

1 April 2009

The Manager
Wellington City Council
PO Box 2199
WELLINGTON
Email: district.plan@wcc.govt.nz

Dear Sir/Madam

Re: Planning Our Suburbs Review

Introduction

The New Zealand Retailers Association wishes to present the following summary submission in respect of the Planning Our Suburbs Review.

Background

The Association is the largest group representing the retail industry in New Zealand. Our membership includes the major supermarkets and general merchandise chains, specialist chains and thousands of owner operators spread throughout the country. The membership also includes a number of specialised trade groups representing manufacturers, distributors and retailers in the plumbing materials, metal fastener, pet, equestrian, jewellery, bicycle and sporting goods sectors.

Viewed nationally retail sales now total some \$66b per annum and increased by 1.4% between 2007 and 2008. Viewed regionally sales within the jurisdiction of the Wellington Regional Council now total \$7.3b per annum, representing some 10.6% of total sales in New Zealand. Between 2007 and 2008, sales within the Wellington region increased by 5.4%.

Philosophic Approach

The Association is a firm believer in a free and competitive marketplace and notes that there is 'no' protection afforded to any sector of the retail market in New Zealand other than pharmacies where a licensed pharmacist still retains the majority shareholding in a particular pharmacy business. Additionally, there are no other central Government legislative constraints, other than the Resource Management Act, that have a bearing upon retail developments within geographic areas, and, even then, any objections under the current law must be treated on environmental as opposed to competitive grounds. Even so, there remains some doubt over the effectiveness of the current law and the Incoming Government has recently commissioned a review of that legislation, including the provisions relating to competition that we believe have a bearing upon the council's proposals.

General submission

We note that this review follows on from the WCC Review of Centres Policy on which we made submissions in July 2008 – copy appended for easy reference. At that time we pointed out the differing attitudes of retailers in differing parts of the city to the proposed policy and recommended the Council not proceed with haste given the possible implications of the Commerce Act over certain aspects of the policy proposals. We also recommended that the Council should undertake a cost benefit analysis of the various options and asked that we meet with the Council to discuss the proposals in more detail.

It is of considerable concern that decisions were taken on the Centres Review without any formal discussions with the Association. Furthermore it is of concern here that we learnt about this current review by a web search and advice from other interested parties rather than any formal approach from the Council inviting our views.

Once again we recommend the Council does not proceed to implement this sub-policy hastily. We believe some of the proposals could still be construed to be anti-competitive under the Commerce Act and submit that the Council's proposals also need to be considered against the proposals of central Government under the Resource Management Act.

Specific Submissions

We have major doubts that the Council should in fact at this time be devising a 'suburban centres policy' which is designed to safeguard land for business and industrial uses and to restrict the ability of large scale retail developments based upon a perception that they undermine the viability of existing centres. Whilst we appreciate other concerns identified by the Council that such larger developments also have the capacity to generate increased traffic flows with consequential environmental impacts we think a policy that effectively is 'picking winners' is not in the best interests of either Wellington city or the greater Wellington region.

We believe that the Council's policy proposals are overly prescriptive in that

- retail developments with a gross floor area of over 2,000m² will be encouraged to locate in sub-regional or town centres;
- proposals for integrated retail developments outside sub-regional centres will be required to demonstrate that they comply with various criteria including, inter alia, the maintaining and reinforcing the vibrancy and vitality of existing centres (including the Golden Mile); maintaining and reinforcing the existing hierarchy of centres;
- integrated retail developments exceeding a gross floor area of 20,000m² within the sub-regional centres will be assessed for their impact on the sustainability of the golden mile and
- retail activities are to be restricted in district and neighbourhood centres with a gross floor area of less than 2000m².

As stated in our submission of 4 July 2008 we consider that it is reasonable that larger proposals are publicly advertised and consider that it is reasonable to expect developers to undertake an economic study of the commercial effects of such developments on retail operations in other parts of the city, including the Golden Mile. However, we construe that a Council policy that places caveats or restrictions upon larger developments as a matter of policy without interested parties having an opportunity to present submissions is unwise and could well prove to be contrary to the intent of the proposed reforms of the Resource Management Act. As stated above they may also have anti-competitive implications under the Commerce Act.

If a Centres Policy is to be effectively pursued we consider it is more a matter for the Wellington Regional Council than for the Wellington City Council as some of the existing malls that could be construed to have an effect upon downtown retail in Wellington City are in effect located outside the jurisdiction of the Wellington City Council. However, we consider it is highly unlikely that big box developments would be included in the central city as rentals would be too high to make such operations viable and it is highly unlikely that sites of that scale can be found.

We would once again like the opportunity to discuss our submissions prior to any final decisions being made on the proposals in the discussion paper.

Yours sincerely

Barry Hellberg
GOVERNMENT RELATIONS CONSULTANT