

2 October 2016

Better Urban Planning Inquiry
New Zealand Productivity Commission
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To whom it may concern,

DRAFT PRODUCTIVITY COMMISSION REPORT ON BETTER URBAN PLANNING

Retail NZ has now had the opportunity to review the Draft Productivity Commission report on better urban planning.

We are writing as we wish to submit our views on the Findings, Recommendations and Questions raised by the draft report. We will address the points which are most relevant to the retail industry, and explain our position on each.

Overall, we are supportive of the Findings, Recommendations and Questions raised by the draft report. We believe that the framework proposed will help future development.

F7.1

We agree that the current planning system endures unnecessary, excessive and poorly-targeted land use regulations.

We would like to see a future planning system avoid blanket bans and overly cautious planning approach.

F7.2 - F7.3

We agree with the findings that many local authorities in New Zealand discourage the development of commercial activity outside the designated centres, and that in trying to protect existing cities and town centres, some New Zealand urban local authorities have sought to reduce retail and commercial competition from other locations.

We are concerned that competition and broader benefits to consumers are not considered as part of our current planning system. We recommend that wider repercussions of planning decision be taken into account, such as how council policies can act as barriers to competition and productivity growth, and that the benefits to consumers should be considered as part of a broad cost benefit analysis. Policies should not restrict competition.

F7.4

We agree that a number of councils apply detailed controls on types and sizes of businesses that can operate in particular zones, leading to a lag in developments.

As retail is a highly competitive and rapidly changing sector it is difficult to predict what requirements retailers may have in the future. A planning system should be flexible enough to accommodate changes in requirements and encourage innovation and new entrants to the market.

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F7.5

We strongly identify with and support the finding, that lack of clarity and precision around urban design criteria, and the lack of consistency and perspective on cost of design advice to resource consent application implications, has created uncertainty and delay in new developments. As the draft report notes:

Urban design is one area where Councils often reserve their discretion, and where complaints of uncertainty and excessive requirements frequently occurs. Urban design has been defined in different ways, with varying degrees of specificity.

As we noted in our original submission on the Issues Paper (p. 2), and as was included in this draft report;

Unclear and subjective planning criteria creates serious issues for businesses wishing to work within the rules but with little guidance about how those rules might be interpreted. It creates issues for authorities that might find it difficult to maintain a level of consistency within its own decision-making. It also creates issues for public participation - it is very difficult to meaningfully consult on concepts that are so broad that they are meaningless. This is further complicated by the high level of discretion local authorities retain which means that planning decision can become highly politicised, further adding to the uncertainty and unpredictability of current urban planning decisions.

F7.6

We agree with the finding that the planning system has struggled to provide adequate supplies of development capacity for residential and non-residential uses, as some councils have tried to protect industrial zones land supplies.

Retail provides essential infrastructure for new communities. New retail developments in are constrained by land availability which in some cases is pushing up the cost of land. With rigid planning rules and strong competition for land it could result in less than optimal access to retail sites for new communities. Retailers have an incentive to put their stores in the best places to meet customer demand, and should not be restricted from using industrial or other suitable sites.

F7.7

We strongly identify with and support the finding, that the planning system has an inherent status quo bias and risk aversion, reflecting: the incentives on property owners to oppose changes, the pressure placed on councils not to set rules and policies that enable development, and an overemphasis in the implementation of the RMA on managing or avoiding adverse effects.

We would like to see an environment that is more balanced and better supports development, without hurdles designed to deter competition at the expense of consumers.

F7.8

We agree with the finding that the planning system can be blind to price signals, leading to poor responsiveness and undersupply of development capacity.

As mentioned above, the increased price of land due to the constrained land availability, is often not considered by planners. This can create barriers for new entrants to the markets, and less than optimal access to retail sites which may negatively impact consumers.

F7.9 and F7.13

We agree that councils face procedural barriers in responding to changing circumstances and the current process for changing and use controls through the RMA can take considerable time to complete.

We agree that Central government lacks the capability and systems needed for timely and well-informed intervention on issues of local land uses, or effective engagement with local authorities on planning systems. The time it takes to get a planning decision from local authorities creates issues for the highly dynamic and changing retail sector. This is a symptom of overly complicated and subjective planning criteria, and the confusion that this creates.

F7.10

We agree that councils overuse land rules because of the lack of, and political barriers to, alternative tools. A better and more flexible use of alternative mechanisms would allow authorities to take a more hands off approach and to set higher level principles for decision-making rather than detailed and prescriptive guidance.

F7.12

We agree that there is limited oversight of land use regulations and consider this is a problem because it is expensive for those who are impacted by decision-making - and it means that there are many examples of “bad” rules that are unchallenged.

R7.1 - R7.6

We agree with these recommendations.

R7.7

We recommend that if an Independent Hearings Panel is established, councils should not retain the rights to accept or reject recommendations from the Panel.

R7.8

We agree that a future planning system should enable councils to provide targeted infrastructure or investment for areas facing significant change, to offset any amenity losses.

This makes sense in principle, but runs the risk that councils will seek significant investments to recover “losses of amenity”. Caution needs to be taken with this and if this recommendation is adopted, there needs to be a very clear, transparent way of identifying “amenity loss” and clear rules about how costs are met.

R7.9 - R7.10

We agree with these recommendations.

When setting standards for urban commercial land use it is hard to argue that a set of consistent national rules cannot be developed. We support a future planning system that has a higher degree of national consistency.

Q7.1

Yes, we support a move to a common consultation and decision-making process and principles for decisions on land use rules, transport and infrastructure provision.

It is essential that the wider repercussions of planning decision be taken into account and benefit to consumers should be part of a broad cost benefit analysis. While there are always a variety of factors that need to be taken into account, in our view economic goals are currently not being considered alongside cultural, social or environmental aims under our current planning systems.

The Local Government Act processes have a tendency to attract copious submissions from those against development, and very little input from those who support change or who do not really mind either way. The presumption should be set in favour of development.

Q7.2

We believe that all Plan changes should have to go before the Independent Hearing Panel should one be established.

Q7.3

Yes, we believe that the features proposed for the built environment in a future planning system would be sufficient to discourage poor use of regulatory systems.

Q7.4

We support the requirement for councils to peruse their aesthetic objectives for private property through financial, rather than regulatory, tools. As the improvement of the visual would be considered a public good, council would pay for it, as it does for other types of public goods.

Q7.5

We support the suggestion that it would be worthwhile requiring councils to pay for some, or all, of the costs associated with their visual amenity objectives for private property. We do not believe they should be combined with regulatory tools.

9.2

We submit that Retail should be considered 'infrastructure'. Retail shops are part of the essential services, and social structures for cities and communities. As such, retail shops should be included when considering Urban Planning and Infrastructure.

Thank you for the opportunity to submit on your draft report.

Yours faithfully,



Greg Harford
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Retail NZ