

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

**of the Proposed Wellington District Plan
Hearing Stream 4 – Centres, Commercial,
Mixed Use and Industrial Zones**

**STATEMENT OF EVIDENCE OF DANIEL SHAO ON BEHALF OF
WOOLWORTHS NEW ZEALAND LIMITED**

CORPORATE

12 JUNE 2023

1. INTRODUCTION

- 1.1 My legal name is Yiqiang Shao. I am more commonly known as Daniel.
- 1.2 I am a Development Manager at Woolworths New Zealand Limited (Woolworths). I have held this role since June 2022.
- 1.3 I have a Bachelor of Planning (Honours) and a Master of Legal Studies (Distinction) from the University of Auckland, and a Post Graduate Certificate in Business from Massey University. I am a corporate member of Property Council New Zealand and sit on its Auckland Regional Committee.
- 1.4 I have worked in planning and property related roles for the past ten years. Relevant to this hearing, I have been involved in town centre and retail developments in all major urban centres and many provincial centres across New Zealand. As such, I am familiar with the issues associated with planning for, and the subsequent consenting of, retail developments both within and outside of identified centres.
- 1.5 I am authorised to give this evidence on behalf of Woolworths.

2. SCOPE OF EVIDENCE

- 2.1 My evidence outlines:
- (a) Woolworths' interests in Wellington City
 - (b) The nature of supermarkets and supermarket development
 - (c) Challenges in developing new supermarkets
 - (d) Woolworths' response to the Proposed District Plan (PDP)

3. WOOLWORTHS BACKGROUND

- 3.1 Woolworths is one of New Zealand's leading grocery retail brands. Woolworths has a long history of working with communities and authorities to deliver developments that enable community wellbeing,

while also ensuring that our supermarkets are functional and successful in the communities in which they are located.

- 3.2 In Wellington City, Woolworths operates eight supermarkets and an online fulfilment centre and continues to explore new opportunities in response to increased demand caused by population growth and changes in customer requirements. We also actively plan for the renewal, expansion, and replacement of our existing stores.

4. SUPERMARKETS AND SUPERMARKET DEVELOPMENT

- 4.1 Supermarkets are a critical infrastructure in communities and they provide an essential support function for domestic living. This has become more evident through the Covid-19 pandemic, following which there has been increased desire from customers to shop in close proximity to the area where they live.
- 4.2 When considering future supermarket development opportunities, Woolworths first identifies the areas and communities that have a need for, and would benefit from, additional supermarket services. This assessment looks at where population growth is likely and where there are currently gaps in supermarket supply and choice.
- 4.3 Planning for a supermarket is a catchment-based exercise, through which we aim to choose a location that provides as much benefit and convenience to communities as possible.
- 4.4 Supermarkets require large sites that are central to their catchment population and easily accessible and convenient for customers. They also need to be designed to be operationally efficient and to address health and safety considerations (e.g. ensuring that loading and servicing activities are sufficiently separated from customer movements).
- 4.5 A well-located, full service supermarket will provide both short and long term employment opportunities for an area. In the initial construction phases, the development will provide jobs directly for construction workers, as well as positive flow-on effects for the wider industry. Once

a supermarket is developed and operational, it will provide significant full-time and part-time jobs for supermarket staff.

- 4.6 While Woolworths often looks to develop its supermarkets within or near existing centres, site selection is driven by the need to service the local community to satisfy their day-to-day requirements and functional and design requirements. Compared to other types of retail activity, supermarkets therefore require greater flexibility in terms of location.
- 4.7 Existing commercial centres are often highly fragmented into smaller land parcels or premises with no common ownership to allow for feasible consolidation. With a large land requirement of between 1ha and 1.4ha in size for a full supermarket offering, it is generally very difficult to find suitable land parcels with the right characteristics in existing centres.
- 4.8 In practice, this means supermarket developments are often located adjacent to existing centres, within or adjacent to residential areas, or on routes that are used by the population to move to and from work.
- 4.9 Supermarkets in or near residential locations can offer various positive benefits for their community. These include providing convenience and choice for residents, providing a walkable location and/or reduced travel time and enhancing the liveability of the residential area.
- 4.10 The majority of customers who shop at a particular supermarket are from that local catchment. We also find that our customers often shop at our stores multiple times throughout a week, instead of doing one supermarket shop on a weekly basis. As such, it is essential that supermarkets are able to locate in close proximity to their customer base. This in turn reduces impact on the transport system that might otherwise be caused by people driving to supermarkets outside of their catchments.

5. CHALLENGES IN DEVELOPING NEW SUPERMARKETS

- 5.1 Finding sites within established urban areas that meet the location and operational requirements of a supermarket, as described above, can be challenging. The difficulties are exacerbated in the Wellington context

due to its topography, established urban form, fragmented landownerships, and general scarcity of large development land.

- 5.2 When multiple planning restrictions (zoning, activity status and development controls) are added to the list of matters to overcome, the development of supermarkets becomes very difficult indeed. In fact, the most recent Countdown supermarkets in Wellington City were developed over a decade ago (Newtown in Dec 2012 and Tawa Feb 2013) and no major new supermarkets have been built since.
- 5.3 Given the critical role of supermarkets in their communities, these practical challenges need to be recognised and planning provisions should seek to facilitate, rather than hinder supermarket developments.
- 5.4 Restrictive planning controls were identified as a key barrier to the establishment and expansion of supermarkets (referred to as “retail grocery stores”) in the 2020 Commerce Commission Market Study into the Grocery Sector (ComCom Report). The ComCom Report recommended specific changes to ensure that the planning system better promotes competition and ensures suitable sites are made available for retail grocery store development. These recommendations include:
- (a) District Plans should include sufficient land that is zoned to enable choice in sites for the development of retail grocery stores;
 - (b) The new planning system should require Regional Spatial Strategies to provide sufficient spare capacity to enable choice in sites for the development of retail grocery stores;
 - (c) The new planning system should require every NBA plan to include a minimum proportion of urban land that is zoned for retail grocery stores;
 - (d) The new planning system should limit the discretion available to decision-makers regarding the approval of retail grocery stores;
 - (e) The positive outcomes of trade competition should be able to be considered in planning instruments under the NBA; and

- (f) Retail grocery store development should not be able to be declined on the basis of adverse retail distribution effects on existing commercial centres.

5.5 While these recommendations focus on the future planning framework under the proposed legislation, the principles behind these recommendations are either directly or contextually relevant to the present PDP process.

6. RESPONSE TO THE PDP

6.1 In light of the above context, Woolworths seeks the following key outcomes through the PDP process.

6.2 First, the activity status for supermarkets should be permitted across all commercial zones. Outside of these zones, including in the industrial zone, a discretionary activity status should apply to supermarkets.

6.3 Woolworths is concerned with the proposed non-complying activity status for supermarkets in the General Industrial Zone. This activity status and the proposed policy could have the effect of preventing supermarket developments across all industrial zones, when certain locations could be appropriate for a supermarket and should merit consideration on a discretionary basis.

6.4 Second, design provisions regarding the layout and appearance of new developments need to recognise the functional and operational requirements of supermarkets.

6.5 The permissibility of supermarket developments is informed by both its activity status and the associated development standards and assessment criteria. Woolworths is concerned that, whilst a supermarket activity may be permitted within a commercial zone, the associated development standards and assessment criteria fail to acknowledge the functional and operational requirements of supermarkets. In turn, these provisions can have the potential to compromise the design and operational efficiencies of a supermarket.

7. CONCLUSION

- 7.1 Supermarkets are a unique form of retail activity and differ from other large format retail activities due to their convenience function. In turn, supermarkets need to be located close to, and easily accessible by their customers.
- 7.2 Providing for the City's population growth needs to go hand in hand with enabling new supermarkets to meet the needs of these residents. Woolworths considers that a more enabling activity status and development controls need to be provided for supermarkets across the City. This is to recognise their unique function servicing residential catchments and operational requirements which dictate their location, format, and design.
- 7.3 In my view, the Hearings Panel can take comfort in the approach taken by Woolworths, as detailed in the supporting planning evidence.

Daniel Shao

12 June 2023