

IN THE MATTER of the Resource Management Act
1991

AND

IN THE MATTER of hearings on submissions on the
Proposed Kapiti Coast District Plan

**EVIDENCE OF MARK GAUNTLETT TANSLEY ON BEHALF OF
ST HELIERS CAPITAL LIMITED AND OLLIVER TRUSTEE LIMITED
REGARDING CHAPTER 6 – WORKING ENVIRONMENT**

INTRODUCTION, QUALIFICATIONS & EXPERIENCE

1. My full name is Mark Gauntlett Tansley and I am a Statistical and Retailing Consultant, and the sole proprietor and director of Marketplace New Zealand Limited, a consultancy providing advice, information and evidence on growth and demographics, retail and commercial planning and related resource management matters; in the context of the Resource Management Act since 1991.
2. I have forty-nine years of professional experience, throughout New Zealand, and have been called as an expert witness for forty-four of those. My work has been split between jobs for private sector and local authority commissions, on commercial planning strategy, applications for resource consent, public and private plan changes, district plan reviews and peer reviews of consent applications.
3. I have read and am familiar with the Environment Court's Code of Conduct for Expert Witnesses, as set out in its 2014 Practice Note and I agree to comply with it. I confirm that the issues addressed in this brief 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.
4. I gave evidence for St Heliers Capital Limited in the 2013 appeal proceedings regarding Plan Change 72A.
5. This statement is relatively short because I rely strongly on the work that has been carried out for Council by Tim Heath and Phil Osborne of Property Economics Limited ("PEL"). Their analysis is consistent with the work that I have carried out in the past with respect to the District and the Paraparaumu Sub-regional Centre in particular and I agree with the conclusions that they have reached (quoted below). As a consequence, I have focused on the District Plan provisions for the Paraparaumu Sub-regional Centre that would most appropriately address the issues identified in the PEL reports. In that regard, I consider that the District Plan should make more liberal provision for certain types of retail as a Permitted Activity, with the balance of

Large Format Retail being addressed as a Restricted Discretionary Activity, with discretion reserved in terms of effects on the vitality of centres and economic effects. In my opinion, that approach will help to reinforce and strengthen the Sub-regional Centre's role and function, while avoiding adverse effects on the Centre Core.

THE NOTIFIED PROVISIONS

6. There is no over-riding contextual statement in the Proposed Plan ("PP") about the District or any District-wide retail / economic issues that may either exist or be seen to potentially require intervention. Nor is there any discussion of the implications for the District's commercial centres of the impending opening of the Mackays to Pekapeka Expressway. Notwithstanding the Environment Court's findings regarding the impact of the Expressway in the Plan Change 72A appeals, I remain of the view that it will have significant implications for the District's centres and that the PP should be amended to ensure that advantage is taken of the opportunities posed by it and to address the risks that it represents.

PROPERTY ECONOMICS LIMITED'S OCTOBER 2015 REPORT

7. So far as I am aware, prior to the release of the 15 August 2016 s42A Report, the key initiative taken by the Kapiti Coast District Council on retail / commercial strategy since 2013 was to commission the above report, attributed to Messrs Tim Heath and Phil Osborne of PEL. The report is introduced in these terms:

"Property Economics Limited ('PEL') has been engaged by Kapiti Coast District Council (KCDC) to undertake analysis of the current and future retail market in Kapiti. The base document for this assessment was the Property Economics and Planit Associates 2012 Employment Areas Study. This assessment focuses specifically on the retail components.

...

This updated assessment provides a detailed understanding of the current Kapiti Coast retail market and centres (drivers, trends, secular breakdown and future requirements).

This report is designed to help KCDC form a robust position on relevant submissions as part of the PDP process, and to assist in any discussions with submitters aimed at minimising the scope of issues where differences may arise.
(emphasis added)

8. The report looks at potential growth in the District, both demographically and in terms of increasing retail spend through bricks and mortar stores and also at supply levels, albeit using mid-2011 measurements, which were not updated for the study. At page 27, the report notes:

"It is clear many shoppers in Kapiti are voting with their wallets and turning their backs on the local Kapiti offer. While this does not paint a great picture currently, it does represent a significant level of potential within the existing Kapiti market to recapture some of this leakage if the offer, quality and environment were improved in the future. If not, the expressway (under construction) will enable Kapiti Coast shoppers easier access north and south to better quality centres, potentially amplifying the trends outlined in the preceding paragraph."

Conversely, at page 23, this report states:

"... the Otaki Outlet Centre is a unique / niche centre in Kapiti as it serves a market much greater than Otaki and Kapiti Coast itself, particularly given its SH1 location. It's (sic) 'outlet' store focus offering goods at discounted prices attracts shoppers from Wellington (to the south) and Manawatu (to the north), as well as 'through traffic' on SH1."

(emphasis added)

These quotations reflect my understanding of the trading circumstances relating to the District and appropriately reflect the extent to which convenient transportation and retail potential are inter-related. The interrelationship between transportation and retail potential is recognised as an issue in both the above passages and in the Report's subsequent accentuation of the importance and vulnerability of Paraparaumu Town Centre.

9. Reciprocal comments to those quoted from page 27 above appear at page 32; cause and effect, but in reverse order:

*"Based on the overall quality of the retail offer currently exhibited by retail centres within the Kapiti Coast District, **which in my view is considered only low-average quality in many instances**, based on Table 8 this means a significant proportion of Kapiti Coast District's existing retail supply is not performing at sustainable productivity levels. **This has the effect of lowering the quality of the retail stores and centres in terms of offer, scope, amenity, vitality, built form, and environment.**"*

Quality refers to not only the retail products or brands but the entire retail experience and includes elements such as quality of retail environment, store fit-outs, in-store service, physical built form, public realm, parking and access. ..."

(emphasis added)

Collectively, along with all the supporting data in the PEL 2015 Report, the above two quoted passages identify what I consider to be business Issues at the highest strategic level for the District. I agree with the conclusions, which are consistent with my own observations.

10. Based on the foregoing and other aspects of the report, it is stated at page 33:

"The importance of growing and attracting national (or international) banner brands to Kapiti Coast, which is realistically only achievable in the PTC, is considered fundamental to improving the performance of the district from a retail perspective and reducing retail expenditure leakage to Wellington."

The offer must be compelling, enticing and a gratifying experience for the consumer starting from how people get to and access the centre, to when and how they leave. However, without the key banner retail brands to attract shoppers, many of the other elements identified become less relevant and tend to struggle when working in isolation."

(emphasis added)

I agree with those views, but would add that from my monitoring observations and experience, it is equally important to ensure that already established retailers (whose earlier engagement in the Paraparaumu Town Centre implies that a greater market presence or competitiveness than the operators who have not yet established in Paraparaumu) can expand, if necessary by relocation, to protect or extend their influence.

11. Turning to "Future Centre Roles" at page 34, the PEL report makes the following observations (by quoted page numbers):

p34 *"Paraparaumu Town Centre is the heart of the Kapiti Coast retail market, and is the key centre to develop / extend on an on-going basis to meet the growing retail and commercial needs of the District. At present there is ample land supply to meet foreseeable needs, based on the vacant zoned land within the centre (refer Environment Court PC72A decision). **However, the proposed SH1 roading upgrades have the potential to undermine this supply unless significant improvement in the Paraparaumu Town Centre occurs in respect of scope and quality of the retail and commercial offer, both in terms of physical built form and environment.***

...

The centre considered most 'at risk' from the SH1 roading realignments is the Paraparaumu Town Centre, i.e. the higher order centre with the store types consumers are traveling to Wellington to shop at. The more convenience oriented centres in the balance of Kapiti are unlikely to be jeopardised to any material degree.

p35 ***"The Paraparaumu Town Centre needs to be more than a retail centre, providing a wider commercial centre offering lifestyle, civic and entertainment options, as well as having a more compelling retail offer to act as the 'glue' to bring all the different land use activities together. This should be a key focus for the District to mitigate against the upcoming impacts of the new SH1 realignments."***

p37 *"The larger retail centres such as Paraparaumu Town Centre and Waikanae Town Centre, provide a comparatively limited range of activities and functional amenity, given the population size. These centres consist of shopping, small scale commercial and industrial service activities, and in the case of Paraparaumu Town Centre a targeted consolidation of civic facilities, including the library, Council offices, and the aquatic centre to the west of Rimu Road."*

p38 *"The Council has sought to overcome the absence of private led investment through public spending on amenity and public space improvements at Paraparaumu Town Centre, and Otaki Town Centres. **However without addressing the fundamental economic and functional conditions of these centres, such investment may not yield sustained economic improvements.**"*

(emphasis added)

12. There is a clear emphasis throughout these passages and their surrounding text, on the Paraparaumu Town Centre, as representing the focus of both the Issues and their resolution. This is the key strategic theme of the exercise, as repeated, in truncated format, in Appendix 9 of the Section 42A Report. I agree with the concerns expressed in the quoted passages and consider it important that the PP includes provisions that enable the Paraparaumu Sub-regional Centre to develop in the manner discussed in the report. I consider that the relief sought by SHCL is necessary to enable that to occur.

CONTEXTUAL COMMENTS

13. Before I turn to Appendix 9 of the s42A Report, I would like to make some generic comments about the extent to which retailing has evolved, largely as a consequence of the trend to larger stores. The PP's definition of large format retailing ("LFR") refers to shops of at least 500m² of gross floor area ("gfa") although it has definitions of other outlets that normally exceed such a threshold.

14. Most of the current range of retail activities operating in the wider community will not, for various reasons, need or be able to reach the minimum LFR threshold of 500m². These are stores found in all types of centre. A much smaller proportion again will be store types and brands normally below the 500m² threshold, but which in some (usually larger market and/or larger centre) circumstances, will develop an LFR module. A third category is store types and brands that are almost invariably in the larger LFR range, above the 500m² threshold. The larger stores are those most likely to be found outside the normal centre hierarchy, in specific large store precincts, or on high profile industrially zoned sites. Supermarkets can be similarly accommodated.
15. In my experience, there is a simple and fundamental NZ-wide reason why LFR outlets and supermarkets have required or sought out-of-centre locations. It is that the centres hierarchy has not been able (or is unable even by way of a practical zoning extension) to provide a viable location for such stores, and/or to efficiently cater for the needs of particular communities, both large and small. This is the tension between a pro-active retail industry that must constantly adapt and innovate to remain relevant in changing and growing markets and a resource management process that is generally neither nimble nor innovative. It is only at review time that a District Plan can recognise and provide an updated framework within which retailing will not be unreasonably constrained, over the 10 or more years in which its provisions will essentially set the scene. Paraparaumu provides an unusual opportunity to enable such large stores to establish within an existing centre on the largely vacant Precinct C. That location will both support the existing centre and reinforce its presence as viewed from the Expressway.
16. In my opinion, Appendix 9 and its PEL 2015 Report predecessor, provide the generic scope for SHCL's submissions to be more widely examined.

SECTION 8 OF THE SECTION 42A REPORT

17. Pages 5-16 of Appendix 9 contain the material referred to in paragraph 12. The 2015 Report's passages quoted in paragraphs 11-12 are all reiterated in the shorter version.
18. Pages 17 and 18 of Appendix 9 contain Mr Heath's response to the retail submissions, in part devoted to that of SHCL. With cautions about the need for careful and appropriate management, the response provides the following opinions concerning potential use of the SHCL property:
 - (a) It is considered a site where PTC activity relocation could result, given its close proximity. In this case the acronym "PTC" does not relate to the District Centre zone but it relates instead to Precincts A and B (mainly the former) in what appears to be a description synonymous with the term "PTC core".
 - (b) Retail development on the site represents a better outcome than in other non-centre locales scattered elsewhere in the District.
 - (c) Specifically, small scale convenience retailing and food and beverage services are considered appropriate for the site, as is trade-based activity.

- (d) Trade-based activities are said to not be core town centre components or crucial to PTC (referring again to the PTC Core) successfully playing its role and function.
 - (e) Some food and beverage stores along the Kapiti Rd frontage would provide an improved connection between the Expressway and the PTC Core and form a tangible link from which both areas would benefit.
19. The response then turns to LFR (other than trade-based) activity. It considers that LFR would more appropriately be accommodated in the PTC Core, particularly as the latter is perceived to have more capacity. Such accommodation is said to represent the most "economically efficient and beneficial (LFR) location from a wider community and economy perspective".

My Opinion Concerning Appendix 9

20. Mr Heath does not specifically relate his response to submissions to his strategic assessment at pages 5-16 of Appendix 9. The response is consistent with that assessment, but in my opinion does not go as far as it should to enable activities in Precinct C.
21. In that context, I would observe as follows, first in relation to the response summarised in paragraph 18. Primarily, I agree that the need for caution is appropriate. It is implicit in any considered approach that responds to the PEL 2015 Report's concerns.
22. **Sub-paragraph 18(a) – The SHCL site is one to which activities from the PTC Core could relocate.** In my experience, incumbent retailer expansion is the primary and most significant contributor to centre expansion, where such has been enabled. Expansion will typically involve the incorporation of neighbouring land into a store (which will often necessitate the relocation of the stores that previously occupied that space) or the relocation of the store in its entirety to another location in the centre. Commonly, the relocation of the existing store involves occupation of a peripheral location as it is only there that it is feasible to aggregate sufficient space to enable the larger development to occur. I consider that it is entirely appropriate that this often overlooked growth component be adequately enabled in the PP. Established outlets must be able to respond to market growth, marketing opportunities and evolving retail trends in design and merchandising. Expansion of a centre is not exclusively a consequence of adding new retail outlets.
23. **Sub-paragraph 18(b) – Retail development on the site represents a better outcome than in other non-centre locales scattered elsewhere in the District.** I agree with this assertion, especially having regard to the PEL 2015 report's findings. Both the negative circumstances, of KCDC's current retail leakage and limited retail offer, and the threat of the exacerbation of those circumstances when the Expressway is opened, can be countered, but essentially only by enabling an expanded PTC to accommodate more and better retail supply, ie both quantitatively and qualitatively. This is because greater depth and diversification in KCDC's main centre is the only way to effectively respond to and reverse the increasing influence of larger centres to the north and south of the District.

24. **Sub-paragraph 18(c) – Small scale convenience retailing and food and beverage services are considered appropriate for the site, as is trade-based activity.** I agree with the opinion presented in Appendix 9.

- (a) Small scale convenience retailing activity has never been a threat to the role of larger centres, as it essentially caters to the immediate / convenience needs of those in, or passing through, that particular locality. Council is proposing that offices and other commercial and residential activities be enabled as of right in Precinct C and the provision of small scale convenience retailing and food and beverage will provide a service to the workers and residents of the area. In addition, some forms of commercial activity (e.g.: medical and health services) are ideally located in conjunction with convenience retail outlets (e.g.: a small pharmacy). Such a provision would therefore enhance the function of an expanded PTC, whilst in no material way detracting from either its sub-regional potential or the role and function of KCDC's smaller centres.
- (b) Prepared food and beverage services have never to my knowledge, in any location, been confirmed as capable of giving rise to more than minor effects on established or planned centres, let alone centres of which they are a part, even peripherally. Such activities are frequently permitted in non-centre, non-commercial business locations. Enabling such activities to occur in Precinct C of the PTC would be enabling. Although not separately referred to in Appendix 9, the same considerations apply to service stations, for the same reasons.
- (c) Likewise, trade based activity has never to my knowledge, in any location, been confirmed as capable of giving rise to more than minor effects on established or planned centres, let alone centres of which they are a part, even peripherally. In addition, for reasons canvassed below, the development of such stores in a centre core can generate significant adverse amenity effects.

25. **Sub-paragraph 18(d) – Trade-based activities are said to not be core town centre components or crucial to the PTC Core's role and function.** Trade-based retail activities (whether or not they are also yard-based) are unsuited to core precincts within successful centres. They typically establish in peripheral centre locations, in specific LFR zones and in light or general industrial zones, on sites with good commercial exposure and accessibility (often in conjunction with similar businesses). There are a number of reasons for that distributional pattern:

- (a) Trade suppliers are effectively wholesalers with a greater proportion of sales direct to the public, operating on a "no-frills" basis.
- (b) Stores that operate on that basis can afford neither successful retail core occupancy costs nor the related price perceptions.
- (c) There is no cross-shopping benefit for trade-based stores to locate amongst general retailing and commercial activities in core retail areas and little potential benefit to the host centre from such a co-location. Indeed, if such space could be occupied by other general retailing and related activities, the core centre would be better off without the trade supplier. Customers, especially visiting trade customers, would generally prefer to not have to compete with general shoppers and other centre patrons, especially if using any type of commercial vehicle larger than a car or station wagon. Very few

or no trade retail operators would wish to risk discouraging and losing such patrons, by locating in core retail areas.

- (d) Store-owned or other non-customer commercial delivery vehicles would also be constrained by such a location. Also, customer vehicles larger than cars (including cars with trailers) have particular manoeuvring and parking needs.
 - (e) Due to the bulky and/or heavy nature of much of the merchandise sold by trade-based outlets, parking as near as possible to store exit points is a pre-requisite that conflicts with core pedestrian priorities and creates a parking management problem in the form of non-customers using the carpark.
 - (f) Large trade-based stores, like Mitre 10 Mega, Bunnings Warehouse and Placemakers, demonstrate those considerations. They have a scale of building and absence of active frontage ratios that are inappropriate in core-centre areas, a need for in-store drive-through access and parking space directly alongside many basic commodities and partially external garden centres, collectively inflicting visual, dust and noise impacts on their immediate environment.
 - (g) By way of background I note that both the advent and evolution of the trade-based supplier concept (hybrid wholesaler / retailer) have occurred during my professional career, with earlier, small versions of the building supplier format establishing mainly in centres, to the reciprocal decline of the traditional suburban hardware store. However, the centres-based trend peaked in the 1980's. Larger versions of the hybrid model had emerged, with smaller centre-based stores in decline as both trade and public adopted the new distributional pattern and the associated wider product and service range of the larger stores. District Plans increasingly acknowledged the trend and provided for building supply outlets and other trade-based suppliers to establish in the alternative locations mentioned in paragraph 22. The need to consider the distributional effects of such stores in non-centre locations was eliminated or modified as this approach was adopted. I was involved in a number of cases that were part of the fabric of that process. I support the use of "permitted" status for Trade-Based stores in appropriate locations. There are very few such outlets found today in core-centre zones around New Zealand.
26. In summary, I agree with the conclusions in Appendix 9 noted above. In my opinion, those conclusions justify enabling small scale convenience retailing (eg: retail stores selling convenience goods of less than 150m² gross floor area), food and beverage, service stations, trade supply retail, home improvement retail and yard based retail as permitted activities in Precinct C as those activities pose no threat to the PTC core and will facilitate the improved performance of the Paraparaumu centre as a whole through reducing spending leakage from the District.
27. I now turn to Appendix 9's page 18 LFR response, as discussed above in paragraph 19. The brief paragraph concerned refers to LFR as if it were a uniform activity, but it is far from that. It refers to shops of at least 500m. For the purposes of the following discussion I will consider the balance of LFR (ie: excluding the trade type retailers that I am recommending be addressed as permitted activities). That would include activities such as furniture shops, supermarkets and department stores.

Some of those forms of LFR are separately defined and could be addressed in the PP either through being listed separately or by inclusion in the generic LFR category. I acknowledge that some of these non-trade related LFR stores could have the potential to generate adverse distributional effects and should not, therefore, be treated as permitted activities in Precinct C. Providing for LFR as a restricted discretionary activity would, however, enable discretion to be reserved with respect to distributional effects and, accordingly, would entitle Council to decline consent in circumstances where a proposed store (or stores) would individually or cumulatively impact adversely on the amenity and vitality of any centre, including the PTC as a whole and its Core in particular.

- 28.
- (a) The evolution of general merchandise (non-food) retailing has produced two streams of opportunity, specialising in household goods or personal goods. Household goods include furnishings, floor coverings and appliances, as well as smaller housewares and electrical goods. Personal goods include clothing, footwear and worn or carried personal accessories (including jewellery, handbags and luggage) sporting and camping goods, audio and video products, toys and games, papers and books, pharmacies, florists, stationers and a wide range of other merchandise.
 - (b) Stores selling household goods, generally bulky and requiring large display areas, have adopted the LFR mode to a significant extent; personal goods outlets less so. Most personal goods purchased can be carried out of the store, whereas fewer household goods can, so more of the latter outlets' sales are delivered. The PP appropriately defines and gives examples of "comparison goods" (with furniture and electrical equipment being household goods and jewellery and clothing representing personal goods). However, in the case of household goods, much of the comparing is undertaken within individual large format outlets, often with discount incentives, whereas personal goods comparisons are more often made as between small individual outlets and are more seasonally focused – summer, winter, Christmas, Easter, Mothers and Fathers' days etc.
 - (c) The differences ideally mean that large centres (where most comparison shopping occurs) can or should meet the optimal needs of all such retailers, by providing a gradation of opportunities, from inner core (pedestrian and public transport-focused) to outer fringe (larger LFR, more internalised comparison shopping and not compatible with a pedestrian focus). In practice, this rarely occurs in a manner consistent with s5 of the Act. It can however occur at Paraparaumu, over the life of the PP. This is because there is a unique combination of circumstances around the PTC and its Precinct C, in relation to its size and location:
 - The SHCL holding has hitherto been "rear" land with little exposure, which has enabled it to remain vacant. Conveniently, it is now available for development at the same time as the orientation of the centre is changing by virtue of the construction of the Expressway and the interchange.
 - That land is a uniquely scarce resource adjacent to large centres and never previously found in a location with the advantages in terms of usability and profile / exposure that are present here. Centres bypassed without such a linkage opportunity have seen their influence diminished. Examples

include the original South Auckland chain of Otahuhu, Hunters Corner, Manurewa and Papakura. Very substantial retail growth around and along this corridor has been met in the Motorway-adjacent centres of Manukau and Sylvia Park or in new suburban centres, such as Homai, Clendon and Takanini.

- In this case, there is available vacant land in titles of sufficient size to enable LFR and other peripheral Centre activities to establish between the Core and the Expressway.
- Mr Heath's Appendix 8 has identified in principle, the issues (barriers, concerns and potential problems) and the opportunity to optimise and future-proof the PTC. I am sure that this can be achieved by adopting Mr Heath's advice on permitted activities and providing for other LFR as Restricted Discretionary activities, using the criteria of effects on the vitality of centres and any wider economic effects.

APPENDIX 9 PLUS APPROACH

29. In my opinion, there are fundamental and inter-related improvements required, to overcome the status quo limitations of the PTC. It needs a stronger retail core, both through Coastlands and its complementary street-based Wharemauku sub-Precinct, which might be regarded as an outer core area, providing a second linkage between Coastlands and both Precinct C and the western part of Precinct B. In a commercial sense, strong roading connections between the Centre Core and the Precinct C / Kapiti Rd entrance will create a commercial integration potential from Precinct A to Precinct C. That is vital to achieving the aspirational passages in the PEL 2015 Report, quoted in bold text in paragraphs 10 and 11 above. A stronger retail core has not evolved to date and is more likely to do so if a little more competition is introduced.
30. As set out in paragraphs 24-26 above, I agree with Mr Heath's assessment and consider that small-scale convenience retailing, prepared food and beverage services, trade-based retail activities – and also service stations – can in principle be enabled in Precinct C, without raising any issues about adverse distributional effects for either the PTC Core or other centres. However, I consider that such provisions alone would not respond adequately to the concerns in Appendix 9; namely (in brief):
- (a) the need to reverse the outflow of spending and prevent a greater level of outflow (see 1.5 ,p9 of Appendix 9);
 - (b) the need to recognise that the quality of the retail offer and environment must be improved by providing a compelling "breadth of experience" in order to achieve (a) (see 1.5, p11, 3rd to 5th paragraphs); and
 - (c) the need to attract key retail banners to the PTC, in order to achieve (b) (see 1.5, p11, last paragraph and p12 1st paragraph).
31. I consider that an appropriate response to the concerns expressed in Appendix 9 would involve enhancing the quality and number of PTC comparison shopping outlets

selling household and personal goods and providing a retail shopping environment in which the function of such stores is reinforced and not compromised. Such an outcome will not be achieved without attracting significant new investment, which in turn will both need and generate confidence in the outcome of that investment. Pivotal is whether the PP enables such a process to occur. My view is that it can, by freeing up the opportunities for more comprehensive retail development, but in a way that does not prejudice the future of the PTC retail Core.

MY CONCLUSION

32. For the foregoing reasons, I consider that the future of the PTC and the relative wellbeing of the wider Kapiti community, is literally "at the crossroads" of opportunity. I fully support the SHCL submission and the annotated version of appropriate changes to Chapters 2 and 6, as presented in and with Mr Roberts' evidence.

MARK TANSLEY
29 August 2016