

---

**Statement of evidence of Derek Foy**  
**on behalf of Selwyn District Council**  
**(Economics)**

---

## **1. INTRODUCTION**

- 1.1 My full name is Derek Richard Foy. I am a Director of Formative, a newly created independent consultancy, specialising in social, economic and urban form issues. Prior to establishing Formative, I was an Associate Director of Market Economics Limited, an independent research consultancy for six years, and was employed at Market Economics for 18 years.

### **Qualifications and experience**

- 1.2 I hold the degrees of Bachelor of Science (in Geography) and Bachelor of Laws from the University of Auckland.
- 1.3 I have 22 years consulting and project experience, working for commercial and public sector clients. I specialise in retail analysis, assessment of demand and markets, the form and function of urban economies, the preparation of forecasts, and evaluation of outcomes and effects.
- 1.4 I have applied these specialties in studies throughout New Zealand, across most sectors of the economy, notably assessments of retail, urban form, land demand, commercial and service demand, housing, tourism and local government.
- 1.5 I am a member of the New Zealand Association of Economists and the Population Association of New Zealand.

### **Code of conduct**

- 1.6 Whilst I acknowledge that this is not an Environment Court hearing, I confirm that I have read and am familiar with the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014. I have complied with the Code of Conduct in preparing this evidence and I agree to comply with it while giving any oral evidence during this hearing. Except where I state that I am relying on the evidence of another person, my evidence is within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

### **Key Issues**

- 1.7 In my opinion, the key issues requiring consideration are:
- (a) How much demand there is, and will be in the future, for supermarket floorspace in Selwyn District ("the District", or "Selwyn").
  - (b) How much supply there is, and might need to be in the future, for supermarket floorspace in Selwyn.
  - (c) How supermarkets contribute to the economy, and the role they play in providing for the needs of the community.

- (d) Taking these matters into consideration, how best should supermarket space be provided for in the Proposed District Plan (“PDP”) to adequately provide for community needs.

## **Scope of Evidence**

- 1.8 I have been asked by Selwyn District Council (“SDC”, or “Council”) to provide evidence as to whether or not enabling supermarkets in the notified or potential new future Large Format Retail Zones (“LFRZ”) would negatively impact on the viability and function of the District’s Town Centre Zones. I am informed that providing for supermarkets as a permitted activity in the LFRZ is being considered as a response to submissions raising concerns that supermarkets have not adequately been provided for in the current version of the PDP.
- 1.9 My evidence is structured as follows:
  - (a) Section 2 provides some background to matters raised in submissions that relate to location options for supermarkets in the District.
  - (b) Section 3 provides a brief history of how provision for supermarket space has been contemplated and delivered in the operative Plan and policy environment.
  - (c) Section 4 provides some context as to recent growth in the District.
  - (d) Section 5 provides an overview of the supermarket demand and supply environment.
  - (e) Section 6 provides some commentary on the definition of supermarkets.
  - (f) Section 7 draws together observations made in the previous sections, to form some conclusions about the appropriateness of providing for supermarkets in the LFRZ.
- 1.10 In preparing my evidence I have reviewed the following documents and evidence:
  - (a) The CMUZ section 32 report for the PDP.
  - (b) The Large Format Retail Zone chapter of the PDP.
  - (c) Submissions, legal submissions and expert planning and corporate statements of evidence provided by Woolworths New Zealand Limited (“Woolworths”) and Foodstuffs (South Island) Properties Limited (“Foodstuffs”) on the PDP generally, and in relation to Topic 1 (Strategic Directions), and Topic 3 (Urban Growth).

## **2. SUBMISSIONS**

- 2.1 Submissions on the PDP have been made by both of New Zealand’s main supermarket operators, Woolworths and Foodstuffs. Those submissions, and supporting evidence by corporate and other witnesses, have raised a number of common points relating to how the PDP enables supermarket activities in the District.

- 2.2 I understand that those submissions have led to Council seeking to address some of the concerns raised. Those concerns include:
- (a) The PDP provisions do not appropriately provide for supermarkets, including where existing lawfully established supermarkets are located.<sup>1</sup>
  - (b) Appropriate locations for supermarkets are limited by their operational and functional needs, and the need to be near the communities they serve.<sup>2</sup>
  - (c) Supermarkets are only a permitted activity in the Town Centre zone in the PDP.<sup>3</sup>
  - (d) A more enabling provision for growth would be consistent with national and regional planning documents, including the Canterbury Regional Policy Statement, the National Policy Statement Urban Development 2020 and the Urban Growth Agenda.<sup>4</sup>

### 3. HISTORY

- 3.1 In 2015 I presented evidence to the hearings on the Land Use Recovery Plan Action 27. In my evidence I recommended that supermarkets be a non-complying activity in the Business 2A zone's LFR precinct. That recommendation was based on a position that the Rolleston town centre was at that stage a much smaller entity, and much more vulnerable than it now is. At that time Rolleston had two supermarkets, with the Countdown having opened in 2011, although the balance of the Countdown block (including now The Warehouse and Noel Leeming) was bare land, with new activities there not opening until late 2017.
- 3.2 The Rolleston town centre was, therefore, a much different place in 2015 than it is now. Since 2015 there has been a considerable amount of development in the centre, increasing the centre's retail gravity and decreasing the risk that supermarkets in other locations will generate significant adverse retail distribution effects on the town centre. That development is likely to continue, with the progression of the Rolleston Fields development on Tennyson Street, and other new developments such as the Selwyn Health Hub on Norman Kirk Drive, and Te Ara Ātea (library, community spaces, museum and gallery, on Tennyson Street).
- 3.3 The concern for the need to prioritise development of the Rolleston and Lincoln town centres ahead of alternative locations was also a conclusion of Property Economics' "Selwyn Business Zone Policy Assessment (BS004)" (November 2017) ("the PE report"). The PE report concluded that outside of the Rolleston and Lincoln KACs, and Darfield and Leeston town centres, supermarkets should be Restricted Discretionary activities, in order

---

<sup>1</sup> Legal submissions on Hearing 3 Urban Growth, by Foodstuffs paragraph 2(a), and Woolworths paragraph 11 and submissions on Strategic Directions

<sup>2</sup> Legal submissions on Hearing 3 Urban Growth, by Foodstuffs paragraph 2(b), and Woolworths paragraph 12

<sup>3</sup> Foodstuffs legal submission on Hearing 3 Urban Growth, paragraph 2(c)

<sup>4</sup> Legal submissions on Hearing 3 Urban Growth, by Foodstuffs paragraph 2(d), and Woolworths paragraphs 14-16

to avoid adverse retail distributional effects on the larger centres, and to encourage their development.

#### **4. SELWYN DISTRICT GROWTH CONTEXT**

- 4.1 To assist in understanding the broad order of magnitude of additional supermarket space that might be required in Selwyn District in the future, I have undertaken a high-level assessment of supermarket demand.
- 4.2 While high growth rates have been observed in Selwyn over the last two decades, since the 2015 and 2017 assessments referred to above were completed, growth in nominal terms has been particularly significant. In the year to June 2021 Selwyn was the fastest growing district in the country, both in terms of quantum (+3,400 people) and percentage (+4.8%), for the first time having more growth than the much larger urban areas of Auckland and Christchurch (both of which had immigration numbers significantly affected by Covid). In total 10% of 2021's national population growth was located in Selwyn District.
- 4.3 As of December 2021, there were 16 live applications for large-scale residential private plan changes in Selwyn, with a combined capacity of over 12,000 potential dwellings. In summary, growth over the last few years in Selwyn has been much faster than previously projected, and that strong growth looks set to continue.

#### **5. SUPERMARKET DEMAND AND SUPPLY**

- 5.1 There are currently seven supermarkets in Selwyn District, occupying nearly 15,000m<sup>2</sup> GFA of built space. There has been a consistent addition to supermarket supply in recent years, with the long-established, but small, stores at Darfield and Leeston joined by:
- (a) a larger New World in Rolleston (c.2000)
  - (b) a New World in Lincoln (2005, moving to its current site in 2009, and expanding by 60% in 2016)
  - (c) a large new Rolleston Countdown (2011)
  - (d) a new Four Square store in West Melton (2016)
  - (e) a new FreshChoice store in Prebbleton (2020).
- 5.2 I am aware that a Pak'n Save supermarket has been consented<sup>5</sup> on the site of the current Rolleston New World, although that consent has not been given effect to. In December 2021 Foodstuffs (South Island) Properties Limited lodged an application<sup>6</sup> for a Pak'n Save supermarket at 157 Levi Road, Rolleston, a site that is 500m south-east of the Rolleston

---

<sup>5</sup> RC185461, granted January 2019, authorising a building footprint of approximately 5,645m<sup>2</sup>

<sup>6</sup> The application is for a new Pak'n Save store with a building footprint of approximately 7,232m<sup>2</sup>, and gross floor area of 8,108m<sup>2</sup>.

Countdown along Lincoln Rolleston Road. I am not aware of any other supermarkets in the planning pipeline in Selwyn.

- 5.3 I have not undertaken detailed supermarket demand modelling for this statement, however I consider it is sufficient to provide a high-level indication of additional supermarket supply that might be required within the life of the PDP to assist with my assessment. I have assessed that additional supply by comparing future demand with current supply, as I describe below.
- 5.4 There are currently (at June 2021) estimated<sup>7</sup> to be 73,600 people resident in Selwyn District, equivalent to around 28,300 households.<sup>8</sup> By the end of the PDP's life in 2038,<sup>9</sup> current high growth scenario projections<sup>10</sup> are for there to be just over 41,000 households living in the District, an increase of 61% (+15,700) over current levels.
- 5.5 That growth will support additional supermarket space, and will require additional supply in order to avoid existing stores becoming so busy that they become unattractive to shop at. The average NZ household supports around 0.7-0.8m<sup>2</sup> of supermarket GFA, plus additional space in smaller grocery stores and dairies. That range is observed around NZ in many different markets, with variation within the range depending on proximity to stores, and where in the development cycle stores happen to be (i.e. new stores that are not yet operating at "mature" levels, or long-established stores that are well bedded in and subject to more stable shopping patterns).
- 5.6 At those levels the amount of floorspace that I infer would be supported by Selwyn's current households is around 18,000-20,500m<sup>2</sup>. Given existing supply of 15,000m<sup>2</sup>, that indicates existing demand for additional supermarket space in the District of around 3,000-5,600m<sup>2</sup>. As the population continues to increase, that additional supply required to provide for the community's needs will also increase, and by 2038 is projected to be in the order of 14,000-18,200m<sup>2</sup> of supermarket GFA.
- 5.7 As a hypothetical development configuration, that space might be accommodated in one larger store of around 6,000-8,000m<sup>2</sup> (for example the recently lodged 8,108m<sup>2</sup> Pak'n Save on Levi Road) and several smaller stores averaging say 3,500m<sup>2</sup> each. That 14,000 to 18,200m<sup>2</sup> of supermarket GFA would, under that configuration of store sizes, equate to one larger store and two to four smaller stores, or three to five total additional supermarkets in the District, by 2038.
- 5.8 These are high-level, indicative numbers, and many different potential configurations exist for new supply. Further, there is considerable uncertainty as to what the District's future population, and therefore amount of sustainable supermarket space will be, given recent

---

<sup>7</sup> Statistics NZ Subnational population estimates (TA, SA2), by age and sex, at 30 June 1996-2021

<sup>8</sup> I have estimated household counts by applying an average household occupancy of 2.87 persons per household in 2021, calculated in my firm's assessment of growth projections for SDC's capacity for growth planning. Household estimates are not published by Statistics NZ at an annual frequency.

<sup>9</sup> Which I take as a convenient future time point that is a Census year, and for which demographic projections are made, and is more than 10 years beyond the likely time at which the provisions will become operative.

<sup>10</sup> Work my company has completed in draft form for SDC for Business Land modelling.

high rates of growth and the apparent emerging attractiveness of Selwyn as a place of residence. In that context, the potential additional supermarket supply required in Selwyn is provided on an indicative basis only, in order to inform the following opinion about whether enabling supermarkets in the LFRZ would negatively impact on Selwyn's town centres.

- 5.9 The key conclusion from that indicative assessment is that there is likely to be demand for a number of new supermarkets in Selwyn District within the life of the PDP.

## **6. PROVISION FOR SUPERMARKET ACTIVITIES**

- 6.1 There is very limited potential to accommodate new supermarket supply in the PDP's Town Centre zones. In the Rolleston Town Centre Zone there are two small (c. 0.6ha) blocks of vacant land bordering Kidman Street that would be large enough to accommodate a small (c.2,000m<sup>2</sup>) supermarket, however there is very little space in Lincoln's Town Centre that could be developed for a supermarket without significant parcel aggregation, and then yielding only a small store. The same applies to Leeston and the slower-growing Darfield.
- 6.2 Supermarkets are permitted activities in the PDP only in the Town Centre Zone. As such, I agree with the point raised in submissions, legal submissions and expert evidence by Foodstuffs and Woolworths that the PDP does not make adequate provision for additional supermarket supply.
- 6.3 In my 2015 assessment informing District Plan rules relating to supermarkets (for LURP Action 27, as described above), I cautioned against permitting supermarkets to establish outside of the Town Centre zone. The environment in Selwyn has changed significantly since that time, with strong and consistent population growth, significant new retail and other developments in the Rolleston Town Centre Zone, and projected growth that is now much greater than was previously anticipated.
- 6.4 That means there is now a much reduced risk of adverse retail distributional effects threatening town centres (and the Rolleston KAC's primacy within the District) relative to the environment that existed at the time of my 2015 LURP Action 27 evidence, and the 2017 PE report.
- 6.5 There is now much more retail demand being directed to the District's town centres, and that demand is projected to increase. Combined with the larger in-centre retail presence that now exists, existing town centres are now well established as the primary retail/commercial nodes in each town, and they are at a much less nascent stage than they were four to six years ago. This is particularly true of Rolleston, which was both the District's newest centre in 2015 and 2017, and intended to become the primary centre. It had not then had the opportunity to become embedded in that primary centre role, but now, in my opinion, has.
- 6.6 While Selwyn's town centres could still experience significant adverse retail distribution effects as a result of out of centre retail development attracting consumers away from the town centres, that vulnerability is now much reduced, although those adverse effects can

still occur, and are a matter than the District Plan should address. For that reason I remain of the opinion that a policy framework that encourages in-centre development and is less enabling of out of centre development is necessary and appropriate.

- 6.7 However, now that the town centres are well established and most of the space within them has been occupied by retail and commercial activities, and the towns they serve continue to grow in population and spatial extent, it will soon reach the point where retail activity can be accommodated in places other than just the town centres, and a centre hierarchy is sustainable in each town.
- 6.8 This has already begun to occur in Rolleston, and to a lesser extent in Lincoln, with the construction of small centres to service the convenience needs of suburban consumers. These Neighbourhood centres<sup>11</sup> are sustainable for two reasons. First, Lincoln's and Rolleston's populations are large enough to support retail activity in both Neighbourhood centres and the town centre. Second, the towns have grown to cover an area that is large enough that parts of the town are now further away from the town centre than is convenient to access as pedestrians, requiring small retail nodes to provide convenient access to frequently purchased retail goods (such as bread and milk) and services (such as takeaway food and hairdressers).
- 6.9 Additional retail nodes outside the town centre are likely to be required within the life of the District Plan, and is enabled in the (yet to be developed) LFRZ at Jones and Hoskyns Roads. Both the emergence of Neighbourhood centres and the (likely) future arrival of a LFR centre indicate Rolleston, and to a lesser extent Lincoln, have moved from being a single centre towns to towns where a (limited) centre hierarchy is sustainable and appropriate.
- 6.10 Supermarkets are another retail activity to which consumers demand good accessibility, driven primarily by the frequency with which supermarkets are visited. In Selwyn as in other districts the appropriate location for new supermarkets will be influenced by the accessibility that supermarket consumers demand. Supermarkets aim to be located throughout urban areas, to provide easy (primarily vehicular) access to their store. A large proportion (60%+) of supermarket sales in large urban areas are made to consumers living within 2-3km of the store, and a small share to customers from further away.
- 6.11 The spatial extent of Rolleston, where the edge of the urban area is around 4km from the town centre, provides another indication that additional supermarket supply will be appropriate in Rolleston within the life of the PDP. Even if there was room in the District's town centres for additional supermarkets to establish, locating new stores in those centres will not become the most efficient location option, and having some supermarket presence located in other places in (specially the larger) towns will provide consumers with better access to supermarket supply.

---

<sup>11</sup> Three of which are zoned in the notified version of the PDP, and another two of which have been approved by way of private Plan Change (Faringdon South-East and Faringdon South-West).



- 6.12 In response to submissions received, Council is now investigating the appropriateness of making supermarkets a permitted activity in the LFRZ. I have considered the potential economic effects of that activity status, based on the context I have outlined above, and how I understand supermarkets function with urban economies in New Zealand generally, and Selwyn District in particular.
- 6.13 There are five key issues to consider when assessing those potential economic effects, and the feasibility of making supermarkets permitted activities in the LFRZ.
- (a) How many LFR zones there are, or could be, in Selwyn.
  - (b) Where those LFR zones are, or could be.
  - (c) What activities those LFR zones could accommodate.
  - (d) How all of those factors combine, and the retail distribution or other economic effects that would result from making supermarkets a permitted activity in the LFRZ.
  - (e) The degree to which supermarkets are consistent with the objectives and policies for the LFRZ.
- 6.14 I now consider each of those key issues.
- 6.15 First, only one LFRZ has been notified in the PDP. Making supermarkets a permitted activity in the LFRZ therefore limits the location in which supermarkets can establish as of right to only that location (at Jones/Hoskyns Road). If there were to be other LFR zones created in Selwyn, such as via a private plan change, the potential effects of having a supermarket(s) establish in those zones would need to be assessed as part of the application, subject to Rule LFRZ-P3.
- 6.16 The second key issue is where future LFR zones in Selwyn could be. The overview in the LFRZ chapter of the Plan is very location specific, and indicates that:
- The Large Format Retail Zone is located adjacent to the Industrial Zone and Special Purpose Port Zone in Rolleston, north of State Highway One and the main trunk railway line.*
- 6.17 Notwithstanding the geographic specificity of that description, I would anticipate that applications for LFR zones beyond the notified LFRZ could be proposed for anywhere in the District, as other locations would not be precluded by the objective or policies in the LFRZ chapter. Beyond that overview the only limitations on the potential location of LFRZs appear to be in notified policy LFRZ-P3, which seeks to:
- Avoid compromising the function, role and vitality of the Town Centre Zone beyond those effects ordinarily associated with trade effects on trade competition by managing the scale and type of commercial activities, visitor accommodation, and community activities within the Large Format Retail Zone.*

- 6.18 That policy ties back in to my first point above, about the possibility of new LFRZs establishing subject to assessment of their effects, and the appropriateness of new locations being subject to such assessment.
- 6.19 If LFRZs are to be anticipated as a suitable zone to accommodate supermarkets, and there are multiple places in the District that may need to accommodate supermarkets in a new LFRZ in the future, it may be necessary to revise the overview in the LFRZ chapter. My interpretation of that chapter is that the overview implies (contrary to the specific objectives and policies):
- (a) That the LFRZ will only be located at the Jones Road site.<sup>12</sup> However, LFRZs elsewhere in Selwyn places may develop within the life of the PDP.
  - (b) That it is only the Rolleston Town Centre that is of concern with respect to potential adverse effects.<sup>13</sup> In fact all town centres might be expected to experience potential adverse effects, particularly if an LFRZ might establish anywhere in the District. An LFRZ in Lincoln would have potential adverse effects on the Lincoln Town Centre for example. Further, a new LFRZ could actually have adverse effects on any Town Centre, and a new Lincoln LFRZ could, depending on its size and other features, have adverse effects on the Rolleston or Leeston town centres, for example.
- 6.20 The third key issue concerns what activities might establish in an LFRZ, and how those might function together to influence adverse effects. Supermarkets play an anchor role in many centres, and other businesses benefit from co-locating with supermarkets due to the number of shoppers attracted to the supermarket that provide a ready customer base for the other stores. This would potentially also be the case in the LFRZ, and a range of activities might seek to co-locate with supermarkets in the LFR. That could result in a slightly different role for a supermarket-anchored LFRZ compared to a supermarket-less LFRZ, and may result in some pressure for exceptions to the permitted activities in the LFRZ to be approved in plan change requests (e.g. some small format tenancies sleeving the supermarket).
- 6.21 However, the notified rules quite clearly specify which activities can establish in the LFRZ, and require the avoidance of compromising effects on the Town Centre Zone. The following activities that are integral in the role and function of town centres are not permitted in the LFRZ:
- (a) Retail tenancies less than 450m<sup>2</sup> (non-complying)
  - (b) Standalone offices (discretionary)
  - (c) Community facilities (discretionary if more than 450m<sup>2</sup>, non-complying if less than 450m<sup>2</sup>).

---

<sup>12</sup> "The Large Format Retail Zone is located adjacent to the Industrial Zone and Special Purpose Port Zone in Rolleston, north of State Highway One and the main trunk railway line."

<sup>13</sup> "... without detracting from the core commercial activities located within the Rolleston Town Centre."

- 6.22 In my opinion the limited range of permitted activities in the LFRZ, and the need to avoid compromising effects on the town centre will limit the magnitude and type of economic effects of new LFRZs on town centres, are those two factors together are appropriate to avoid adverse effects on town centres.
- 6.23 The fourth key point is how making supermarkets a permitted activity in the LFRZ might influence the location, size, number and role of LFR centres in Selwyn, and consequently how permitted supermarkets might give rise to adverse retail distribution or other economic effects. As for my conclusion in relation to point three above, I consider that the PDP contains sufficient direction to require the assessment of those potential adverse effects, and expectations that those effects avoid compromising the function, role and vitality of the Town Centre Zone.
- 6.24 Flowing from those four points, my conclusion is that making supermarkets a permitted activity in the LFRZ would be consistent with the objective and policies for the zone from an economic perspective.
- 6.25 Some of those future LFRZ locations might be supermarket-only nodes, with no other LFR activities, and supermarkets can, and often do, viably locate as standalone retail nodes. A standalone location would be appropriate when there is demand for a supermarket but not for other activities, or where a broader LFR centre would generate adverse economic effects inconsistent with the PDP's policies.

## **7. DEFINITION**

- 7.1 My assessment considers supermarkets to be the main supermarket brands operated by Woolworths and Foodstuffs (i.e. Countdown, New World, Pak'n Save and the smaller format stores such as and FreshChoice, SuperValue), and also smaller supermarkets, those not operated by those two main operators, and those with a more limited product focus. Supermarkets are not limited only Woolworths and Foodstuffs stores, and can also include many other smaller, often owner-operated food and grocery retailers including ethnic specialist supermarkets,<sup>14</sup> small supermarkets focusing on organic products, bulk supply (e.g. Bin Inn), and stores that are large grocery stores (e.g. Four Squares).
- 7.2 Many of these stores could be considered to be either a specialty food retailer or a more all-encompassing supermarket, and it is often difficult to categorise such stores. I am aware of some food retail stores that begin with a limited product range and then expand over time into a broader role.
- 7.3 For example, a fruit and vegetable retailer might begin to also sell meat, and then dry and frozen goods, alcohol, and a range of other groceries. Ultimately such a store would have a similar range of products to a supermarket, albeit on a smaller scale, and potentially excluding some types of products (e.g. health and beauty products). Nevertheless, such a store would essentially be a small supermarket, and would compete directly with stores

---

<sup>14</sup> Including in Christchurch supermarkets with an Asian, Indian and Mediterranean focus

such as Countdown and New World, and generate a similar type of distributional effects (although differing as to scale) to stores operated by Woolworths and Foodstuffs.

7.4 It will be important that the District Plan clearly defines “supermarkets” so it is clear whether any application for a new store of this type is for a supermarket or not, and so the potential adverse effects of this type of store can be appropriately managed.

7.5 The notified definition of “supermarket” is:

*Supermarket: means a retail activity that uses land and/or buildings for displaying or offering a comprehensive range food, beverage and other disposable goods such as fresh meat and produce; chilled, frozen, packaged, canned and bottled foodstuffs and beverages; and housekeeping and other personal items for sale to the public.*

7.6 That definition differs slightly from the ANZSIC<sup>15</sup> definition, which is (class code 4110, Supermarket and Grocery Stores):

*“This class consists of units mainly engaged in retailing groceries or non-specialised food lines (including convenience stores), whether or not the selling is organised on a self-service basis.”*

*Exclusion: “Units mainly engaged in retailing specialised food lines are included in the appropriate classes of Group 412 Specialised Food Retailing.”*

7.7 In my opinion the proposed definition appropriately captures the range of products sold in supermarkets, and would enable accurate classification of a proposed activity. One potential difficulty with using the ANZSIC definition is the reference in class 4110 to excluded activities that would be considered as specialised food retailers, not supermarkets. Reference to those excluded activities assists with interpretation of the ANZSIC definition, and without that reference, and definition of specialised food retailing, the classification of activities would be less clear than under the notified rule. For that reason, I prefer the notified definition for use in the Proposed District Plan than the ANZSIC definition.

7.8 However, there are two matters relating to the notified definition that I consider need to be refined.

7.9 The first is that use of the word “comprehensive”. That word means “including or dealing with all or nearly all elements or aspects of something”. In my opinion a store should not need to have a comprehensive range of a particular product, or a comprehensive range of different products, in order to be considered a supermarket. Smaller supermarkets (those of say less than 1,500m<sup>2</sup>) necessarily have a much more limited range of products, and representation of brands in each product class, than a larger store, but that lack of a

---

<sup>15</sup> Australian and New Zealand Standard Industrial Classification, an industry coding framework jointly developed by Statistics New Zealand and the Australian Bureau of Statistics to categorise and define all economic activity, on which to base the publication of official government statistics, including retail sales.

comprehensive range should not exclude them from being classified as a supermarket. In my opinion some other word such as “broad” should be substituted for “comprehensive” to describe that supermarkets are expected to have a wide product range, without having to sell “nearly all” parts of that range.

- 7.10 The second matter relates to the definition of very large stores that predominantly sell food and grocery products. I have inquired of Statistics NZ as to how they would define a large hypermarket<sup>16</sup>-type store such as Costco. Costco sells primarily (indicatively 50-60%) food and grocery products, as well as a large range of other goods such as clothing, furniture and electronics. The Statistics NZ response was that Statistics NZ would indicatively classify a Costco or other store with a similar sales profile as a supermarket, because food and groceries typically make up the majority of Costco sales.
- 7.11 However, this required some thought by Statistics NZ employees, and consideration of that potential sales profile, which may not be known when assessing a consent application. Hypermarkets such as Costco are not otherwise defined in the ANZSIC framework, and have not been represented in New Zealand to date, and so do not otherwise fit well into the framework.
- 7.12 Now, with Costco entering NZ (due to open its first store in Auckland in early 2022), I recommend that the Proposed District Plan should include some specific reference to such stores which may arrive in Canterbury during the life of the Proposed District Plan. The notified definition of supermarkets could be expanded to include hypermarkets, which might otherwise try to establish in Selwyn as non-retail activities (e.g. wholesalers) so as to avoid consideration of their retail distribution effects. Alternatively, hypermarkets could be included as a separately defined retail category, and potentially with the same activity status as supermarkets..

## **8. CONCLUSION**

- 8.1 From my assessment some additional supermarket supply will be required in Selwyn within the life of the PDP. While supermarkets are excellent anchors for centres, and they should be encouraged to establish and remain in Selwyn’s town centres, it will be appropriate for some new supermarket supply to establish outside the town centres, to provide efficient access to supermarket supply, and due to space limitations in the town centres.
- 8.2 In my opinion enabling supermarkets in the LFRZ would not negatively impact on the viability and function of the Town Centre Zone, on the proviso that the notified objective and policies, and rules regarding activity statuses are retained, and assessment of adherence to those policies is required for new LFRZ requests.
- 8.3 However, If supermarkets are to be made a permitted activity in the LFRZ in Selwyn, I recommend that it would be worthwhile introducing a new policy (or policies) that seek to have new LFR zones complement town centres, rather than just avoid compromising the function, role and vitality of the Town Centre Zone. That more positive direction would, in

---

<sup>16</sup> a retail store that combines a department store and a grocery supermarket

my opinion, promote a more efficient urban form than the notified policies which do not appear to recognise either that new LFR zones may be created, or that if they are they could result in a positive contribution to how retail supply is provided to the Selwyn community.

- 8.4 I also recommend soe revision to the explanation in the LFRZ chapter, to reflect the expectation that LFRZs may in the future be established in more places than just the single location zoned in the notified PDP.
- 8.5 I conclude that the notified definition of supermarkets is appropriate, although amendments to change the word “comprehensive” for a less extensive adjective would be better. I also conclude that hypermarkets should be included as a retail category in the Proposed District Plan.

Derek Foy

21 January 2022