

Before the Commissioner appointed by
the Selwyn District Council

Under the Resource Management Act 1991

In the matter of

Resource consent application for Foodstuffs (South Island)
Properties Limited to establish and operate a PAK'nSAVE
supermarket and associated access, loading, car parking,
signage, earthworks and landscaping at 157 Levi Road,
Rolleston (RC216016)

Summary Statement of Fraser James Colegrave

2 August 2022

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lloyd.**

Summary of evidence

- 1 My name is Fraser James Colegrave.
- 2 I prepared a statement of evidence dated 18 July 2022 in relation to economics. My qualifications and experience are set out in that statement of evidence.
- 3 I repeat the confirmation given in that statement that I have read and agree to comply with the Code of Conduct for Expert Witnesses in the Environment Court.
- 4 My role in relation to the Application is to assess its likely economic effects, particularly potential adverse retail distribution effects on the Rolleston Town Centre.

Summary

- 5 Selwyn district is the fastest growing area of New Zealand, with its rapid growth projected to continue well into the foreseeable future. As the district's population grows, so too does its demand for everyday household goods and services, including food retailing. In fact, I estimated that future growth in demand could support an additional eight to 10 supermarkets in the district over the next 25 to 30 years.
- 6 To help meet this rapid demand growth, and noting that nearly half of district food retailing expenditure currently leaks out to Christchurch City, Foodstuffs proposes to develop a new PAK'nSAVE store in Rolleston to better meet local needs over time.
- 7 My assessment considered the likely economic costs and benefits of the proposed development, including comparing it to the unactioned consent to redevelop the existing New World site in the Rolleston Town Centre.
- 8 Overall, my assessment showed that the proposed development would generate significant and enduring economic benefits while avoiding any material adverse effects. This includes avoiding any potential detrimental effects on the role, function, health, and vitality of the Rolleston Town Centre.
- 9 I also note that the economic peer review by Mr Timothy Heath of Property Economics reaches the same conclusions, with us both strongly agreeing that any adverse effects will be short-lived, less than minor and acceptable.

Economic Benefits

- 10 As alluded to above, the Proposal will have many economic benefits, namely:
 - (a) Economic stimulus of store construction and operations. I estimated that construction will create full-time employment for 100 people for 2 years and

generate just over \$10 million in household incomes. Once operational, the new store will employ approximately 260 people permanently.

- (b) Support for a New Zealand owned and operated business.
- (c) Customer net benefits - every customer that frequents the new store must perceive a benefit, otherwise they would not switch from their existing store.
- (d) Benefits of increased competition - In addition to generating benefits for its own customers, the new store will also benefit the rest of the community by increasing supermarket competition overall.
- (e) In addition, the site is a close fit with exacting location criteria, which helps maximise economic efficiency in the underlying land market.

Costs and Benefits of Proposal vs Residential Development

- 11 I have considered – at a high level – the likely economic costs and benefits of the proposal relative to potential future residential uses of the site. Both would have similar on-off economic effects in terms of increased incomes, jobs, and GDP during construction, but only the supermarket will provide enduring income and employment (for about 260 locals).
- 12 This long-term increase in onsite economic activity needs to be pitted against the forfeiture of approximately 60 dwellings, which could have been developed on the site (at 15 dwellings per hectare). While that may seem like a substantial loss, and I acknowledge that it isn't trivial, it represents less than 0.5% of the additional housing capacity enabled via the numerous private plan changes dotted in and around Rolleston and the district's other main urban areas.
- 13 I also note that it is critical to ensure an ongoing balance between residential land and the various activities that support the daily needs of households, such as supermarkets. When these two interrelated land needs fall out of synch with one another, households are forced to travel further than they would do otherwise to meet daily needs.
- 14 Thus, overall, I consider the proposal to likely represent a better economic outcome for the site.

Relocating the Proposal to Izone

- 15 Some submitters consider the Proposal to be mislocated, and instead suggest that it should establish at Izone.
- 16 I disagree. The Application Site has been carefully selected after an exhaustive search by an experienced organisation already locally based with significant

expertise in supermarket site selection. Consequently, and in my view, the Application Site is an ideal location to service both existing and future residents of the District, and beyond.

- 17 Conversely, I consider Izone an inferior location for two reasons. First, it is located north of State Highway 1 (SH1) across railway tracks, while more than 70% of the District's population in 2018 lived south of there. By 2043, 80% of the District's population will live south of SH1. As a result, I consider iZone to be a relatively inconvenient and inaccessible location versus the Application Site.
- 18 Second, because some retail store types are permitted activities in Izone, the establishment of a new PAK'nSAVE store there could inadvertently act as an anchor for the creation of an unforeseen, alternative town centre. Over time, this could challenge the role, function, and pre-eminence of the Rolleston Town Centre.
- 19 Further, while I acknowledge that resource consent has been granted for a new Costco supermarket in Iport, there is no guarantee that it will proceed in a timely manner. In fact, a recent article¹ about a proposed development nearby noted that "Despite the Costco consent, the Carter Group would need to secure a deal with the American retail giant to go ahead with the project." In my experience, reaching such a deal could be a very tricky and time-consuming process.
- 20 Even if it did, there would still be a substantial need for additional supermarket supply to help stem current spending outflows, and to meet strong, ongoing growth in demand. I also note that some District residents may not want to pay for a Costco membership, which I understand is required to access its goods and services. Most importantly, ultimately the potential addition of a Costco just further enhances competition in the local supermarket sector for the benefit of households.

Conclusion

- 21 My evidence has carefully considered the likely economic impacts of the proposed supermarket, including potential adverse effects on the Rolleston Town Centre. It showed that the proposal will have a range of significant and enduring economic benefits, while avoiding any material adverse effects. Consequently, I continue to support it on economic grounds.

Fraser James Colegrave

Dated this 2nd day of August 2022

¹<https://www.stuff.co.nz/business/property/129246076/south-islands-biggest-bulk-retail-centre-planned-for-rolleston>