Before a Panel appointed by Kapiti District Council

In the Matter of the Resource Management Act 1991

And

In the Matter of the Proposed Kapiti Coast District Plan 2012

Statement of Evidence of **Bruce Waite** on behalf of Progressive Enterprises Limited

Dated: 29 August 2016

Introduction, Qualifications and Expertise

INTRODUCTION

Qualifications and experience

1. My name is Bruce Waite. I hold a Bachelor of Commerce degree (Valuation & Property Management) from Lincoln University. I am a Registered Valuer having achieved registration on 18 August 1991.

2. I have been involved in the property industry for over 25 years. During this time I have held positions including seven years as a Registered Valuer and three years as Director of Professional Services at Colliers International; Director of Eyles, McGough Hilton & Waite Limited, a valuation and consultancy practice, for six years and National Development Manager at The Warehouse for two years.

3. I have been employed by Progressive Enterprises Limited ("**Progressive**") as Property Manager for the last seven years. Since joining Progressive I have been responsible for the development of new supermarket sites, the extension and expansion of existing sites and the negotiation of leases for both new and existing sites within the current portfolio.

4. This brief of evidence is not given as expert evidence, but for and on behalf of Progressive. I am authorised to speak on Progressive's behalf.

PURPOSE AND SCOPE OF EVIDENCE

5. The purpose of this evidence is to:

   (a) Briefly outline Progressive's general strategy in respect of supermarket location, development, and redevelopment.

   (b) Confirm Progressive's approach in Kapiti, and in particular its commitment to maintaining a presence in the Coastlands "centre".

   (c) Explain the changing habits and preferences of supermarket customers, and their growing demand for conveniently located stores.

6. I have read Progressive's submission, other evidence, and the relevant parts of the section 42A Report.

EVIDENCE

Progressive's business

7. Progressive is one of New Zealand's two leading supermarket operators. We currently have 184 supermarkets in New Zealand trading under the Countdown banner and coordinate around 60 franchises trading as either Fresh Choice or Super Value. Progressive employs around 18,500 people nationwide (excluding employees of the franchise stores) making it one of the country's largest employers.

8. Over the last five years Progressive has developed over thirty Countdown supermarkets around the country, covering a diverse range of physical and legislative environments,

Centres-plus

9. Progressive generally adopts a "centres-plus" strategy in respect of its supermarket stores, the detail of which is explained in the evidence of Mr Foster.

10. Progressive has longstanding commitment to centres across the country and typically has a presence in or on the edge of every major town centre. Progressive recognises the contribution that supermarkets can make to centres. In addition, our in- (or edge of) centre stores usually meet our customer demand well and therefore perform well – so it makes good business sense to secure and maintain a presence in or on the edge of centres.

11. In terms of the "plus" component, Progressive will often look for opportunities to locate a supermarket on transport corridors. Those will usually be in addition to the in- (or edge of) centre stores. Customers look for conveniently located stores on routes they are already travelling (or where they don't have to divert far), particularly if they are just looking to "top-up" shop, rather than undertake a "main-order" shop for the week (or longer). We spend a lot of time analysing the relevant catchments to ensure that there is sufficient demand (at least in the longer term) to justify the investment in a new store.

12. The supermarket business is highly competitive. That is positive for customers. But sometimes that means we cannot always locate, or continue to locate where we might otherwise want to. A recent example of this occurred in Tawa, Wellington. Progressive operated a Countdown in the centre, but our

site was “brought out” by a competitor. That meant we couldn’t maintain a presence in that centre any more. However, we were able to secure a new site, not far from the town centre just off the motorway. The ultimate result has been positive for customers – they have greater choice, and two convenient options available to them, depending on where they are coming from or going to.

Kapiti

13. Progressive currently operates a Countdown at the Coastlands Shopping Centre, Coastlands Parade, Paraparaumu. We have had that store for over 30 years. It meets customer demands and trades well, and we want to maintain a presence in the centre into the future.

14. However, we have also been looking for opportunities to locate another store in Kapiti, for many years. Our analysis of the current and future catchments says that there is a requirement in the market for an additional Countdown store.

15. There is no need for a second Countdown in the centre; and from a business perspective, unless a centre is a very large one, it makes no sense to have two stores in a centre (we have experience with that, mostly for historical reasons).

16. Accordingly, we need the plan to provide a “fair” opportunity for us to seek consent in industrial zones, particularly along corridors. I understand discretionary activity status provides that opportunity, but non-complying status creates a significant hurdle. It presents an unnecessary risk for the business in the uncertainty of being able to secure consent for an appropriate location (if one is identified) – and is therefore a barrier to investment in the District.

17. Progressive is happy for any proposal to be thoroughly tested through a discretionary consent process.

Evolving customer demands

18. Historically, much of our trade (and supermarket trade generally) arose from “main order” shopping, whereby customers would make a main supermarket shop to get groceries for the household for the week, or possibly a longer period. They might have combined that shop with other shopping or activities in the centre (for example, their banking).

19. Increasingly, we are seeing a shift towards more “top-up” or smaller basket shopping, where customers might just pick up what they need for (say) dinner that night. That means they are after stores that are highly convenient for them – often on their route home, or only a small deviation from it.

Bruce Waite

National Property Manager

Progressive Enterprises Limited

August 2016