

9 March 2016

Better Urban Planning Inquiry
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To whom it may concern,

BETTER URBAN PLANNING - ISSUES PAPER

Retail NZ is a trade association representing retailers in New Zealand. We have around 5,000 members that together account for around 65 per cent of New Zealand's total retail sales revenue. Our members vary greatly in their physical store requirements. Some are online only traders, some operate smaller independent shops in a variety of urban retail settings and others operate large 'big box' style premises in suburbs or outside the traditional city centres.

We have not commented on the individual questions in the issues paper. Rather we have set out a number of principles that our sector would like to see in an improved urban planning system. Alongside, we explain some of the difficulties we encounter when working within with the current urban planning systems.

1. A higher degree of national consistency

Currently our members are dealing with a complicated hierarchy of plans and standards under the Resource Management Act. While central government has the power to set National Policy Statements (NPS) to direct local government decision-making these have not been well utilised in relation to urban planning. There are currently just four in place and none related to residential or commercial land use. This has meant that local authorities have a high level of discretion over planning decisions.

We note that a NPS for urban development is progressing however it is yet to be implemented. We welcome this as an improvement however, we understand the standard is looking to address issues relating to the availability and use of land. Our members also have issues with urban design and the differing regulations on aesthetic design elements around New Zealand. We submit that urban design is also ripe for a national standard.

Planning decision are largely made by local authorities through District Plans. One mechanism through which this is done is through zoning areas of land for certain uses or types of developments. Local authorities also prescribe specific rules for different aspects of planning design such as limits on building height and floor space, minimum amounts of car parking. They also impose other more subjective and detailed aesthetic criteria, for example, the types of signage allowed, landscaping and the colours that buildings must be painted. Each territorial authority sets its own rules and zones resulting in a high level of variation across our 67 different authorities.

District plans are long complicated documents and vary greatly in format from Council to Council. They must be reviewed every three years. Businesses operating on a nationwide scale are likely to want to make submissions on all relevant district plans which is highly time consuming and creates costs. In our view local

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authorities each developing bespoke plans for urban design and development is also resulting in considerable duplication of effort. In addition, as the issues paper notes, while planning decisions are largely made at a local level, central government deals with the broader repercussions of poor planning decisions.

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

2. Have more clearer and more consistent planning criteria that is less open to subjective interpretation

Another issue the retail sector faces in regard to urban planning is the highly subjective nature of some planning criteria. The issues paper discusses the confusion that can arise from "vaguely-worded 'urban design goals' or assessment criteria" (p.7).

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.

While an element of subjectivity in planning decisions might be hard to eliminate, it should be avoided in so far as possible.

3. Result in faster decision-making

The time it takes to get a planning decision from local authorities also creates issues for the retail sector, which is constantly looking to respond to changing markets and communities. This is likely another symptom of overly complicated and subjective planning criteria and the confusion that this creates for all parties.

4. Avoid unnecessary administrative, economic and compliance costs

Any future planning system should avoid unnecessary administrative, economic and compliance costs. Costs would be reduced by a higher degree of national consistency, clearer and more consistent planning criteria and faster decision-making.

We also do not believe enough attention is being paid to the actual costs and benefits of regulatory intervention into planning decisions, and whether our different regulatory interventions can be justified for a greater collective benefit.

5. Not restrict competition

We agree with the comments made in the issues paper about the negative effects that planning decisions can have on competition. The availability of land and policies that seek to impose strict zoning restrictions make it harder for new entrants to the market, particularly if zones are too small to accommodate more than one or two operators. As the issues paper notes, planning rules can create unnecessary barriers to entry.

We agree that New Zealand has a number of planning rules which appears to unjustifiably restrict competition. Restricting floor space and the number of new business permitted in certain areas or zones are prime examples.

It is a real cause of concern that competition and broader benefits to consumers are not considered as part of our current planning system. As the issues paper notes;

New Zealand's planning system does not require planning or consenting agencies to consider the wider benefits to consumers that arise from greater competition, and a number of District Plans include centres policies and restrictions on the placement and size of large format retail stores... (p.68).

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

6. Better coordinate of utilities (roads, water, power etc.) to improve certainty and speed up new developments.

Another concern with the current planning system is its siloed approach, where essential infrastructure decisions such as roads, railway lines, electricity lines, and water treatment facilities are not well coordinated leading to delays and uncertainty for retail business developers.

There is a role for a centralised agency to coordinate decision-making across the various interested parties at some point in the process. This could be better achieved through clearer and more predictable decision-making criteria, reducing costs for all parties and faster decision-making. However we would like to see authorities allow a high degree of self-organisation before stepping in to fulfil this role. Encouraging parties to work together and streamlining processes where joint agreements have been reached may be a way to achieve this.

7. Allow for alternative mechanisms for planning decisions in appropriate circumstances that do not rely on central or local authorities.

We strongly support the mechanisms noted in the discussion papers that allow for alternative ways for planning decisions to be made (including covenants, making more provision for private lawsuits and bargaining to resolve disputes over land use, tradeable permits and environmental offsets). Allowing parties to reach agreements privately deals directly with those impacted by urban developments and therefore leads to better outcomes.

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

8. Be flexible and nimble to accommodate changing needs of retail developments, and growing or in decline areas.

Retail is a highly competitive and rapidly changing sector. The growth of ecommerce and related innovations is having an ongoing effects on the physical requirements of retailers. For example, overseas we are seeing growth of low-cost bulk supermarkets such as Aldi and Lidl, while at the same time traditional supermarket chains are reducing their footprint and moving to mixed use premises.

The growth of online shopping certainly has a role to play in these changes but it is difficult to predict what the outcomes might be, and they will continue to change and evolve. A planning systems should be flexible enough to accommodate these shifts in physical requirements and encourage innovation and new entrants to the market.

9. Prioritise commercial urban development alongside residential

In our view recent urban planning discussions have been focussed on the availability of land for residential development. We submit that the land available for commercial development must be considered alongside residential in all cases. Retail provides essential infrastructure for new communities. Just like residential, new retail developments in are constrained by land availability which in some cases are pushing up the cost of land. Where planning rules provide adequate flexibility this can encourage more innovative mixed use developments, which might work for smaller scale retailers. However, with rigid planning rules and strong competition for land it could result in less than optimal access to retail sites for new communities. As previously noted it also creates barriers for new entrant to the markets which negatively impacts consumers.

Yours sincerely,



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