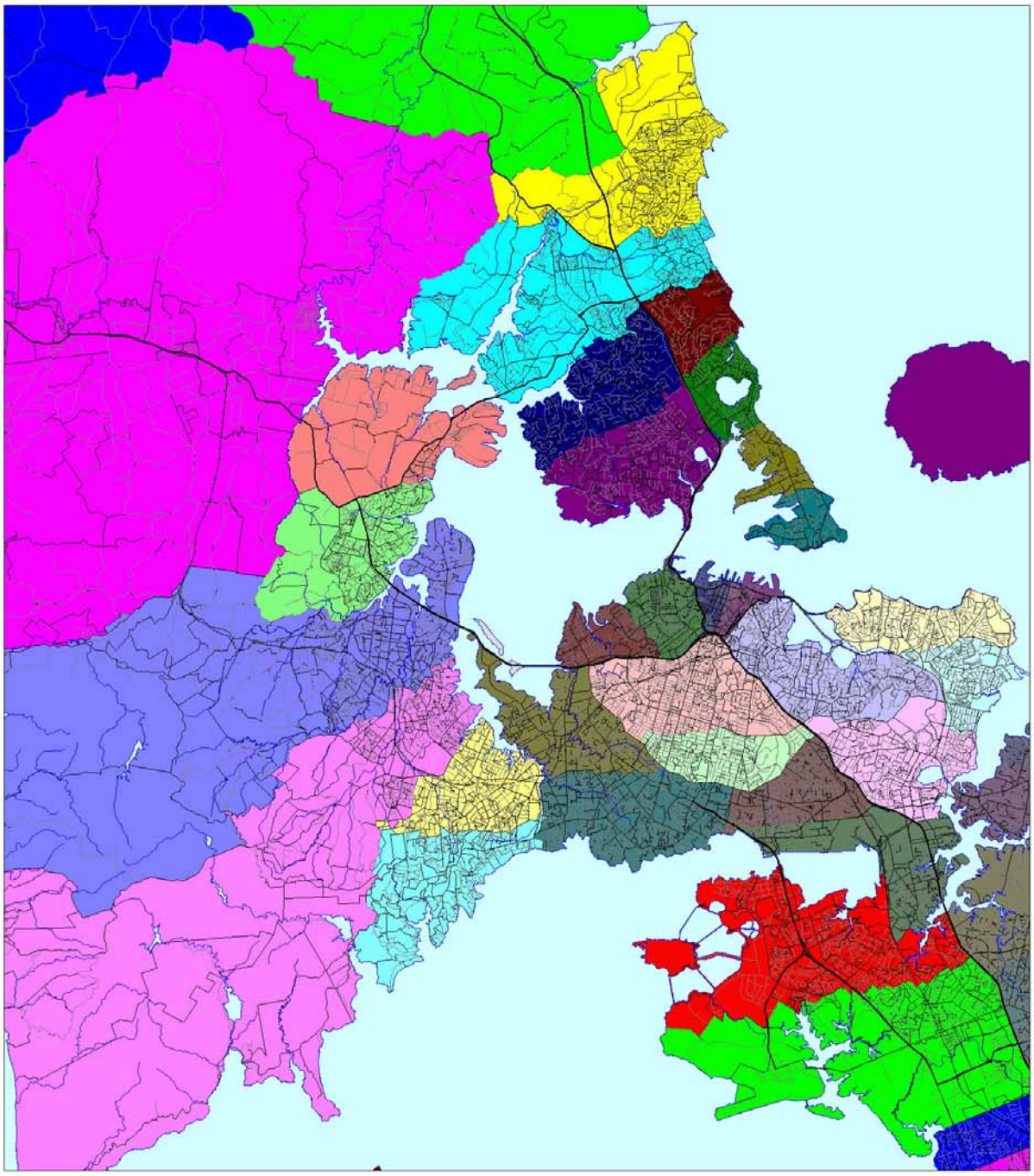
APPENDIX 2: Vehicle Survey Results

To insert maps for each centre – send separately as file too big to include in evidence

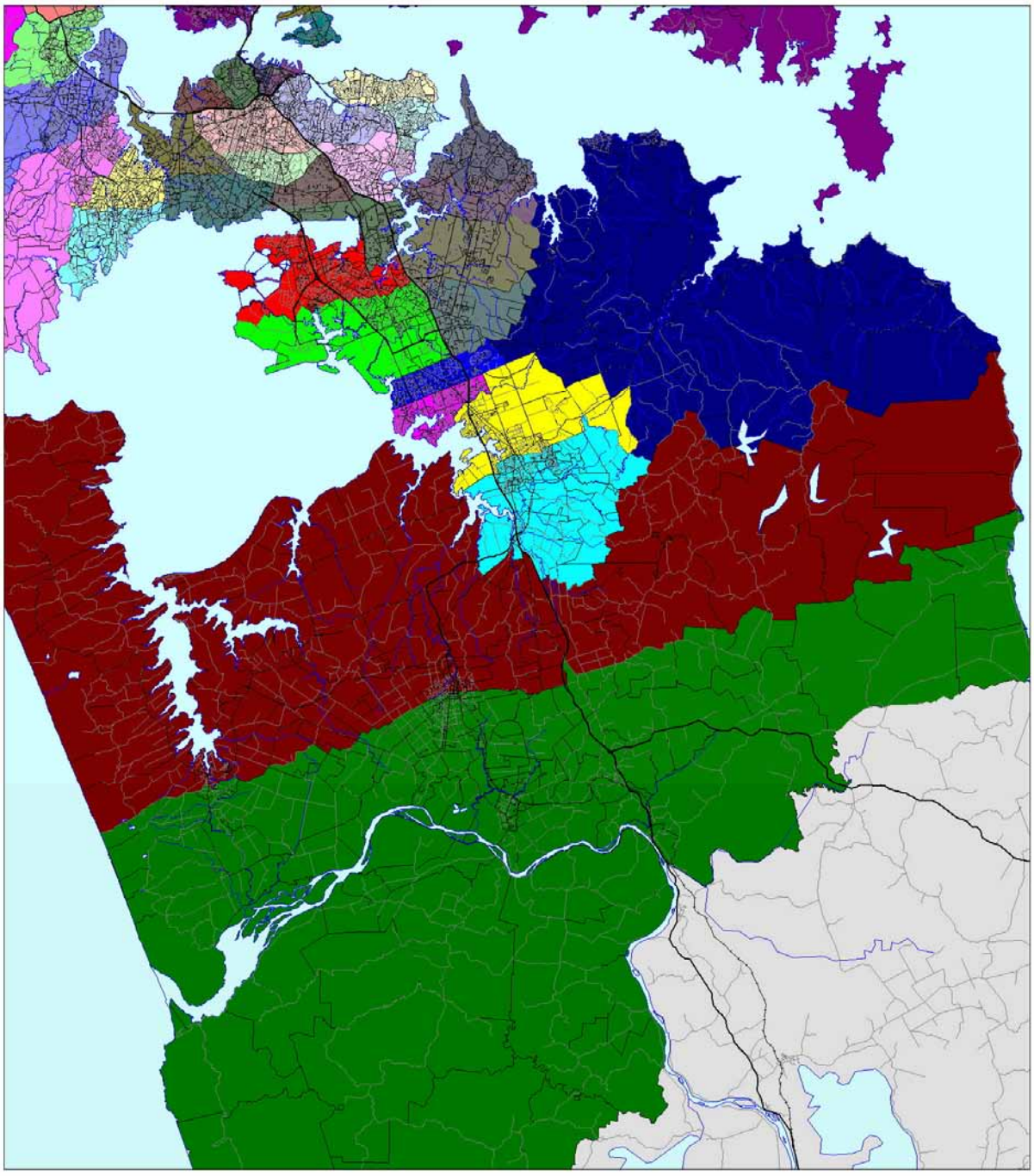
APPENDIX 3: Origin Catchments – Northern Component of Region



Origin Catchments – Central Component of Region



Origin Catchments – Southern Component of Region



APPENDIX 4: Retail Market Simulation Model and Input Data

Property Economics have developed a Retail Market Simulation Model (RMSM) for the Auckland Region. The RMSM has three key input datasets, (i) retail expenditure data, (ii) retail floorspace data and (iii) retail shopping behaviour information. The RMSM is similar to a traditional Gravity Model however relies upon actual surveyed shopping patterns. Subject to sample size limitations, it is my opinion that this approach to modeling the retail market is the most effective available within normal funding constraints.

The purpose of the RMSM is to provide a method for evaluating the trade competition impacts of new retail development on existing retail centres. This in turn provides an understanding of any subsequent 'distributional effects', or in other words, the impact on the flow-on net social and economic effects on the existing network of retail centres.

Data & Methodology

This section describes the input data and methodology used in the RMSM.

Retail Expenditure Data (Retail Demand). Forecasts?

Retail Expenditure estimates have been produced for 46 Origin Catchments which make up the Auckland Region (shown in Appendix 3). Retail expenditure has been derived for each of the main sources; household, business and tourist.

Retail Floorspace Data (Retail Supply).

Retail floorspace data for each of the 23 Supply Catchments has been sourced from Marketplace NZ Ltd, with Property Economics adding estimated floorspace of the Café, Restaurant and Takeaway retail sector.

Retail Shopping Behaviour

The main retail centres have been assessed to determine where shoppers come from to use the centre. In particular, a vehicle registration plates are recorded within each centre, which are later coded to physical addresses, and linked to each of the Origin Catchments. Appendix 2 provides an illustration of the catchments each centre services. From this it is possible to determine the extent of each centre's trade catchment.

Drive time Data

Abley Traffic Consultants provided drive time data between the central point of each centre, Supply Catchments, and Origin catchments. This provides a more accurate basis for understanding market trends than travel distance or 'crow flies' estimates.

RMSM Development

The above data are incorporated into a retail gravity model. A key aspect of this procedure is calibration, and in particular the calibration of the relative attractiveness of each centre's catchments. In the RMSM, the data was calibrated to reflect the relative extent of each centre's catchments, and thereby more accurately reflect the current shopping patterns occurring in the market.

APPENDIX 5: Retail Category Breakdown as per Marketplace NZ

Supermarkets - These outlets are in their own category, in which checkout numbers have been noted, in addition to trading area. Smaller food and liquor outlets have not been included due to their convenience-styled dispersal and irrelevance in economic impact terms, to other than very localised matters. Supermarkets 511010 (ANZSIC classification) Only bannered / mainstream supermarkets included.

Department / Variety Stores - These stores have an increasingly important "anchoring" capacity, but like supermarkets, there is a very limited range of competing banners in the marketplace. Dept & Variety Stores 521000 Briscoes included as a variety store.

Household Goods - Appliance and related accessory outlets, décor, furnishing, flooring, lighting and hardware outlets have been distinguished within the general merchandise range. Measured space includes trading areas within trade suppliers, where the merchandise competes with centres-based retailers.

Appliances & Accessories 523400 - Includes computers, telephones and other electronic goods and brown goods (a/v etc).

Furniture, Flooring 523100/200 - Includes beds, bedding, soft furnishings.

Décor, Hardware 523300 - Excludes top-end giftware, includes lawnmowers, paint and wallpaper; pt builders suppliers.

Apparel & Related - Clothing, footwear and worn or carried accessory outlets are increasingly focused in the few retail locations where a large "critical mass" can be presented for comparison shopping. That is to say, an increasing proportion of the supply in apparel stores is being attracted to a decreasing proportion of centres. These shops are separately distinguished. Wearing Apparel 522100 Excludes nursery outlets and accessories, includes childrenswear.

Shoes, Accessories & Jewellery 522200 - Includes clothing, accessories, handbags, eyewear, 525500 umbrellas, jewellery, watches & costume jewellery.

Stationery, Books & Video Hire 524300 - Includes newsagents, card and poster shops, 951100 video and DVD hire / retail outlets.

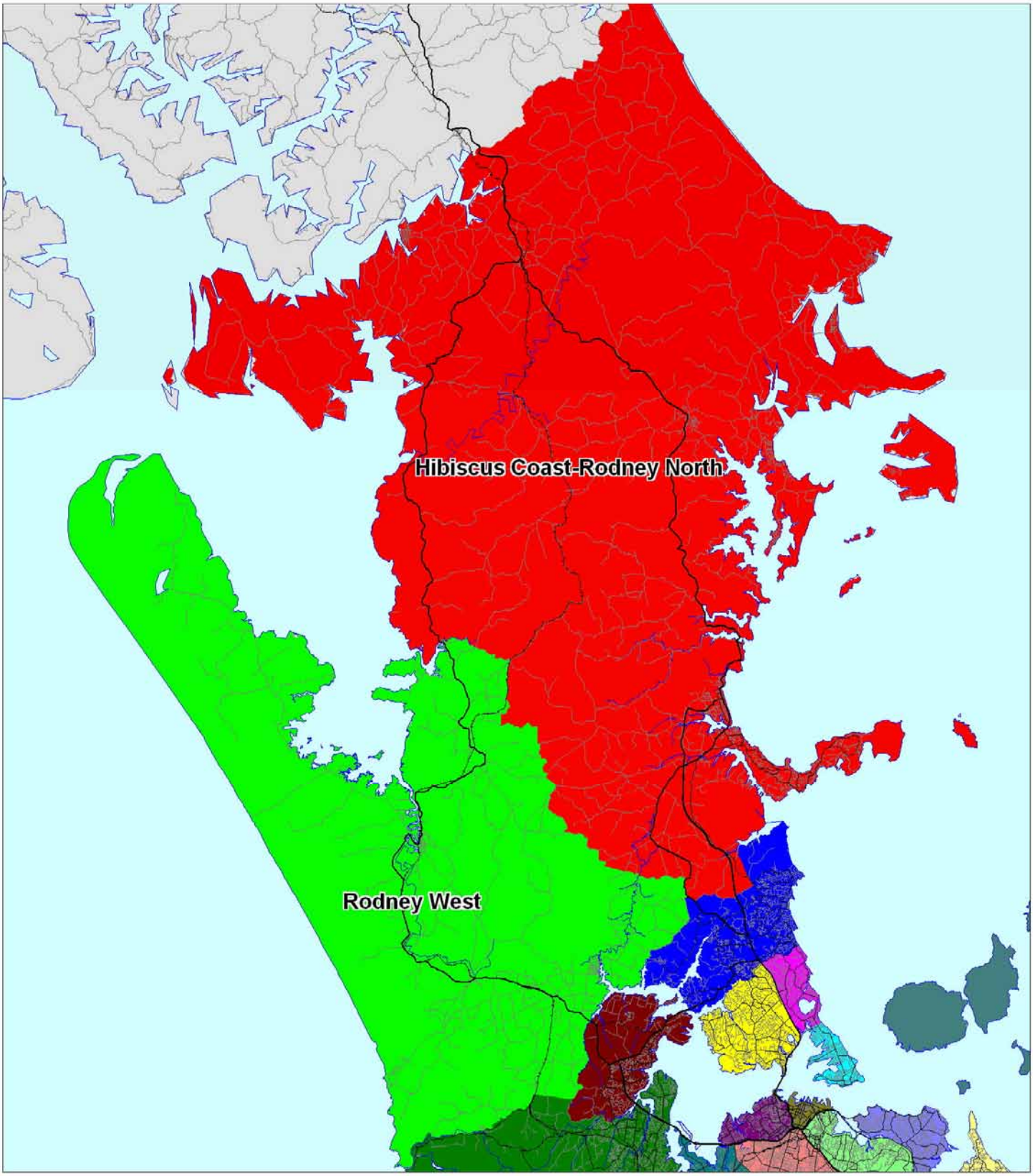
Pharmacies, Cosmetics 525100 - Includes cosmetic / perfume outlets.

Other GM Outlets
522300 - Excludes giftware shops grouped in 523300.
523500 Includes DVD retailing.
524100 Includes sporting apparel-dominated outlets.
524200 Includes nursery outlets.
524400 Includes optical goods other than eyewear.
952200 Includes retail photo printing services.
525400 Florists including florist / gift shops.
525900 Includes pet shops, top-end giftware, fabric and textile shops, nursery, art/craft and related supplies, musical instruments, souvenir and duty-free outlets (not all classed in 5259)

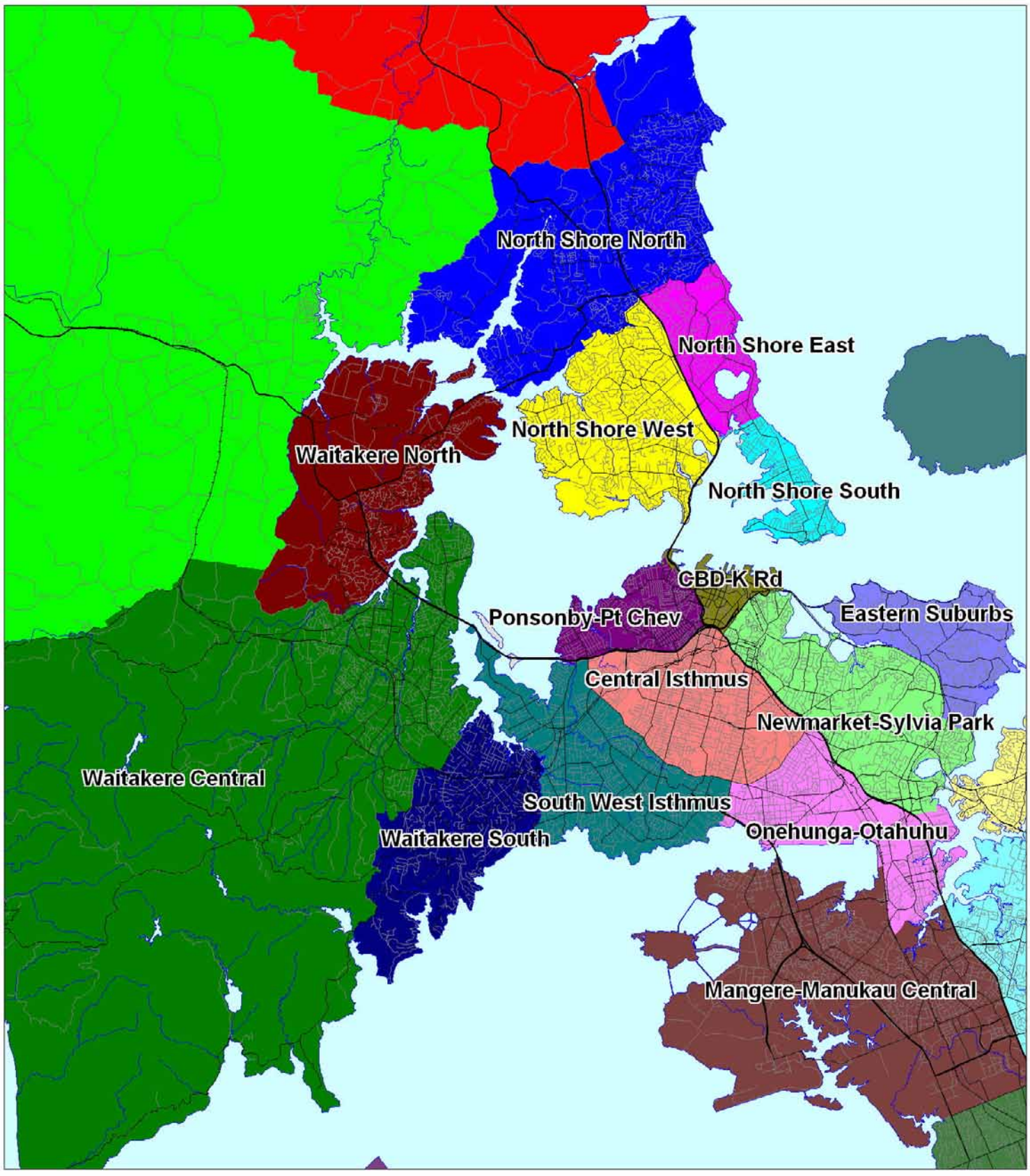
APPENDIX 6: Retail Market Simulation Model Centre Floorspace Scenarios

Catchment	Centre	2008 Floorspace (Actual)	2021 50% Outside Centre Scenario	2021 75% Outside Centre Scenario
Hibiscus Coast-Rodney North	Warkworth Centre	8,600	11,900	10,300
	Orewa Centre	10,100	14,000	12,000
	Whangaparaoa Plaza	12,400	17,300	14,900
	Other Centres	19,800	27,600	23,700
	Outside Centres	7,400	27,300	37,200
Subtotal		**58,100**	**97,800**	**97,800**
North Shore North	Browns Bay Centre	14,200	15,400	14,800
	Albany Centre	71,500	77,500	74,500
	Other Centres	5,900	6,400	6,100
	Outside Centres	19,500	27,200	31,000
Subtotal		**110,900**	**126,200**	**126,200**
North Shore West	Wairau Park	45,600	57,800	51,700
	Glenfield Centre	24,100	30,600	27,400
	Birkenhead Centre	12,300	15,600	14,000
	Other Centres	6,300	8,000	7,100
	Outside Centres	24,900	48,400	60,200
Subtotal		**113,100**	**160,200**	**160,200**
North Shore East	Milford	13,300	15,900	14,600
	Barrys Point Rd	8,700	10,400	9,500
	Takapuna Centre	27,200	32,500	29,800
	Other Centres	4,400	5,200	4,800
	Outside Centres	0	10,300	15,500
Subtotal		**53,500**	**74,100**	**74,100**
North Shore South	Centres	10,700	26,200	18,400
	Outside Centres	0	15,600	23,300
Subtotal		**10,700**	**41,700**	**41,700**
Rodney West	Centres	8,700	13,100	10,900
	Outside Centres	2,000	6,400	8,600
Subtotal		**10,700**	**19,500**	**19,500**
Waitakere North	Westgate & Adjacent	28,200	37,300	32,700
	Other Centres	3,400	4,400	3,900
	Outside Centres	1,100	11,300	16,300
Subtotal		**32,500**	**52,800**	**52,800**
Waitakere Central	Henderson Centre	52,900	65,400	59,200
	Lincoln North Centre / Pak'n Save	10,000	12,300	11,200
	Lincoln Road (excl above)	15,600	19,300	17,500
	Other Centres	9,500	11,700	10,600
	Outside Centres	4,100	24,800	35,100
Subtotal		**92,000**	**133,300**	**133,300**
Waitakere South	New Lynn Centre	35,000	43,800	39,400
	Other Centres	11,200	14,000	12,600
	Outside Centres	1,000	12,600	18,400
Subtotal		**47,000**	**70,200**	**70,200**
CBD-Karangahape Road	CBD North	67,000	74,400	70,700
	CBD Central	46,900	52,100	49,500
	Karangahape Road Area	10,700	11,800	11,200
	Outside Centres	0	13,800	20,600
Subtotal		**124,500**	**151,900**	**151,900**
Ponsonby-Pt Chevalier	Ponsonby Road	13,000	25,000	19,000
	Other Centres	20,500	39,600	30,100
	Outside Centres	9,700	40,800	56,400
Subtotal		**43,100**	**105,400**	**105,400**
South-West Isthmus	Centres	13,600	31,800	22,700
	Outside Centres	12,400	30,700	39,800
Subtotal		**26,000**	**62,400**	**62,400**
Central Isthmus Suburbs	St Lukes	27,200	36,900	32,100
	Dominion Road	11,700	15,800	13,800
	Other Centres	34,000	46,000	40,000
	Outside Centres	44,000	69,800	82,600
Subtotal		**116,800**	**168,300**	**168,300**
Newmarket-Sylvia Park	Newmarket Centre	75,700	88,200	81,900
	Panmure Centre	12,200	14,200	13,200
	Harvey Norman Centre	23,100	26,900	25,000
	Sylvia Park Centre	42,700	49,800	46,200
	Other Centres	36,200	42,100	39,100
	Outside Centres	22,300	53,500	69,100
Subtotal		**211,900**	**274,400**	**274,400**
Eastern Suburbs	Glen Innes Centre	9,300	13,800	11,600
	Other Centres	11,400	16,900	14,100
	Outside Centres	0	10,100	15,200
Subtotal		**20,600**	**40,700**	**40,700**
Onehunga-Otahuhu	Onehunga Centre/Dressmart	22,400	32,000	27,200
	Otahuhu Centre	15,100	21,600	18,300
	Other Centres	0	0	0
	Outside Centres	20,600	36,600	44,600
Subtotal		**58,000**	**90,100**	**90,100**
Botany & North	Pakuranga Centre	19,600	22,000	20,800
	Howick Centre	8,000	9,000	8,500
	Botany Town Centre	47,100	53,000	50,100
	The Hub Centre	16,600	18,700	17,600
	Other Botany Centre	27,000	30,400	28,700
	Other Centres	6,100	6,800	6,500
	Outside Centres	3,800	19,400	27,200
Subtotal		**127,900**	**159,000**	**159,000**
Otara-Flat Bush	Te Irirangi Drive	8,600	28,200	18,400
	Other Centres	12,000	39,600	25,800
	Outside Centres	3,000	50,200	73,800
Subtotal		**23,500**	**117,800**	**117,800**
Mangere-Manukau Central	Hunters Plaza	12,200	14,200	13,147
	Westfield Manukau	24,700	29,200	26,900
	Manukau Supa Centa	35,700	42,200	39,000
	Cavendish Drive	23,400	27,600	25,500
	Bal Manukau City	14,500	17,100	15,800
	Other Centres	47,500	56,200	51,900
	Outside Centres	400	27,000	40,300
Subtotal		**158,000**	**211,200**	**211,200**
Manurewa & Envrons	Manurewa Centre	10,800	17,800	14,300
	Other Centres	6,900	11,400	9,100
	Outside Centres	900	12,400	18,100
Subtotal		**18,500**	**41,400**	**41,400**
Other Manukau City Centres		**700**	**700**	**700**
Papakura District	Southgate/Foodtown	9,800	13,500	11,700
	Papakura Town Centre	28,100	38,500	33,300
	Other Centres	1,000	1,300	1,100
	Outside Centres	7,000	21,500	28,700
Subtotal		**46,400**	**75,300**	**75,300**
Franklin District	Pukekohe Centre	21,400	25,600	23,500
	Other Centres	6,900	8,300	7,600
	Outside Centres	26,100	31,600	34,400
Subtotal		**54,300**	**65,400**	**65,400**
Total		**1,557,000**	**2,338,200**	**2,338,200**

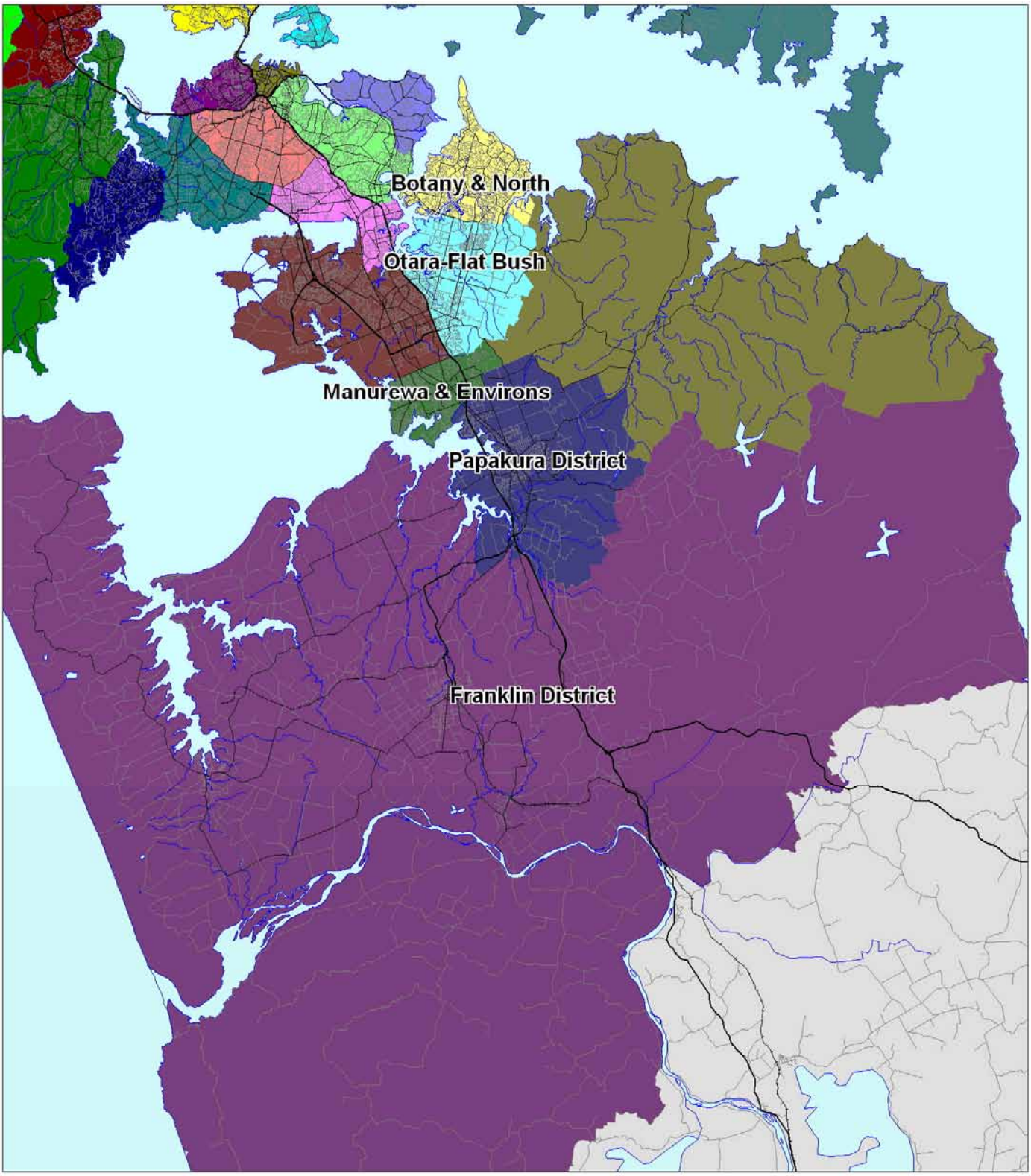
APPENDIX 7: Retail Market Simulation Model Supply Catchments – Northern Region



Retail Market Simulation Model Supply Catchments – Central Region



Retail Market Simulation Model Supply Catchments – Southern Region



APPENDIX 8: Property Economics Retail Expenditure Model Inputs

This section outlines the methodology that has been used to estimate growth in retail expenditure generated at Census Area Unit (CAU) level for New Zealand out to 2026.

CAU 2006 Boundaries

All analysis has been based on Census Area Unit 2006 boundaries.

Permanent Private Households (PPH) 2006

These are the total Occupied Households as determine by the Census 2006. PPHs are the primary basis of retail expenditure generation and account for approximately 71% of all retail sales. PPHs have regard for (exclude) the proportion of dwellings that are vacant at any one time in a locality, which can vary significantly, and in this respect account for the movement of some domestic tourists.

Permanent Private Household Forecasts 2006-2026

These are based on Statistics NZ Census Area Unit (CAU) Medium Series Population Growth Projections and have been adjusted to account for residential building consent activity occurring between 1996 and 2006, with this extrapolated to the year of concern. This accounts for recent building activity, particularly important for the 5-10 year forecasts, and effectively updates Statistics NZ projections to reflect recent trends. Geo-spatial differences in growth between 2001 and 2006 CAUs have been accounted for with a pro rata distribution.

International Tourist Spend

The total international tourism retail expenditure in 2006 has been derived from the TRCNZ estimates of $1.5b nationally for 2006 (3.3% of total national retail sales). This has been distributed regionally on a spend per employee (2006) basis, using regional spend estimates prepared by the TRCNZ. Domestic and business based tourism spend is incorporated in the employee and PPH estimates. Employees are the preferred basis for distributing regional spend geo-spatially as tourists tend to gravitate toward areas of commercial activity, however they are very mobile.

Total Tourist Spend Forecast 2006-2026

The TRCNZ tourist retail expenditure projections translate into an annual growth rate of 7.7% for the 2006-2011 period. Growth is conservatively forecast in the model at 3% per annum for the 2011-2026 period.

2006-2026 PPH Average Household Retail Expenditure

This has been determined by analyzing the national relationship between PPH average household income (by income bracket) as determined by the 2006 Census, and the average PPH expenditure of retail goods (by income bracket) as determined by the Household Economic Survey (HES) prepared by Statistics NZ. In particular a regression analysis has shown the following relationship exists:

PPH Retail Expenditure = 27.3% of Average PPH Income plus $4,999 constant.

This relationship between income and retail expenditure is statistically significant, with a R^2 (the measure of the relationship between the two variables) considered extremely strong.

While there are other variables other than household income that will affect retail expenditure levels, such as wealth, access to retail, population age, household types and cultural preferences, the effects of these are not able to be assessed given data limitations, and have been excluded from these estimates.

Real Retail Expenditure Growth

Real retail expenditure growth has been factored in at 1% per annum. This accounts for the increasing wealth of the population and the subsequent increase in expenditure. The following explanation has been provided.

Retail Expenditure is an important factor in determining the level of retail activity and hence the 'sustainable amount 'of retail floorspace for a given catchment. For the purposes of this outline 'retail' is defined by the following categories:

- Food Retailing
- Footwear
- Clothing and Softgoods
- Furniture and Floor coverings
- Appliance Retailing
- Hardware
- Chemist
- Department Stores
- Recreational Goods
- Cafes, Restaurants and Takeaways
- Personal and Household Services
- Other Stores.

These are the retail categories as currently defined by the ANZSIC codes (Australia New Zealand Standard Industry Classification).

Assessing the level and growth of retail expenditure is fundamental in planning for retail networking and land use within a regional network.

Retail expenditure determinants

Retail Expenditure for a given area is determined by: the number of households, size and composition of households, income levels, available retail offer and real retail growth. Changes in any of these factors can have a significant impact on the available amount of retail expenditure generated by the area. The coefficient that determines the level of 'retail expenditure' that eventuates from these factors is the MPC (Marginal Propensity to Consume). This is how much people will spend of their income on retail items. The MPC is influenced by the amount of disposable and discretionary income people are able to access.

Retail expenditure economic variables

Income levels and household MPC are directly influenced by several macroeconomic variables that will alter the amount of spend. Real retail growth does not rely on the base determinants changing but a change in the financial and economic environment under which these determinants operate. These variables include:

Interest Rates: Changing interest rates has a direct impact upon households' discretionary income as a greater proportion of income is needed to finance debt and typically lowers general domestic business activity. Higher interest rates typically lower real retail growth.

Government Policy (Spending): Both Monetary and Fiscal Policy play a part is domestic retail expenditure. Fiscal policy, regarding government spending, has played a big part recently with government policy being blamed for inflationary spending. Higher government spending (targeting on consumer goods, direct and indirectly) typically increases the amount of nominal retail expenditure. Much of this spend does not, however, translate into floorspace since it is inflationary and only serves to drive up prices.

Wealth/Equity/Debt: This in the early-mid 2000s had a dramatic impact on the level of retail expenditure nationally. The increase in property prices has increased home owners unrealized equity in their properties. This has lead to a significant increase in debt funded spending, with residents borrowing against this equity to fund consumable spending. This debt spending is a growth facet of New Zealand retail. In 1960 households saved 14.6% of their income, while households currently spend 14% more than their household income.

Inflation: As discussed above, this factor may increase the amount spent by consumers but typically does not dramatically influence the level of sustainable retail floorspace. This is the reason that productivity levels are not adjusted but similarly inflation is factored out of retail expenditure assessments.

Exchange Rate: Apart from having a general influence over the national balance of payments accounts, the exchange rate directly influences retail expenditure. A change in the $NZ influences the price of imports and therefore their quantity and the level of spend.

General consumer confidence: This indicator is important as consumers consider the future and the level of security/finances they will require over the coming year.

Economic/Income growth: Income growth has a similar impact to confidence. Although a large proportion of this growth may not impact upon households MPC (rather just increasing the income determinant) it does impact upon households discretionary spending and therefore likely retail expenditure.

Mandatory Expenses: The cost of goods and services that are necessary has an impact on the level of discretionary income that is available from a households disposal income. Important factors include housing costs and oil prices. As these increase the level of household discretionary income drops reducing the likely real retail growth rate.

Current and future conditions

Retail expenditure has experienced a significant real increase in the early-mid 2000s. This was due in large part to the increasing housing market. Although retail growth is tempered or crowded out in some part by the increased cost of housing it showed massive gains as home owners, prematurely, access their potential equity gains. This resulted in strong growth in debt/equity spending as residents borrow against capital gains to fund retail expenditure on consumption goods. A seemingly strong economy also influenced these recent spending trends, with decreased employment and greater job security producing an environment where households were more willing to accept debt.

Over the last 12 months this has now reversed with the worldwide recession taking grip. As such, the economic environment is undergoing rapid change. The national market is currently experiencing a rapid fall in interest rates, a deflated $NZ, a falling property market, and a fall in general business confidence. These factors will continue to dampen retail spending throughout the next 3 – 5 years. Given the previous years substantial growth and high levels of debt repayment likely to be experienced by New Zealand households it is expected that real retail growth rates will continue to be stifled.

Impacts of changing retail expenditure

At this point in time a 1% real retail growth rate is being applied by Property Economics over the longer term 20 year period. This rate is highly volatile however and is likely to be in the order of 0.5% to 1% over the next 5 – 10 years rising to 1% - 2% over the more medium term as the economy stabilizes and experiences cyclical growth. This would mean that it would be prudent in the shorter term to be conservative with regards to the level of sustainable retail floorspace within given centres.

Business Spend 2006

This is the total retail expenditure generated by businesses. This has been determined by subtracting PPH retail expenditure and Tourist retail expenditure from the Total Retail Sales as determined by the Retail Trade Survey (RTS) which is prepared by Statistics NZ. All categories are included with the exception of accommodation and automotive related spend. In total, Business Spend accounts for 26% of all retail sales in NZ. Business spend is distributed based on the location of employees in each CAU and the national average retail expenditure per employee ($6,640pa).

Business Spend Forecast 2006-2026

Business spend has been forecasted at the same rate of growth estimated to be achieved by PPH retail sales in the absence reliable information on business retail expenditure trends. It is noted that while working age population may be decreasing as a proportion of total population, employees are likely to become more productive over time and therefore offset the relative decrease in the size of the total workforce.

APPENDIX 9: Sales Productivity Methodology

Sustainable retail floorspace productivity levels are the estimated trading levels, in terms of sales per sqm per annum, that are required to sustain good quality retail tenants and environment. Technically sustainable productivities are the average retail trading levels that are required to ensure retail vacancies do not exceed approximately 5% across a town or city.

Sustainable retail floorspace productivities are primarily determined by analysis of supply and demand levels in major centres across NZ. Other anecdotal evidence is also relied upon, including interviews with retail leasing agents, and survey data from the NZ Property Council on retail trading levels.

BEFORE THE ENVIRONMENT COURT **ENV-2007-304-000472**

IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of appeals under clause 14 of Schedule 1 of the Act
BETWEEN	**PROGRESSIVE ENTERPRISES LIMITED**
	(ENV-2007-AKL-0000574)
AND	**WESTFIELD (NEW ZEALAND) LIMITED**
	(ENV-2007-AKL-0000580)
AND	**THE NATIONAL TRADING COMPANY OF NEW ZEALAND**
	(ENV-2007-AKL-0000611)
AND	**THE WAREHOUSE LTD**
	(ENV-2007-AKL-000661)
AND	**SYLVIA PARK BUSINESS CENTRE LIMITED**
	(ENV-2007-AKL-000544)
AND	**FEDERATED FARMERS OF NZ INC**
	(ENV-2007-AKL-000659)
AND	**WAITAKERE CITY COUNCIL**
	(ENV-2007-AKL-000632)
AND	**MANUKAU CITY COUNCIL**
	(ENV-2007-AKL-000679)
	Appellants
AND	**AUCKLAND REGIONAL COUNCIL**
	Respondent

STATEMENT OF EVIDENCE OF JAMES TALBOT BAINES ON BEHALF OF AUCKLAND REGIONAL COUNCIL AND THE TERRITORIAL AUTHORITIES OF THE AUCKLAND REGION

31 August 2009

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1. INTRODUCTION

1.1 My name is James Talbot Baines. I am a founding director of Taylor Baines & Associates and a specialist in Social Impact Assessment (**SIA**).

1.2 I have undertaken training courses in SIA and have been a member of the International Association for Impact Assessment (**IAIA**) for the past fourteen years and the New Zealand Association for Impact Assessment for the past sixteen years. Between 2000 and 2006 I was Chairperson of the IAIA's Social Impact Assessment Section, during that time the Section developed the most recent set of principles for the practice of SIA. During this time I have also been engaged both in New Zealand and in South East Asia to provide professional training in Social Impact Assessment and to develop Social Impact Assessment implementation programmes in Malaysia on behalf of the United Nations Development Programme.

1.3 In total, I have had twenty years experience in applied social research and SIA work. This has included participation and leadership in several multi-year social research programmes under contract to the Foundation for Research Science and Technology, as well as a wide variety of consultancy contracts for both public and private sector clients.

1.4 Within New Zealand, my professional experience covers the application of SIA in numerous parts of the country and across a wide range of proposals, including local government boundary changes, urban development plans, air quality plans, waste management facilities, prisons, mall and supermarket developments, port developments, casinos, marine farms and energy infrastructure developments.

1.5 I have presented expert evidence on behalf of councils, as well as private-sector companies. I am able to draw on the collective experience of my firm, Taylor Baines and Associates, which has been engaged on a number of relevant urban planning cases in the cities of Auckland, North Shore and Christchurch, as well as in several other regions of the country, namely Raglan, Gisborne and Upper Hutt.

1.6 Of particular relevance to this hearing, I have in the past few years appeared as an SIA expert at urban planning hearings, including presenting the social evidence on behalf of the Christchurch City Council at the Environment Court hearing on Variation 86 (2007) and the social evidence on behalf of Landco (the applicant) at the Environment Court hearing on the Long Bay Structure Plan in North Shore City

(2007). I have also been involved as a social impact expert in several cases related to proposed plan changes and variations to the Canterbury Regional Policy Statement currently being heard by a panel of commissioners.

1.7 In addition to my training and practical experience as a SIA specialist, I hold a Bachelors Degree with Honours in Chemical Engineering from the University of Canterbury and a Post Graduate Diploma in Teaching from Wellington Teachers Training College.

1.8 I have in the past been called upon as an expert witness in a variety of settings including resource consent hearings, a Board of Inquiry, appeals to the Environment Court, and hearings before the Local Government Commission and the Casino Control Authority.

1.9 I have read and prepared my evidence in compliance with the Code of Conduct of Expert Witnesses in the Environment Court Consolidated Practice Note (2006). I confirm that my evidence is within my area of expertise, except where I state a reliance on the assessment of another person. I have not omitted to consider material facts known to me that might alter or detract from my the analysis or conclusions I express.

2 SCOPE OF EVIDENCE

2.1 I was responsible for coordinating the SIA activities and assessment commissioned by the Auckland Regional Council for the evaluation of Proposed Change 6 to the Auckland Regional Policy Statement (**ARPS**), on which this statement of evidence has been based.

2.2 In this instance, we are assessing matters raised in appeals to Proposed Change 6 to the ARPS initiated as a consequence of the Local Government (Auckland) Amendment Act 2004 (**LGAAA**), not a specific resource consent application. Therefore the SIA has been carried out at a strategic and regional level. This level of assessment is less detailed than would be the case for resource consent applications for a specific town centre development or for resource consent applications for a specific retail development out of centre.

2.3 In my evidence, I will address the following:

(a) the approach and methods used in my social assessment of Proposed Change 6 to the ARPS;

(b) the statutory context;

(c) the background to the main social arguments for managing commercial distribution through the Centres Plus policy framework;

(d) the main social arguments for managing commercial distribution through the Centres Plus policy framework;

(e) the Joint Councils' Position;

(f) evaluating the social wellbeing outcomes of adopting the Joint Councils' Position; and

(g) conclusions.

3 APPROACH AND METHODS USED IN MY SOCIAL ASSESSMENT OF PROPOSED CHANGE 6 TO THE ARPS

Social assessment approach in the RMA

3.1 Social wellbeing is part of the sustainable management purpose set out in section 5 of the Resource Management Act 1991(**RMA**)[1].

Conceptual framework for interpreting social wellbeing

3.2 Carrying out a SIA within this statutory framework requires attention to a conceptual framework for thinking about social wellbeing, and what are the factors relevant to urban form which might contribute to people's experience of social wellbeing. Such a conceptual framework, which has been adopted in a range of other SIAs and social research contexts in New Zealand in recent years[2]

[1] i.e. adverse effects of activities on the environment, where "environment" is defined to include "people and communities", "amenity values" and "the social, economic, aesthetic, and cultural conditions which affect the various elements of the environment or are affected by them. (RMA, 1991, s2).

[2] e.g. social assessment carried out on a Structure Plan proposal in North Shore City in 2007; social analyses carried out for assessing the social implications of commercial retail strategy development in Christchurch City between 2003 and 2005; social assessment carried out for Variation 86 to the Christchurch City Plan (2007).

comes from social indicators work in the OECD[3] and closely parallels the framework adopted by the Ministry of Social Development.[4] The OECD study identified key areas of social life which shape wellbeing.

3.3 Elements likely to be of most relevance to this strategic social assessment include consideration of:

(a) **the state of physical and mental health** - in this case influenced by consideration of access to primary health services within a town centre as well as consideration of the way urban form and planning support the development of healthy, active lifestyles and reduced levels of reliance on motorised transport;

(b) **the quality of housing, shelter, neighbourhood and living place** - in this case influenced by the role of town centres in supporting the future development of higher-density residential living within walkable distances from civic and commercial amenities;

(c) **opportunities for income, employment and the quality of working life** - in this case influenced by the role of centres as focal points for substantial levels of employment in a variety of occupations;

(d) **opportunities for leisure and recreation[5], time to enjoy them, and access to quality outdoors/open space** - in this case influenced by the provision of retail space with high amenity values as well as specific leisure-related venues within centres, and the relationship between the centres and public open space;

(e) **access to public facilities, transport, communications, and access to goods and services** - in this case influenced by access to shops and transport connections within or adjacent to centres and corridors;

[3]OECD, 1998. Living Conditions in OECD Countries: a compendium of social indicators. OECD Social Policy Studies No.5. Paris.
[4]Ministry of Social Development, 2003. The Social Report 2003: Indicators of social wellbeing in New Zealand. Wellington.
[5]Indeed, NZ research indicates that shopping is ranked highly as a recreation activity by New Zealanders. A survey conducted by the Hillary Commission found that shopping centres were the most popular leisure facilities used by respondents during the previous four weeks (56%). Source: Wilson N, Russell D, and Paulin J, 1990. *Life in New Zealand: Summary Report*, prepared for the Hillary Commission for Recreation & Sport, Wellington. p.75.

(f) **the quality of the physical environment, a clean environment with aesthetic appeal** - in this case influenced by overall design parameters for centres and corridors, the provision of public open spaces within centres and corridors, and the level of emissions from various fossil-fuelled transport options;

(g) **influences on family life, social attachment, social contact, interaction and support** - in this case influenced by opportunities for social interaction within centres and corridors, both in commercial spaces such as cafes, public open spaces and leisure venues, as well as access to social support services that might be located within or nearby;

(h) **influences on participation in community and society, including participation in organised groups and social activities** - in this case influenced by the provision of community facilities which facilitate group activities, as well as the role of town centres in providing a sense of identity for their surrounding residential communities, and the protection and enhancement of features of cultural heritage in the existing built environment;

(i) **influences on personal safety, public safety, autonomy or freedom from too much risk** - in this case influenced by provision for safe access between centres or corridors and their neighbouring residential areas, as well as by design attributes and by security arrangements within centres and corridors.

3.4 In conducting this SIA, consideration was given to whether or not the Joint Councils' Position, which seeks to reinforce the social roles of centres, is likely to have consequential effects on any of these areas of social life, and for which 'demographic' communities of interest this is most likely to effect. I will therefore re-visit these elements contributing to social wellbeing in my evaluation in section 6 of my evidence.

3.5 I understand that the Joint Councils' Position gives unambiguous priority to High Density Centres as the preferred location of new commercial/retail investments, but also acknowledges the role of Intensive Corridors and other locations. It is important to acknowledge the possibility that some social benefits are likely to arise from any new commercial/retail investment that caters to unmet demand or

provides increased choice. However, in my opinion, the critical resource management issue requiring assessment in the context of Proposed Change 6 to the ARPS is not whether an additional increment of commercial/retail investment will create social benefits for some people per se. The critical resource management issue requiring assessment is whether the location of such an additional increment of commercial/retail investment makes a difference to the quantum and distribution of resulting social benefits and costs. This resource management issue requires the adoption of an appropriate framework for assessment that addresses locational alternatives explicitly.

Social assessment information sources

3.6 Social assessment typically involves the use of a variety of assessment activities and access to a variety of information sources including quantitative, qualitative and spatial data.

3.7 In this case, these include:

(a) comparison case knowledge and evidence - sourced from assessment activities on cases, particularly in Auckland, but also in Christchurch and several regional New Zealand settings;[6]

(b) analysis of census demographic data, spatial data and trend data around 10 existing centres in Auckland, and similar data sets from Christchurch;

(c) interviews with 40 'social service' providers located in or adjacent to 3 existing centres in Auckland, and similar interviews with 44 'social service' providers located in or adjacent to 3 existing centres in Christchurch;

(d) direct observations of urban form around existing centres; and

(e) links to the evidence of other experts whose analysis is relevant to a consideration of social amenity, including the evidence of:

- Mr Abley - transport;

- Mr Mackay - urban form;
- Mr Tansley - retail;
- Mr Heath - retail; and
- Mr Osborne – economics.

3.8 The body of information on which this assessment is based incorporates elements of expressed values[7], observed behaviours[8] and effects experienced.[9]

4 STATUTORY CONTEXT

The Resource Management Act

4.1 I have already pointed out the relevance of section 5 of the RMA for mandating consideration of factors relevant to social wellbeing.

4.2 Section 7 of the RMA sets out concepts to which decision makers *"shall have particular regard"*. I comment on each of those as follows:

"(b) efficient use and development of natural and physical resources" - there can be social equity considerations in assessments of efficient use; e.g. if walking and public transport are made less accessible options for certain groups of people to access basic retailing or essential services, particularly in situations where they have chosen to live in relatively close proximity to an established centre;

"(c) the maintenance and enhancement of amenity values" - indicates the significance of not allowing amenity values in existing centres to be undermined as a consequence of locational decisions for retail activity that are inconsistent with established public policy;

"(e) recognition and protection of the heritage values of sites, buildings, places or areas" - public buildings[10] of long standing and with important social functions in urban or suburban communities can have their utility and amenity values undermined as a consequence of locational decisions for retail activity that

[6]Upper Hutt (2000); Gisborne (2004); Te Awamutu (2008)
[7]e.g. perceptions of locational advantage or disadvantage expressed by service providers.
[8]e.g. co-locational behaviour associated with business agglomeration and with social service locational choice; residents' locational choices in relation to existing centres; travel-to-work data.
[9]e.g. diversification of centre 'offer' with increasing scale in the hierarchy, travel options in relation to distance from centres; effects of out-of-centre supermarket development when a supermarket closes.
[10]Many heritage buildings are in existing centres

are inconsistent with established public policy; in other words, a special case of (c) above; and

"(f) maintenance and enhancement of the quality of the environment" - given the definition of 'environment', this is similar to (c) above.

The Local Government (Auckland) Amendment Act

4.3 The LGAAA requires *"the Auckland local authorities to change the policy statement and plans prepared under the Resource Management Act 1991* ***to integrate the land transport and land use provisions*** *and make those provisions consistent with the Auckland Regional Growth Strategy."* [11]

(Emphasis added)

4.4 Section 40(1) states:

"A land transport and land use change is a change or variation to an Auckland planning document by including issues, objectives, policies, and descriptions of methods for the purpose of -

(a) giving effect, in an integrated manner, to the growth concept in the Auckland Regional Growth Strategy.....; and

(b) contributing in an integrated manner, to the matters specified in Schedule 5."

4.5 From a social wellbeing perspective, the significance of a requirement to integrate land transport and land use provisions in policies and plans lies in the implications this has broadly for promoting accessibility to services and amenities. As I have pointed out at paragraph 3.3 above, accessibility to services and amenities is an important contributing factor underpinning social wellbeing.

4.6 These implications are potentially two-fold. First, the concept of integration suggests that aspects of location and spatial relationships between people's place of residence and places where they visit regularly for work, supplies of

[11] LGAAA, 2004 s3(b)

goods and services, or recreation and leisure are an important dimension to be addressed in public policies and plans. Secondly, the fact that these matters are promoted in public policies and plans, provides a measure of certainty that such locational arrangements and spatial relationships will not be subject to unexpected and substantial change at the whim of individual land-owners. Rather, any departures from the central policy thrust will not be typical and will occur only after due consideration of effects in a resource consent proposal or preferably a plan change proposal. I will say more in section 7 of my evidence about what I consider to be an appropriate approach to the assessment of effects (including social effects) in such instances.

4.7 The social wellbeing implications discussed in the preceding paragraph are indeed reinforced explicitly in Schedule 5 of the LGAAA. Schedule 5 sets out matters that are to be addressed through this approach to integrated planning. The coverage of matters in Schedule 5 is sufficiently relevant to social wellbeing considerations that I have incorporated the complete text of Schedule 5 below, with emphases added to highlight social wellbeing considerations. Such matters include:

*"(a) providing **increased certainty** in the assessment of resource consents, designations, and plan changes related to **transport and urban form**, and ensuring that transport and land use patterns are **aligned to achieve sustainability, efficiency, and liveability** in the Auckland Region; and*

*(b) managing transport and transport infrastructure, **facilitating a multimodal transport network,** and facilitating integrated transport management; and*

*(c) reducing adverse effects of transport on the environment (including **improving air and water quality,** reducing **noise** and stormwater, **improving heritage protection** and **reducing community disruption** and transport land use), and reducing the adverse effects and increasing the positive interactions of transport and land use; and*

*(d) supporting compact **sustainable urban form** and sustainable urban **land use intensification** (including location, timing and sequencing issues, and associated **quality, character, and values of urban form and design**); and*

(e) integrating transport and land use policies to reinforce metropolitan urban and rural objectives of the Auckland Regional Policy Statement, the development of a competitive and efficient economy and a high quality of life, underpinned by a quality environment and amenity."

(Emphasis added)

4.8 My evidence will incorporate data analyses that demonstrate how patterns of land use and spatial relationships between various social activities (residency, work, shopping, other leisure activities) have occurred historically and how these activity patterns relate to the pattern of existing centres and their urban form. I will include compositional analysis of centres, co-location analysis in centres, demographic analysis around centres, travel-to-work patterns involving centres; and mixed-purpose visits to centres.

The Regional Growth Strategy

4.9 The Foreword to the Auckland Regional Growth Strategy (**ARGS**) states:

"The Regional Growth Strategy sets out a vision for the future and provides certainty as to the outcomes Aucklanders want to achieve as the region grows and develops. The vision and desired outcomes ***provide certainty*** *that future regional growth, in whatever form, will promote:*

- ***safe, healthy communities***
- ***diversity of employment and business opportunities***
- ***housing choices***
- ***high amenity of urban environments***
- *the protection and maintenance of the character of the region's natural environment*
- *sustainable use and protection of the region's resources (including infrastructure) and*
- ***efficient access to activities and appropriate social infrastructure for all****."*

(Emphasis added)

4.10 As the added emphasis indicates, positive social outcomes are a pervasive theme of the ARGS.

4.11 Chapter 2, Table 2 of the ARGS summarises desired regional outcomes, emphasising many social outcomes which underpin social wellbeing, as discussed earlier at paragraph 1.15:

- "more transport choices and high levels of access for all sections of the community";
- "a closer relationship between home and work, activities, shopping, open space etc.";
- "managing traffic congestion and a better passenger transport system";
- "air quality is maintained where it is good and improved in areas where it is now degraded";
- "more efficiency in use of natural and physical resources, including urban land, rural land, infrastructure and energy resources";
- "more employment choices everywhere";
- "better match of employment to population in different parts of region";
- "higher quality urban amenity particularly business, residential, shopping and public space areas (more trees, better streetscape, better urban design etc.);
- safer, healthier communities";
- "high-quality readily accessible community communities facilities and services publicly and privately provided (e.g. libraries, sporting facilities, schools, stadia, theatres, cafes, gyms etc.)";
- "improved housing choice and affordability throughout the region";
- "protection and enhancement of cultural heritage"; and
- "a greater range and diversity of protected open space".

4.12 Most of these social outcomes are also linked to the role, nature and vitality of commercial centres within the overall urban form. I will refer to this again in section 6 of my evidence when discussing the role of centres in underpinning social amenity at paragraphs 6.27 and 6.28.

4.13 Table 2 states another relevant outcome: improved opportunities for businesses (business growth, development opportunities, affordable and suitable land and infrastructure). As I will note in section 7, when discussing Proposed Change 6 to the ARPS, an important assumption underpinning the Proposed Change 6 to the ARPS is that Territorial Authorities will provide a range of adequate areas of suitably zoned land to meet commercial demand.

4.14 The ARGS (Figure 2, p.21) then identifies three themes:

- Desirable Communities Optimised[12];
- Accessibility Optimised[13]; and
- Natural & Physical Environment Optimised[14]

4.15 I interpret the theme "Accessibility Optimised" to reflect the importance embodied within the ARGS to locations for business zoned land: adequate amounts in locations which optimise access for all sections of the community and multi-modal transport efficiency.

4.16 Chapter 3 of the ARGS discusses applying the community, accessibility, and environmental principles and illustrating them with *"a Growth Concept"*. It states[15] that:

> *"Most urban growth is focused around centres of varying sizes and major passenger transport routes, such as town centres along the western, eastern and southern passenger transport corridors. The Growth Concept places much less emphasis on general suburban infill as a way of accommodating growth and focuses more on redevelopment and intensification in specific areas.*
>
> *Some growth would be accommodated in future urban areas (known as greenfield areas) in the north, south and west of the region. Greenfield areas include: Takanini, East Tamaki, Hingaia, Westgate/Redhills, Albany, Greenhithe, Long Bay and Orewa/Silverdale."*

4.17 Thus the ARGS establishes the priorities for the future development of urban form that have come to be referred to by the short-hand phrase, "a centres-plus approach" to managing urban growth. This approach gives a priority or preference to consolidation of existing centres and corridors, but allows for some future growth outside existing centres in areas of growth not so well serviced by existing centres. It can be said to support the maintenance and enhancement of established commercial or town centres and to discourage development outside

[12]Incorporating the outcomes of Safe, healthy communities, Social infrastructure, Housing choice, Heritage, Cultural Identity.
[13]Incorporating the outcomes of Access & transport efficiency, Business Opportunity & Employment.
[14]Incorporating the outcomes of Open Space and Physical Infrastructure.

of those centres, particularly retail activities that would generate high volumes of traffic movement away from established activity patterns:

> *"The Growth Concept is based on compact urban environments. This means where urban growth occurs, whether as part of the existing metropolitan urban area, a satellite town, or rural or coastal town, it should result in a compact urban form to avoid spreading the effects of urbanisation over a greater area. The Growth Concept puts greater emphasis on urban intensification than urban expansion. However, some expansion opportunities are required to provide sufficient residential and business land capacity and locational choice. The Growth Concept emphasises the opportunities for more compact growth and integrated communities as the best way of meeting the regional vision and desired regional outcomes."*[16]

5 BACROUND TO THE MAIN SOCIAL ARGUMENTS FOR MANAGING COMMERCIAL DISTRIBUTION THROUGH THE CENTRES PLUS POLICY FRAMEWORK

Change is necessary

5.1 Cities have never exhibited amorphous, homogeneous patterns of development - there has always been some degree of structure in terms of spatial patterns and locational decisions.

5.2 Urban population growth in the Auckland region has traditionally resulted in low-density sprawl of residential and commercial/retail activities, based predominantly on car dependency.

5.3 Pressures of population growth, scarcity of land and transport fuel costs and environmental externalities are compelling individuals and councils to rethink the appropriateness of these spatial patterns.

5.4 Intensification of urban development is now accepted as essential - change is now widely accepted as necessary in the future patterns of residential and

[15]At pp.26-28.
[16]At p.28.

commercial/retail development in Auckland in the interests of the sustainable development of the City.

Existing and emerging behaviours

5.5 As urban residents seek to optimise their social amenity mix in the context of constrained but rapid population growth, certain patterns of locational behaviour are becoming evident - spatial clustering is already happening - close to existing centres, close to public transport connections and close to commercial/retail employment nodes.

5.6 This statement of evidence presents data on these patterns which demonstrate the extent to which such trends are occurring already and the potential for public policy to reinforce these patterns.

5.7 As commercial actors, particularly retailers, seek to cater to growing demand and optimise their market opportunities, they naturally tend to adopt clustering patterns, in which certain businesses act as 'anchors' because of the volume of customers and the frequency of visits that they generate. Such patterns occur in existing centres, in new centres, in dedicated Large Format Retail (**LFR**) retail parks and in other out-of-centre locations.

5.8 This statement of evidence presents data which distinguish these in terms of their relative contributions to social amenity and underpin the policy preferences contained in the Joint Council's Position.

5.9 A requirement to locate all anchor stores in a centre is more constraining on the options of this category of retailer than it is for others, because it is the retail category which is most able to maintain business viability in stand-alone situations. In effect, anchor stores are capable of taking their customer catchments with them. They do not rely to the same extent on having other businesses around them and out-of-centre opportunities can often be advantageous from their perspective. These are the out-of-centre developments which have the greatest potential adverse impacts on existing centres in certain circumstances. However, such developments, particularly extensive, single-storey LFR with extensive, single-storey, at-grade car park areas, reflect the historical approach of low-density spread and car dependency.

5.10 As providers of social and community services seek to cater to community needs, they rely on the advantages of co-location to promote their accessibility. Typically they rely, at least in part, on a legacy of premises and facilities in older centres as the physical base for service provision. In new centres, they tend to rely more heavily on the private sector or councils, or a combination of the two, to provide premises and facilities which enable service provision.

5.11 This statement of evidence presents data which demonstrate the importance of co-location in and around commercial centres as an important basis for social infrastructure in urban communities.

Policy preferences which retain choice

5.12 Proposed Change 6 to the ARPS is a policy which seeks to guide the locational choices of urban residents and commercial actors in ways which will contribute most effectively to the social wellbeing of urban communities in the future. Proposed Change 6 to the ARPS does this by promoting policy preferences which reinforce existing and emerging patterns and trends that are specifically aligned with urban intensification.

5.13 The policies in Proposed Change 6 to the ARPS do not eliminate choice in residential or retail preferences, rather they give specific preference to higher-density options than existed under historical policy settings. The Joint Councils' Position maintains ultimate flexibility of locational choice for commercial/retail developers subject to satisfactory effects assessments.

6 THE MAIN SOCIAL ARGUMENTS FOR MANAGING COMMERCIAL DISTRIBUTION THROUGH THE CENTRES PLUS POLICY FRAMEWORK

6.1 The main social arguments for managing commercial distribution through the Centres Plus policy framework are as follows:

(a) historical patterns in retail distribution;
(b) established spatial and demographic patterns;
(c) the role of centres in providing function and social amenity;

(d) the importance of centres for co-location;

(e) differential impacts on sectors of society: social equity considerations;

(f) the adverse effects of extreme cases; and

(g) public v private-sector policy perspectives.

6.2 I now deal with each of these in turn.

Historical patterns in retail distribution

6.3 New Zealand has little experience of high-density, mixed use centres and even less experience of intensive corridors. These are concepts which are being promoted as part of the Auckland region's growth concept and improved integration of land use and transport planning for the future.

6.4 In New Zealand, land-use planning for commercial activities has traditionally focussed commercial and particularly retail activities into specific, single-use zones. Typically, these single-use zones correspond to centres of varying sizes in a hierarchy including the CBD, sub-regional centres, district centres and neighbourhood centres. More recently, large-format or bulk retailing centres have been added to the taxonomy of such locations. There have also been occasions when large anchor store developments - typically supermarkets - have been allowed to establish in stand-alone locations (e.g. College Hill, Greenlane, Wairau Park). These have tended to be non-complying developments, which have found favour in response to suggested high levels of unmet demand for such retail outlets.

6.5 Large-format retail centres or stand-alone supermarkets have often been located in close proximity to major roads, relying predominantly on and indeed necessitating private motor vehicle access.

6.6 Such developments promote private vehicle use. During planning processes for such developments, the focus on traffic assessments has been primarily on technical capacity for vehicles and efficiency aspects related to the road infrastructure. Broader amenity issues relevant to the concept of intensive corridors, such as the implications for other modes of transport and pedestrian amenity, and broader resource-use efficiency issues, such as the relative

resource costs of private cars versus public transport, have in some cases received little, if any, attention.

6.7 Such a pattern of commercial development is not unique to Auckland. Nor is such a pattern as well aligned as it could be with the Growth Concept's vision of more compact urban form and the three priority themes of desirable communities, improved accessibility and the maintenance and enhancement of the natural and physical environment.

6.8 The social arguments for managing retail distribution focus on a series of inter-related issues:

(a) existing centres are part of established spatial patterns of social activity, reflecting a mix of private and public investments and locational decisions by many people;

(b) commercial activities in centres, particularly retail activities involving frequent and regular visits, underpin both functional and social amenity and the mutually reinforcing combination of private and public investment in centres is essential to this function;

(c) the co-location of public, private and community facilities is a feature of urban form that is important and beneficial to the wellbeing of many urban residents;

(d) unexpected changes in urban form - specifically related to the location of unanticipated, out-of-centre retail nodes - have disproportionate impacts on different sectors of the community;

(e) although extreme cases of community dis-enablement as a result of unanticipated, out-of-centre developments do not occur often, available social evidence demonstrates that this is not a fanciful notion; and

(f) it is important to keep in mind the contrasting perspectives of public policy planning and private investment planning.

Established spatial and demographic patterns

6.9 Single purpose land-use zoning has been a predominant characteristic for a long time in New Zealand. Most commercial/retail activity has traditionally been located on land zoned for such uses. Exceptions to this norm[17] that have been increasing in number in recent years have tended to be in response to shortages of suitably zoned land, relative to perceived demand[18], lower land and development costs outside centres because of this shortage, or in some cases a perception that the commercial activity was not markedly different in nature and scale from surrounding residential activity[19]. Most residential development has traditionally been located on land zoned specifically for such use.

6.10 Thus, for a long time, zoning provided a degree of certainty regarding where particular types of commercial or retail activity would locate, although the level of certainty has been eroded progressively because of the increasing number of exceptions. These historical 'certainties' have influenced people to varying degrees in their decisions on where to locate their place of residence by their perception (even experience) of the accessibility to centres-based amenities.

Spatial clustering behaviour:

6.11 Evidence for such spatial patterns of locational preference has been assembled for residential populations in the vicinity of 10 established centres in the Auckland region.[20] Data have been assembled which demonstrate a degree of preferential clustering around centres for households with no private car and for residents who travel to work using modes other than the private car. Spatial concentrations are also evident of residents aged 65 years and older, a particular demographic which is expected to grow at rates faster than the average population growth rate over the period of the Regional Growth Strategy. Comparisons are made

[17] i.e. commercial or retail activities establishing not on business zoned land
[18] e.g. commercial activities such as private medical practices, motels or child-care facilities.
[19] e.g. small child-care facilities or medical rooms occupying what had previously been residential dwellings.
[20] A map showing the selection of centres and colour-coding the areas analysed is provided in **Appendix A**. Results of the quantitative analysis are provided in **Appendix B** at two levels of detail. The simplest level of analysis identifies % of usually resident population with certain demographic attributes living within ~800m of the centre. The more detailed level of analysis differentiates between people living in the immediate vicinity of commercial activities

between the walking neighbourhoods of the 10 established centres and the walking neighbourhoods of two stand-alone supermarkets and two transport corridors. These data are presented in the following Table.

Table 1: Observed clustering behaviour

	%HH no car	Relative to regional average	**% Bus or Train to work**	Relative to regional average	**%65+ years**	Relative to regional average
Supermarket-based centres						
Glenfield	9.4	+	7.8	+	12.6	+
Sunnynook	9.8	+	6.9	+	16.6	+
New Lynn	10.3	+	13.4	+	7.7	-
Milford	10.8	+	6.1	+	24.6	+
Birkenhead	7.7	+	11.0	+	10.9	+
Northcote	15.6	+	6.7	+	14.6	+
Royal Oak	15.3	+	8.9	+	17.0	+
Pakuranga	10.3	+	5.6	+	14.2	+
Botany Town	2.9	-	2.7	-	10.5	+
Mangere	11.7	+	4.8	-	7.0	-
Stand-alone supermarkets						
College Hill	11.0	+	4.7	-	8.7	-
Greenlane	5.6	-	8.5	+	6.6	-
Transport corridors						
Dominion Road	9.5	+	12.0	+	6.2	-
Manukau Road	8.2	+	7.3	+	12.1	+
Auckland Region (Average)	7.0		5.4		9.9	

6.12 The data in Table 1 show that the percentages of usually resident populations living within walking distance of the 10 centres generally rank higher than in the regional population, for the variables examined. These sub-populations living close to the centres generally have higher proportions of households without cars (9 cases out of 10), higher proportions using public transport to go to work (8 cases out of 10) and higher proportions of elderly people (8 cases out of 10) than the region as a whole. The data in Table 1 also reveal above-average

(commercial meshblocks), those living further away from the commercial centre but still within ~800m of the centre, and those living in the remainder of the related Census Area Units.

concentrations of carless households and above-average concentrations of residents who usually take a bus or train to work living within walking distance of the two major transport corridors analysed.

6.13 Data[21] from several previous research activities in Auckland and Christchurch demonstrate relatively high proportions of those who "usually walk" to their nearest supermarket, amongst those who live within walking distance; in other words, distance does influence observed behaviours.

6.14 A more fine-grained analysis was also carried out for the sub-populations living within walking distance of these centres, as described in detail in **Appendices C and D**. These finer-grained analyses reinforce the observed patterns of locational choice when comparing sub-populations living within walking distance of the selected centres with the broader residential areas covered by the associated Census Area Units (Census AUs) for car-less households, for public transport commuters, for all non-private-car commuters, and for older residents. The clustering behaviour is evident consistently.

Travel-to-work patterns - residence to work place:

6.15 Another data set which provides information on spatial relationships is the data assembled by Statistics NZ from the census, on travel-to-work: relating people's location of residence to their location of employment. The analysis I report here is based on the same area definitions used previously for the demographic analyses described above.

6.16 This analysis suggests that existing centres, with their mix of occupational opportunities, are likely to be more successful in making employment more accessible to nearby residents than more narrowly-focussed commercial areas such as those based around stand-alone supermarkets. In the case of the 10 centres analysed, the data[22] indicates that on average 20% of people working in a centre lived in the nearby residential areas[23], whilst the corresponding figure for the two stand-alone supermarket locations was 10%.

Recent residential growth trends around centres:

[21] Refer to Tables B2 and B3 in **Appendix B**.
[22] Refer to **Appendix E.**
[23] The associated census AUs, as in **Appendix A**.

6.17 As a final piece of analysis on existing spatial patterns, it is useful to consider the extent to which the growth in usually resident population has taken place in proximity to existing centres in recent years. This is because any evidence of higher levels of growth compared to the surrounding population, and to the region as a whole, would suggest that centres already have a role in residential intensification.

6.18 In 7 out of the 10 cases analysed, the inter-census data[24] (2001-2006) confirm this trend. Two of the 10 centres stand out in this regard[25]: Botany Town and New Lynn. The former is a new, planned town centre designed to cater for a rapidly growing population around it, while the latter is a much older centre, acting as a major commercial, transport and growth node. For the core residential areas near to these two centres, population growth rates in the period 2001-2006 have far out-stripped the regional average. Several other medium and small-sized centres - Sunnynook, Milford, Birkenhead, and Pakuranga - exhibit residential intensification in their nearby core areas, relative to the broader residential areas. Mangere and Northcote show no evidence of intensification either in comparison to the surrounding population areas or to the regional population growth. Neither transport corridor shows a strong level of intensification compared to the regional average.

6.19 I note a similar analysis carried out in Christchurch with population data for 2001 and 2006. Some time ago, the Christchurch City Council implemented zoning provisions[26] to encourage residential intensification around certain existing centres (B2 zones) as community focal points. Census data[27] provides evidence that these provisions have indeed started to produce the intended outcomes and some residential intensification occurred over the inter-censal period 2001-2006.

6.20 Such trends make it all the more important that the status of existing centres are protected and enhanced. The policies for residential intensification around existing shopping centres which act as community focal points and the centres-based policies to guide locational patterns of commercial and retail development are complementary and intended to be mutually dependent.

[24]Refer to **Appendix F**.
[25]For the residential areas around Botany Town centre the growth rate (2001-2006) was 37% while for New Lynn the growth rate was 25%. These rates compare with a regional average population growth rate over the period of 12%.
[26]Living 1 (L1) zones are the historical standard urban residential zones while Living 3 (L3) are zones which permit higher residential densities.

6.21 The evidence presented in this section demonstrates the importance that urban residents already attach to established centres. This reflects established locational relationships which enable communities, and certain groups within those communities, to provide for their social, cultural and economic wellbeing.

6.22 These spatial patterns and trends in observed behaviour have occurred already. In my opinion, they are the kinds of patterns that the ARGS seeks to encourage. Furthermore, it can be expected that the Joint Councils' Position would provide additional encouragement by providing a higher level of certainty that the existing patterns of urban development will not be undermined in future by ad hoc commercial land-use decisions.

The role of centres in providing functional and social amenity

6.23 Having established some empirical facts about the locational choices that urban residents' make, I will now discuss the role of centres in providing functional and social amenity for urban residents.

6.24 Our firm has undertaken comprehensive research in New Zealand on social aspects of retail development, the relationships between shopping centres and their host communities, and the effects of retail development on the social and economic environment. This research[28], which I supervised, has included comparison between the New Zealand experience and international literature on these topics.

6.25 Our own research and the wider literature confirm that shopping in a society such as New Zealand is both a social and an economic process. Spaces developed in the built environment for shopping reflect both social and economic needs. They are places to recreate, exercise and socialise, as well as to purchase goods and services. The research shows that integrated centres are a focus for the suburb or suburbs that they serve, with a variety of shops, services and other amenities located in close association with retail facilities. The extent of the variety depends generally on the scale of the centre. Overall, these shopping centres

[27] Detailed data are contained in **Appendix G.**

[28] McClintock, W., Morgan, B., Buckenham, B., Taylor, C.N. and Baines, J.T. 2001. *Host Communities: Siting and Effects of Facilities – Large Retail Developments, Sector Review*. Working Paper FS23, prepared under Public Good

are a focus for community life and people visit them for a large number of reasons in addition to shopping.

6.26 Centres deliver functional and social amenity to their urban communities. I will elaborate on both these terms.

6.27 **Functional amenity** is gained through a centre providing convenient access to a range of goods and services in a convenient and efficient manner. As cities have grown in population, a hierarchy of centres has emerged, which display differences in diversity and function. Smaller centres cater primarily for convenience needs (day-to-day essential consumption) while larger centres may cater to a mix of convenience and comparison shopping (discretionary or infrequent purchases) and other commercial services. There can also be a sense of hierarchy within shopping centres where so-called 'anchor stores' play a vital role in providing core customer attraction around which other retailing activity agglomerates, thereby adding to the functional amenity of the centre. Within the functional role, there is a mix of competition and synergy in retail and commercial activities and services[29], including opportunities for deliberate co-location. Convenient access for multiple modes of transport[30] enhances functional amenity. Advantages of concentrating services at a number of centres include the opportunity to compare and choose between similar goods or services on offer; the travel time to access a range of goods and services is reduced; the consumers of goods and services converge at one location; and the efficiency of delivery of goods and services is maximised.

6.28 **Social amenity** is gained through a centre providing convenient locations for people to access a variety of recreational and socialising venues, including public open space, in physical surroundings that are pleasant and safe. Convenient access to personal and household services, such as medical centres and creches are other potentially important elements of social amenity. Furthermore, social amenity is enhanced in centres which allow people to access consumption, service and leisure activities in an integrated way. This occurs through opportunities for deliberate co-location of social and community services (public or voluntary), about which I will say more in the next section of my evidence, and leisure and entertainment activities to take advantage of the numbers of people

[29] i.e. social services have a functional role (access to and delivery of service) as well as a social role (social outcomes of a service).

visiting and the frequency of their visits. On another level, social amenity relates to people's perceptions of a centre in the wider urban area, and includes people's sense of place (community identity), and the order and stability that derive from a sense of place, frequently visited and familiar. It derives from a physical base for community life enabling participation and involvement, with spatial organisation and urban form that provides a suitable environment for leisure and social interaction. Retail shopping is indeed ranked highly as a recreation activity by New Zealanders[31]. Finally, we must not forget that commercial centres are also centres of employment, where the diversity of occupational opportunity depends on the scale of the centre.

6.29 Within the context of the social analysis framework I described earlier, I make the following observations -

(a) functional and social amenity are closely inter-related in commercial centres;

(b) functional and social amenity combine to contribute to the social wellbeing of those communities served by the commercial centres; and

(c) the vitality of commercial centres (reflecting diversity of offer as well as accessibility and utilisation) underpins the extent of social wellbeing generated.

6.30 Our research in Auckland and Christchurch indicates that the links between commercial centres and social wellbeing exist across the entire spectrum of centres - that all commercial centres have some role in contributing social wellbeing to their communities. In general terms, the diversity and extent of social wellbeing contributions increases across the spectrum from local to district or sub-regional centres.[32]

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[30]e.g. ease of parking for those who travel by car (also perhaps clean, well-lit, covered parking); proximity to public transport routes and stops; safe pedestrian access ways, etc.

[31]A survey conducted by the Hillary Commission (Wilson, Russell & Paulin 1990, *Life in New Zealand: Summary Report;* Hillary Commission for Recreation & Sport. p. 75) found that shopping centres were the most popular leisure facilities used by respondents during the previous four weeks (56 per cent), followed by visits to the beach/river (52 per cent) and restaurants (46 per cent).

[32]In local shopping centres, social wellbeing is gained primarily from access to a range of essential consumer goods in nearby and familiar surroundings, where the locality's amenity values remain predominantly residential in character, and access to the centre is relatively unconstrained by transportation options for most residents. Towards the other end of the spectrum - district centres - social wellbeing is gained in a variety of ways. Major convenience stores anchor a large variety of other retail activities, supporting comparison shopping, socialising and leisure venues. They may include enclosed malls which offer controlled environmental conditions, safe environments for a range of ages, and relatively high degrees of social interaction. At the extreme end of the spectrum - sub-regional

6.31 In terms of empirical data, compositional analysis of existing centres tells us something about the diversity of offer that is available and how this tends to differ between integrated centres and ad hoc, out-of-centre commercial developments or LFR business parks. Mr Osborne has telephone survey data which quantifies the level of value that urban residents attach to some of their existing centres and he discusses this in his evidence.

6.32 In July 2009, field observations were made to allow compositional analyses[33] for 4 existing centres in the Auckland region and two stand-alone supermarket neighbourhoods. These analyses demonstrate the substantially greater functional amenity[34] of centres, and the substantially greater social amenity[35] of centres, as summarised in Table 2 below.

Table 2: Comparison of scale and contribution to functional and social amenity (July 2009)

Attribute for comparison	4 supermarket-based centres	2 stand-alone supermarket neighbourhoods
Ave. # of anchor stores	4	1
Ave # of general retail goods outlets	118	17
Ave # of general retail services	37	13
Ave # of commercial/financial services	24	19
Ave # of health-related services	17	7
Ave # of eating/drinking venues	26	5
Ave # of entertainment or recreational venues	3	1

6.33 The data suggests that wherever anchor store developments occur, there is scope and a tendency for retail agglomeration and diversification to occur, irrespective of the scale of the shopping precinct.[36] Nevertheless, there appears to be a strong correlation between the overall scale of retailing activity and the capacity to provide a significant social role.

centres or the regional centre (i.e. the CBD) - social wellbeing is gained through the greatest variety of contributions - access to comparison shopping as well as comparison leisure outlets; access to a wide range of government services; access to major public facilities and historical sites, and also the one area of the City where the design of public open spaces within the commercial centre has long been the focus of council planning. Within the CBD, amenity values are conducive to mixed uses, while access is generally gained via private cars, taxis and buses, for those who live close to established radial bus routes.

[33] Details can be found in **Appendix H** at Table H1.

[34] i.e. covers more categories of retailing and commercial services and much greater choice within each category.

[35] i.e. presence and diversity of social services, socialising venues and entertainment or recreational venues.

[36] Even neighbourhood or local shopping centres can and do include medical centres, bars, cafes or restaurants.

6.34 These 2009 observations in Auckland reinforce the findings of similar analyses in Auckland and Christchurch carried out in 2002, details of which are provided in **Appendix H**.[37]

6.35 This earlier research also provides some insights into the extent to which near neighbours of existing centres value their centre "as a place to meet friends or family or to socialise." These are explicit expressions of social amenity values. Once again, they point to a trend between centre scale and level of social amenity, as indicated in Table 3 below.

Table 3: Comparison of scale and user rating of social amenity

Centre	Level in centre hierarchy	Collective rating on a scale of 1-5[38]
Newmarket (Akld)[39]	sub-regional	**3.4**
St Lukes (Akld)	sub-regional	**2.6**
Glenfield (NS)[40]	district	**2.7**
Ferrymead (Chch)	suburban	**2.6**
St Martins (Chch)	neighbourhood	**1.8**

6.36 The evidence presented in this section illustrates how and to what extent centres provide functional and social amenity.

The importance of centres for co-location

6.37 The discussion at paragraphs 6.11-6.22 of my evidence focussed on the observed behaviours of urban residents and their locational decisions in relation to centres and corridors. I now wish to direct attention to empirical data about the observed behaviours and values of a range of social and community service providers[41].

6.38 The Auckland data comes from 40 interviews carried out by me and my research colleagues in July 2009 with social and community service providers located in or nearby 3 centres - New Lynn, Pakuranga and Botany Town Centre. The findings correspond well to the findings of similar research in Christchurch in 2002.

[37] Tables H2, H3 and H4.
[38] On this 5-point scale, 1 means "not important at all" while 5 means "very important"
[39] Data for Newmarket and St Lukes comes from customer exit surveys
[40] Data for Glenfield, Ferrymead and St Martins comes from interviews with nearby residents.

6.39 The evidence in **Appendix I** demonstrates how important centres are to the provision of social infrastructure and the effective provision of many social and community services. The evidence also suggests scope for improving the design and layout of centres in order to improve their functionality and amenity values for both customers and service providers alike.

6.40 In relation to the issues facing provision of social infrastructure and the associated investments in community facilities, I believe it is important to bear in mind differences between past and future circumstances. Typically in long-standing centres, access to community facilities has relied, at least in part, on a legacy of premises and facilities owned by various community organisations or local Councils as the physical bases for service provision. In new centres, there tends to be more heavy reliance on the private sector or Councils, or a combination of the two, to provide access to premises and facilities which enable service provision.

Differential impacts on sectors of society: social equity considerations

6.41 Mr Heath, in his evidence, has used his simulation model to explore several scenarios of the pattern of future retail development across the Auckland region. In Table 5 of Mr Heath's evidence he summarises the model outputs indicating the likely retail distributional effects which could be expected to occur in future under two sets of assumptions: with 50% of future retail growth accommodated out-of-centre or with 75% of future retail growth accommodated out-of-centre. He describes in paragraphs 13.2 and 13.3 how some existing centres are likely to experience more severe trade impacts than others. I note that one centre singled out for mention in this regard in his paragraph 13.3 is New Lynn, which I have already pointed out (my para.6.18 above) is one of several centres which attracted well above the regional average of residential growth nearby in the period 2001 to 2006. In my opinion, this association between established residential intensification trend and vulnerability to distributional trade impacts for a centre like New Lynn highlights the importance of Proposed Change 6 to the ARPS and the Joint Councils' Position.

[41]Detail is provided in **Appendix I**.

6.42 While Mr Heath's Table 5 indicates an overall average % trade impact on the retail function of existing centres,[42] in my opinion it is more important to examine the spread of individual centre impacts as Mr Heath has done in his paragraphs 13.2 and 13.3. Each centre's experience of the impact of out-of-centre competition will be unique. Thus the potential social effects of the declining amenity values, which Mr Heath describes at his paragraphs 13.5 and 13.6 will also be unique to their localities. The fact that some centres are not expected to experience substantial adverse distributional effects should not mask the fact that others can expect more substantial adverse impacts.

6.43 Mr Heath's modelling indicates that the extent of adverse distributional impacts on existing centres increases as the proportion of "outside centre" retail development increases.

6.44 The reality of these retail distributional impacts manifests itself initially as a reduction in shopper/visitor numbers and a consequent reduction in retail expenditures at existing centres. If that reduction is significant enough over time that it results in reduced retail diversity and reduced levels of re-investment, then the centre will lose functional and social amenity. This loss will cause a corresponding loss in the capacity of the centre to contribute to the social wellbeing of all its users, but most particularly to the social wellbeing of those who have chosen to live in relatively close proximity to the affected centre, and for whom other retail locations are less accessible. Furthermore, the reduced number of people visiting the existing centre will result in fewer people using community facilities and other non-commercial services in the local area[43].

6.45 The gains and losses in social amenity that result from this distributed retailing effect are rarely zero-sum equations. Commercial centres which have been in existence for some time will generally have evolved a significant degree of co-location amongst retail, commercial, public and community facilities, as I described in the previous section of my evidence. Furthermore, the analysis presented earlier in my evidence shows the extent to which many existing centres have also attracted less mobile groups[44] of residents to co-locate nearby. Such groups are likely to be disproportionately affected by any decline in the level of

[42] -15% for the 50% out-of-centre scenario and -23% for the 75% out-of-centre scenario.
[43] All these effects are evident in the Aranui case study, which I will refer to in the next section in my evidence and reproduce as **Appendix K**.
[44] Note that relative mobility might be a function of circumstances (e.g. cannot afford a car) or of choice (i.e. prefer not to own a car).

social amenity associated with their centre because they are less able to access alternatives.

6.46 The broadest extent of such co-location is not easily or readily replaced at a completely new retail location, unless it is actively planned for with collaboration between private and public interests. Thus, a loss of functional amenity in retailing at an existing centre (particularly if it is related to core convenience shopping such as basic supermarket shopping) is likely to result in loss of functional amenity and social amenity related to services and leisure activities which may not be substituted, either quickly or at all, at the new out-of-centre location.

6.47 Also, the gains and losses are rarely zero-sum equations in a social equity sense. There is no certainty and often little likelihood that the groups of people who benefit from distributional effects are the same as the groups of people who lose amenity and social wellbeing from the same distributional effects. While the former are likely to be better enabled to provide for their social wellbeing through the new retail development, the latter are conversely likely to be disenabled. In many cases, the former are drawn from a wide area and are relatively indifferent to the precise location of the new retail offer. In contrast, the latter are part of an historical, local clustering around an existing centre; they are the people most affected by the precise location of the new retail offer.

6.48 The potential for the amenity and equity imbalances described above is generally avoided for an existing centre where the new retail activity is located within that centre, or as part of the contiguous expansion of the same centre. The imbalance may also be minimised where a new centre is appropriate in order to meet shopping needs not provided for in existing centres (e.g. large format/trade services, etc.) and where it is strictly limited to these sorts of retail activities,[45] or to meet increased demand from new areas of residential development (i.e. to meet overall growth in demand). This is because a new centre - under these circumstances - is not reliant on attracting customers who are already well served by their existing centres, most of whom are likely to continue patronising their existing centre. The increase in certainty offered by the preference given to centres should encourage future reinvestment in centres.

[45] I note that, in practice, it is difficult to sustain such restrictions against the inventiveness of commercial investors.

The adverse effects of extreme cases

6.49 Mr Heath's scenarios indicate that the adverse distributional effects of out-of-centre retail development can be very significant in some cases. The most extreme cases arise when an important anchor store closes, because its owner makes a strategic decision to shift location[46] or because its own viability is thrown into question by the distributional impacts of the out-of-centre development. This is not a fanciful outcome. Sometimes it occurs precisely because the out-of-centre developer is the owner of the anchor store which closes.[47]

6.50 I make these observations not in order to criticise the logical decisions of the supermarket owner, but merely to indicate that such outcomes are not fanciful. Nevertheless, they tend to be the more extreme cases.

6.51 The other point I wish to make in this regard is that there are practically no ex-post assessments of the social effects of such extreme distributional impacts. Nor, in my opinion, do the effects assessments typically prepared for resource management consent hearings address properly the issue, a matter I will return to in the next section of my evidence.

6.52 To conclude my discussion of the matter of ex-post assessments of actual effects, the one example that I am aware of is one that my firm carried out in 2007 when I was engaged by the Christchurch City Council, along with most of the other expert witnesses appearing in this case for the Auckland Regional Council, to prepare evidence for the Environment Court hearing of appeals on Variation 86.

6.53 The Aranui case study in Christchurch, summarised in **Appendix J**, documents the adverse social effects of a supermarket closure related directly to the granting of consents for an out-of-centre, stand-alone supermarket. The ex-post assessment of social effects demonstrated the extent to which the community of Aranui had been disenabled as a result of the out-of-centre supermarket development.

[46] An example I am familiar with from Christchurch would be the closure of the Belfast New World Supermarket and its relocation to residentially-zoned land adjacent to the Supa Centa at Northwood.
[47] An example I am familiar with from Christchurch would be the closure of the Aranui New World Supermarket as a result of the opening of the Wainoni Pak'nSave supermarket on residentially-zoned land about 1km distant.

Public versus private-sector policy perspectives

6.54 When interpreting the role of centres, I believe it is important to remember that one's perspective is critical. Individual mall investors are primarily interested in maximising customer numbers to their tenants. Similarly, individual retailers are primarily interested in attracting customers to their shop. Not surprisingly therefore, mall investors and individual retailers will be interested in the Proposed Change 6 to the ARPS provisions for the way in which these provisions influence their ability to locate retail premises and position themselves to attract customers.

6.55 In contrast, the councils, with their statutory functions, are responsible for considering a range of different perspectives. Shopping is more than just an economic process; indeed, as I have already pointed out, retail shopping is ranked highly by New Zealanders as a recreational activity. Centres are more than just collections of retail outlets; they contribute to the social wellbeing of the communities they serve in a variety of ways. Hence their role as community focal points, which facilitate positive social participation and a sense of place and community identity. Thus councils must consider simultaneously the interests of investors, retailers, ratepayers and residents and the general public good.

6.56 Nevertheless, the Joint Councils' Position should not be viewed as anti-commercial. Its principal objective concerns the optimal location of retail investments and retail activities, not the level of demand for these.

6.57 In section 7 below, I will summarise the features of the Joint Councils' Position that are most relevant to a consideration of social wellbeing and social effects. I note that the Joint Councils' Position does not close the door on the future establishment of new commercial centres, which by definition must be outside existing centres. However, it does propose some sequential tests that any such application would have to address. These tests include the requirement for an assessment of effects.

7 THE JOINT COUNCILS' POSITION

7.1 The Joint Councils' Position is all about the importance of differentiated location and urban structure. In setting the overall policy context, Proposed Change 6 to the ARPS (at Section 2.3) articulates a number of preferred values and

expectations relative to the general injunction that growth be managed by promoting quality, compact urban environments (intensification). These include:

(a) most growth is contained within the existing metropolitan area (p.2-5, 2nd bullet);

(b) most urban growth is focussed around High Density Centres and Intensive Corridors (p.2-5, 3rd bullet);

(c) there is much less emphasis on accommodating growth through general infill in suburban areas (p.2-5, 4th bullet);

(d) development is avoided in the most highly valued and sensitive natural areas and catchments (p.2-5, 7th bullet);

(e) some expansion in new greenfield areas is necessary to provide sufficient land and locational choice for dwellings and businesses (p.2-6, 1st para.);

(f) mixed-use development is already common in places like the CBD, Ponsonby, Newmarket, Newton, Takapuna and New Lynn (p.2-6, 3rd para.); and

(g) it is important that more intensive types of employment development are located with better access to the public transport network (p.2-6, 3rd para.).

7.2 The framework provides a hierarchy of public policy preferences for the location of future increments to the region's commercial development. This framework and hierarchy of preferences is intended to inform the strategic decisions of commercial developers and Councils alike. In other words, it is incumbent upon Councils to ensure appropriate zoning for an adequate stock of a range of commercial land for development, bearing in mind this same hierarchy of public policy preferences. While Councils have this responsibility, I would not consider it consistent with the policy thrust if Councils were to discharge the responsibility in a manner which provided for substantial out-of-centre commercial development, particularly for retailing activities known to have high distributional effects. Furthermore, given the high levels of household debt in New Zealand, driven in

part by expenditure on consumables, providing for all the under-supply of retail space would, in my opinion, not necessarily be entirely beneficial in social wellbeing terms. However, I understand that this situation has not been confirmed systematically across the region at the present time; that is to say, the investigations necessary to establish Schedule 1 have yet to be carried out.

7.3 I understand that the intent of Policy 2.6.5.11 is to ensure some flexibility in decision making is retained in the interim, while Local Authorities develop their components of Schedule 1.

7.4 The framework of priorities in Policy 2.6.5 introduces a sequence of comparative assessments ('sequential tests'). In order for these comparative assessments to be effective, I believe the nature of the assessment methodology requires attention. In my view, the comparative assessment methodology should address the issue of comparative locations explicitly, since the sequential tests referred to above are intended to inform a decision about the appropriate location of a commercial development, not a decision about the desirability of a commercial development per se.

7.5 As I will state in my conclusions, I support the Joint Councils' Position allowing flexibility of location for commercial development so long as, when the sequential tests are applied to consent applications or private plan change proposals, due consideration is given to the social impacts assessed in the appropriate manner.

8 EVALUATING THE SOCIAL WELLBEING OUTCOMES OF ADOPTING THE JOINT COUNCILS' POSITION

8.1 While the overall focus of this strategic assessment is the suite of policies summarised in paragraphs 5.2 and 5.3 above, given the nature of the appeals on the Joint Councils' Position, the main focus of this evaluation is on the strategic social wellbeing impacts of the policies which seek to influence the locational choice for future commercial (retail) development across the region.

8.2 In this section I will assess the social wellbeing implications of each of the policy elements contained in Policies 2.6.5.1 to 2.6.5.11. However, before doing so, I will draw together what I see as the more important conclusions from the

empirical analyses I presented in Section 4 of my evidence. These are as follows:

(a) established centres already act as focal points for residential intensification, but transport corridors are not yet exhibiting this pattern (para. 4.23-4.24);

(b) policies on residential intensification and on preferences for retail location should be mutually reinforcing (para.4.26);

(c) evidence has been presented that some urban residents already recognise the relative advantages of close proximity to an existing centre; their collective behaviour represents the kind of patterns which the Joint Councils' Position seeks to encourage (para.4.27-4.28)

(d) levels of social wellbeing associated with commercial centres correlate to centre size; larger centres tend to provide greater levels of social amenity than smaller centres (para.4.37);

(e) commercial centres are important to the provision of social infrastructure and social services through co-location (para.4.55);

(f) the adverse distributional retail impacts are proportional to the degree of out-of-centre retail growth (para.4.58);

(g) the adverse distributional effects on social wellbeing are generally not equitably distributed; the people who gain are often different from the people who lose (para.4.63); and

(h) the potential for amenity and equity imbalances is generally avoided for an existing centre where the new retail activity is located within that centre, or as part of the contiguous expansion of the same centre, or as part of a new centre designed to meet increased demand from new areas of residential development, i.e. to meet overall growth in demand (para.4.64).

8.3 Taken together, the various data sets demonstrate that centres have a clear social role and generate social amenity that contributes to the social wellbeing of

residents in their catchment, the people who work there, and the community groups and organisations which, in addition to retail and service functions, have been able to invest in premises and facilities that are conveniently located for their particular constituencies.

8.4 Tables 4 and 5 set out my assessment of the likely social wellbeing implications of adopting the Joint Councils' Position. Table 4 sets out the assessment in terms of the various elements of urban form while Table 5 sets out the assessment in terms of the various individual policy statements.

Table 4: Assessment of social wellbeing implications of the Joint Councils' Position, by element of urban form

Element of urban form (from the Joint Councils' Position)	Social role within the growth concept	Social wellbeing effects of intensification	Assumptions/ comments
High Density Centre means specific centres, as identified in Schedule 1 or in district plans, selected for urban intensification due to physical or locational characteristics that include the intensity of existing development, the locality's generation of, or association with, significant transport movements, and/or passenger transport nodes, and the locality's capacity for further growth. These localities are identified as the CBD, sub regional centres, and town centres, which are earmarked for higher density development. High Density Centres are higher density mixed use communities focussed on: a strong and diverse core of commercial activities which supports a wide range and high intensity of activities; and associated and supporting areas of higher density housing. Such centres have strong links with the public transport network and provide a wide range of community, recreational, social and other activities.	The primary area of focus for commercial/retail intensification supporting residential intensification in adjacent areas and encouraging residential development as part of compact mixed-use environments within the High Density centre itself. This element of urban form maximises mobility and access options to shops, services, workplaces and leisure venues for its urban residents through enhanced walkability and proximity to a passenger transport node, while still enabling the choice of private car use.	1) centre size and intensification will promote increased capacity and choice in accessible primary health services; 2) urban intensification will promote the healthy walking option more often than is presently the case; 3) the integrated development of commercial and residential areas in intensified forms will result in enhanced urban livability and access to the widest range of social amenities for a much larger proportion of the urban population than is presently the case; 4) commercial intensification will create more employment opportunities that are accessible to nearby residents and is likely to increase the proportion of working people who work in their nearest centre; 5) commercial intensification and increasing demand from adjacent intensified residential areas will result in an increased number and choice of leisure-related venues with more time to enjoy them because of reduced travel time; 6) higher quality urban design will enhance the aesthetic appeal and open-space leisure experiences of more urban residents than is presently the case; 7) centre size and intensification will promote improved accessibility to comparison shops and services and public facilities in the centre for people with all levels of mobility, whether physically or financially constrained; 8) proximity to a public transport node will promote	1) Assumes high levels of urban design in the commercial core, in public open spaces, in road reserves and in the high-density residential areas adjacent to the centre. 2) Assumes that intensified urban residential areas will accommodate households across the spectrum of financial circumstances.

		improved accessibility to many other parts of the City for more people with all levels of mobility than is presently the case; 9) centre size and intensification will promote increased opportunities for social interaction and increased accessibility to a range of social services; 10) since the legacy of premises and facilities in public or community ownership tends to be greatest in the larger, established centres, the priority given to HDCs will give greater certainty that such community infrastructure will maintain and enhance its utility and continue to support aspects of community participation; 11) centre size and intensification will amplify the sense of identity for more people in the surrounding residential communities; 12) increased residential populations and social activities by many groups within the HDC will improve experience of personal safety; 13) the focus on HDC intensification adds an option to urban living that is not available to many in Auckland at the present time.	
Intensive Corridor means specific Corridors, as identified in Schedule 1 or in district plans, selected for urban intensification due to physical or locational characteristics that include the intensity of existing development, the locality's association with significant transport movements, and/or passenger transport nodes, and/or the locality's capacity for further growth. These localities are earmarked for higher density compact mixed use environments where these are compatible	The secondary focus for intensification emphasises aspects of residential and employment intensification of a more linear nature along each side of the Intensive Corridor. Retail and service development is limited to serving a localised convenience function. This element of urban form extends the total area of residential and employment intensification and enhances mobility	Given the more limited extent of mixed-used urban development envisaged, compared with that of a High Density Centre, the social wellbeing effects can be expected to a more limited extent. These are likely to focus on: - promoting the healthy walking option more often than is presently the case; - improved accessibility for more urban residents to convenience shops and services, including convenience health services; - improved accessibility to nearby employment opportunities; and - proximity to a major public transport route will promote improved accessibility to many	1) LFR retail does not displace the more people-intensive land uses in the immediate vicinity of Intensive Corridors.

with the principal focus of the movement function of the corridor.	and access options for an increasing proportion of the urban population through proximity to public passenger transport services.	other parts of the City for more people with all levels of mobility than is presently the case.	
Neighbourhood Centre means small scale local centres the primary function of which is to meet the convenience commercial and/or social needs of the surrounding local community.	A much less important social role in the growth concept, with no significant changes in the intensity of residential or commercial development expected. However, the existing social role of access to convenience shops and services and utilisation of community facilities needs to be sustained against the potential distributional effects of development elsewhere.	Not changed by the Policy Framework	
Corridor means the Region's strategic and arterial road, bus, rail alignments, and adjoining land located adjacent to these corridors, which generally link the region's centres, and includes but is not limited to Intensive Corridors. Such corridors may have a range of functions, for example Public Transport and Freight.	No role for residential intensification. However, the sustained effectiveness of their transport function is important in terms of the accessibility to many other parts of the City.	Not changed by the Policy Framework	

Table 5: Assessment of social wellbeing implications of the Joint Councils' Position, by each specific element of policy

Policy #	Policy focus	Social wellbeing impacts	Assumptions
2.6.5.1	Urban intensification to be	1) Provides increased	1) Policy 2.6.5.1 refers to

	encouraged in specified locations identified in Schedule 1	certainty for residents, commercial actors and providers of social/community services to make strategic decisions that underpin social wellbeing for all urban residents in the longer term. 2) Likely to encourage improved access to a range of primary health services. 3) Likely to encourage urban form that promotes walking as a component of healthy, urban active lifestyles. 4) Likely to enhance the range of functional and social amenity benefits for all groups in the nearby urban community through greater choice within existing centres. 5) Likely to increase the scale and range of nearby employment opportunities and the travel-to-work options for urban residents. 6) Likely to increase the range of leisure-related venues accessible within centres. 7) Likely to increase accessibility to public transport options for urban residents, and thereby increase accessibility to a broader range of goods and services for all groups of urban residents living nearby. 8) Likely to reduce dependence on private cars, and reduce associated private costs and emissions. 9) Likely to increase the opportunities for socialising for all groups in the urban community through a greater range of socialising venues 10) Likely to increase the range of social support services accessible to urban residents. 11) Likely to maintain and enhance use of existing	existing centres and corridors and identifies HDCs and ICs as priority locations. 2) Intensification refers to residential intensification and commercial/retail intensification. 3) Intensification involves planning to ensure high quality urban environments. 4) Councils are able to identify that sufficient opportunities exist for the level of retail development assessed as being necessary to meet demand during the planning period. 5) The largest proportion of such opportunities exists within HDCs, new HDCs, ICs and other existing centres.

		community facilities.	
2.6.5.2	Until Schedule 1 is prepared, urban intensification may occur in other locations so long as it will not compromise the overall intent of Policies 2.6.5.3-2.6.5.10	1) Likely to result in a degree of uncertainty, depending on the length of time taken by Councils to complete their Schedule 1 task.	1) The period during which this policy pertains (i.e. the period during which Schedule 1 is prepared and finalised) is unknown at the present time.
2.6.5.3	Develop a network of HDCs and ICs linked by high quality public transport	1) Likely to improve accessibility for all urban residents to all parts of the city on the network.	1) PT includes frequent, local bus services supplemented by express bus services to rapid transit
2.6.5.4	Development within HDCs and ICs should primarily support compact Mixed Use Environments	1) This policy elaborates on Policy 2.6.5.1 - therefore refer to impacts described for Policy 2.6.5.1. 2) Impacts are likely to be greater for HDCs than for ICs, given the scope for greater diversity of amenities in the broader geographical extent of HDCs compared with the more spatially constrained ICs. (see also Policy 2.6.5.6 below)	1) Compact Mixed Use Environments defined in Appendix D 2) The movement function of ICs is focussed predominantly on people movement and supports a high level of public transport. 3) Intensification along ICs focusses on residential and employment intensification (e.g. offices). 4) Retail development in ICs is predominantly of a local convenience nature.
2.6.5.5	Sequencing of development in HDCs and ICs should be coordinated with the development of transport and infrastructure networks		
2.6.5.6	HDCs should be developed for the widest range and greatest intensity of uses with a primary focus on enabling commercial activities, and ICs should provide for compact mixed uses and employment where this is compatible with the movement function and does not detract from the effectiveness and efficiency of the public transport network	Same commentary as for Policy 2.6.5.4 above.	
2.6.5.7	Highest priority given to encouraging commercial activities to establish in existing HDCs	1) Reinforces future certainty of access for residents and service providers;	1) Retail development costs in-centre are not exacerbated by planning barriers

		2) Promotes increasing functional and social amenity within existing centres and maintenance of the same; 3) Enhances prospects for residential intensification nearby and thereby maximises likelihood of success for the ARGS; 4) Minimises the need for out-of-centre retail development to address unmet demand and thereby reduces the risks of adverse distributional impacts 5) Social wellbeing impacts as described for Policy 2.6.5.1 above.	
2.6.5.8	Since the size of centres generally correlates with functional and social amenity, strategic priority is given to encouraging outward expansion of the commercial core of existing HDCs, having regard to certain matters	1) Capitalises on the benefits of increased centre scale to increase social amenity contributions	1) Councils take a lead in the planning processes necessary to achieve outward expansion, thereby reducing costs and risks to retail investors
2.6.5.9	Given the finite constraints in existing centres, commercial activities could be enabled in ICs, having regard to certain matters, particularly the potential impacts on the scope for residential intensification and the transport function of the IC.	1) Increases the number of future urban residents who benefit from intensification even though their level of access to the full range of centres-based amenities may be somewhat less than that enjoyed by residents living in or adjacent to HDCs	1) LFR does not displace intensive residential development adjacent to ICs. 2) level of accessibility for residents living adjacent to ICs depends on the length of the ICs and the distance to the nearest HDC.
2.6.5.10	Given the finite constraints in existing centres, enable new HDCs to be developed, subject to certain criteria.	1) From a social wellbeing perspective, should be given higher priority than ICs since it is likely to have accessibility advantages and provide greater choice to more urban residents overall.	1) New HDCs could be based on existing centres, previously not identified as HDCs, or on totally new centres.
2.6.5.11	In order to avoid an absolute constraint on developer choice, commercial activities could be enabled in other locations, having regard to certain matters	1) Has greatest potential to create risks of distributional impacts on the social wellbeing of particular groups; 2) Risks are minimised if sequential tests are applied	1) Appropriate assessment framework is adopted when applying the sequential tests envisaged.

8.5 My expectation is that Intensive Corridors will have a different development mix/balance from High Density Centres. For Intensive Corridors, in the context of urban intensification, I anticipate that the emphasis would be on public transport, people movement and land uses which are high-density with respect to people, that is to say, residential and office/employment-related land uses. Retail development therefore plays a subservient role in these specific settings. Furthermore, I believe that it would be inconsistent with the ARGS thrust for urban intensification that retail activities (particularly LFR retail) displace these more people-intensive land uses in the immediate vicinity of Intensive Corridors.

8.6 I am inclined to rank the social wellbeing contributions of Intensive Corridors somewhat below those of High Density Centres, but nevertheless important as part of the overall thrust of urban intensification. For similar reasons, I would rank the contributions from prospective new High Density Centres more highly than those of Intensive Corridors

9 CONCLUSIONS

9.1 The ARGS seeks to promote the intensification of urban development patterns across the Auckland region and better integration between land use and transportation.

9.2 In this context, the Joint Councils' Position seeks to guide the locational choices of urban residents and commercial actors (particularly retail investors) in ways which will contribute most effectively to the social wellbeing of urban communities in the future by -

(a) promoting policy preferences which reinforce emerging patterns and trends that are specifically aligned with urban intensification; and

(b) improving certainty for all stakeholders about the preferred policy settings for future urban structure; while

(c) maintaining opportunities for residents and retail investors to exercise the full range of choices in future, subject to the condition that their choices do not undermine the integrity of the general policy of intensification.[48]

[48]The policy of intensification does not imply the elimination of low-density options in the existing urban environment. Rather, it promotes high-density development patterns in future which will be focussed on specified areas of urban footprint.

9.3 In my opinion, the Joint Councils' Position supports the growth management objectives for the Auckland region as expressed in the ARGS by explicitly addressing social equity issues associated with the potential for distributional effects from commercial/retail development in certain locations. The policy settings of the Joint Councils' Position strike a balance between being directive and maintaining choice.

9.4 The Joint Councils' Position seeks to guide the locational choices of urban residents and commercial actors in ways which will contribute most effectively to the social wellbeing of urban communities in the future. The Joint Councils' Position does this by promoting policy preferences which reinforce existing and emerging patterns and trends that are specifically aligned with urban intensification.

9.5 While the Joint Councils' Position provides a degree of flexibility (via the sequential tests approach), in my opinion, this feature should not predominate over the need for certainty. If the Joint Councils' Position is going to have significant influence in promoting urban intensification (residential and commercial/retail), then investors and property owners need the certainty that its preferences will be observed; that exceptions will be precisely that - exceptions.

9.6 I therefore conclude, on the basis of the assessment I have carried out and the assumptions I have stated, that the adoption of the Joint Councils' Position supports the enabling of urban communities to provide for their social wellbeing, as envisaged by the RMA.

10 APPENDICES

Appendix A	Selection of 10 supermarket-based centres and 2 stand-alone supermarket neighbourhoods on Auckland region that were analysed for this assessment. (2009)
Appendix B	Comparisons between local residential population attributes and the regional average for selected variables, in the vicinity of 10 centres, 2 stand-alone supermarkets and 2 transport corridors (2006).
Appendix C	Finer-grained spatial analysis of demographic attributes - car-less households and mode of travel to work (2006).

Appendix D	Finer-grained spatial analysis of demographic attributes - households with older occupants (65+ years) (2006).
Appendix E	Spatial analysis of travel-to-work data (2006).
Appendix F	Analysis of growth trends in residential population in the vicinity of existing centres in Auckland (2001-2006).
Appendix G	Residential intensification around existing centres in Christchurch City (2001-2006).
Appendix H	Compositional analysis of selected Auckland centres, 2009.
Appendix I	Co-location survey in three Auckland centres, 2009.
Appendix J	Aranui case study - extract from Variation 86 statement of evidence presented to the Environment Court by James Baines