RESEARCH NOTE

FAST-TRACK SUPERMARKET ENTRY AND EXPANSION OMNIBUS BILL

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Executive summary

New Zealand's grocery sector is not as open as it could be, reducing potential competitive discipline on incumbents.

The Commerce Commission's recent market study noted substantial barriers to entry due to regulatory constraints as well as additional factors that could shape the competitive landscape, such as supplier dynamics, vertical integration (absence of alternative wholesale options) and land use practices.

In response, the government or the Commission could guess at the optimal market structure and force it onto the sector at risk of getting it wrong and passing on more costs onto the consumer.

This report suggests an alternative: the government should take a neutral stance towards the optimal market structure and enable a 'market process' to improve the competitive discipline of incumbents and discover a more optimal retail market structure, if there is one.

Allowing the market to discover alternatives requires removing regulatory barriers to entry for new competitors. An open market makes it feasible for new players to enter with sufficient scale and speed to be price competitive, if that entry can be profitable.

This proposal enables a de-politicised 'market discovery' mechanism by removing the most substantial barriers to entry, most importantly restrictive planning processes that can take years to navigate across multiple councils. *The Fast-track Supermarket Entry and Expansion Omnibus Bill* addresses these barriers by creating a coordinated, streamlined framework in our planning system to enable rapid establishment of new large-scale grocery retailers.

The proposed legislation creates a temporary but comprehensive pathway integrating three critical regulatory processes into a single, expedited timeline:

- **Rapid Rezoning** – A new *Competitive Streamlined Planning Process* (CSPP) allows simultaneous plan changes that rezone multiple sites across different territorial jurisdictions with no appeals beyond limited judicial review. This process preserves public input through submissions and hearings while preventing protracted procedural delays.

- **Bundled Multi-Site Consenting** – A single application can cover multiple supermarkets and distribution centres, with one expert panel decision applying across all sites. This panel must include independent economic expertise (non-council-affiliated) to ensure competition benefits are properly weighed alongside environmental considerations.

- **Coordinated Overseas Investment Clearance** – Foreign investors can secure concurrent approval for land acquisitions, with clear statutory recognition that improving grocery competition serves the national interest.

The framework limits eligibility to genuine new market entrants proposing at least 10 supermarkets plus associated logistics facilities, ensuring only serious new entrants capable of being price competitive can access this pathway. The legislation also enables vertical mixed-use development above supermarkets, maximising land use efficiency and improving project economics for entrants.

To ensure the framework is not frustrated by legacy planning constraints, the bill includes an express override of regional and district plan provisions that restrict commercial development based on centres hierarchies or retail distribution effects. Supermarket projects enabled through the CSPP cannot be declined or scaled back simply because they fall outside designated centres or may impact the vitality of existing ones. This override aligns with the government's emerging planning paradigm,

supports polycentric growth, and ensures that competition-focused developments can proceed without being constrained by outdated spatial or economic zoning frameworks.

The framework does not only respond to restrictive planning provisions. It also tackles transport-related objections that operate as a *de facto* gatekeeping mechanism. Local authorities may use *Integrated Transport Assessments* (ITAs), modelling disputes, or infrastructure funding shortfalls to delay or downsize supermarket proposals – particularly when located outside preferred centres. These objections can be used to reinforce legacy hierarchies through the back door of transport planning.

To address this, the Bill introduces a statutory override that prevents non-genuine transport objections from halting CSPP proposals. It also establishes a structured solution path for managing legitimate transport effects. Where real upgrades are needed, the framework requires territorial authorities to use existing funding tools (e.g. development contributions or targeted rates) and prohibits cost-shifting to developers where wider public benefit is at stake. This ensures that the inability or unwillingness of councils to fund upgrades is no longer a barrier to market entry.

A five-year sunset clause ensures this remains a temporary intervention with potential for extension following comprehensive review. Throughout, the bill preserves essential environmental safeguards and local government participation, while removing unnecessary procedural barriers.

CSPP offers a rules-based and competition-oriented framework that can change operative district plans. It is aligned with the Government's wider planning reform (RM Phase Three) and supports its pro-growth, polycentric urban vision. The pathway it provides is not just quicker, but also structurally enabling. It creates legal certainty, commercial viability, and network coordination for new entrants – without sacrificing safeguards.

The omnibus bill is focused on removing barriers in the planning system but could be further augmented by broader changes beyond the constraints imposed solely by the planning system (e.g. transaction costs imposed by the wider regulatory system of the retail grocery sector). The intervention could be expanded to remove red tape in several associated domains not discussed here:

- Supply of Alcohol Act 2012 (sale and alcohol licensing laws)
- Shop Trading Hours Act 1990
- Employment Relations Act 2000
- Food Standards Australia New Zealand (FSANZ) (compliance and labelling rules)[1]
- Biosecurity Act 1993 (import regulations)[2]

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[1] Labelling is relevant because it directly influences a supermarket's ability to source products internationally. For new international supermarket entrants with established supply chains from the EU or UK, the additional costs or delays associated with relabelling and product reformulation can be substantial. Given supermarkets' reliance on a diverse product offering and their purchasing networks, labelling could pose non-trivial transactional and operational friction. New Zealand and Australia maintain a joint food standards framework under Food Standards Australia New Zealand (FSANZ). EU and UK regulations and standards are also stringent and broadly comprehensive, but there can be divergences from ANZ standards. Because EU standards are broadly considered rigorous, differences primarily reflect regulatory preferences rather than safety standards, though regulatory misalignment can still prevent products that meet EU standards from automatically being permitted in NZ/Australia. We may need to consider potential recognition or streamlined acceptance of products meeting rigorous overseas standards. This could be done by way of establishing a mechanism allowing specific overseas-compliant product categories (such as packaged and shelf-stable goods) immediate or streamlined NZ market entry, subject to FSANZ recognition or exemptions. An initial list of comparable markets whose labelling could be deemed to meet New Zealand standards could include the EU, UK, Canada, Switzerland, and the United States.

[2] Biosecurity concerns are a targeted risk factor primarily relevant to supermarkets proposing substantial frozen meat imports directly from overseas markets. The issue is sector-specific rather than broadly

Whether narrow or wide sweeping, the omnibus bill would remove barriers to enable competition without imposing heavy-handed regulatory solutions, like forced divestiture or price controls. By addressing the specific and most impactful regulatory barriers identified by the Commerce Commission, the bill creates a pathway for well-capitalised domestic or international retailers to enter the New Zealand market at scale and compete where they consider it worthwhile.

If enacted, this legislation sends a strong signal to potential new entrants with potential to deliver tangible benefits to households within 18-24 months of implementation.

This bill does not require deeper structural reform but can complement it, should the Government choose to pursue structural reform. It ensures that any intervention – whether through divestiture, restructure, or regulatory action – is grounded in an environment where genuine contestability is possible. Opening up land and removing consenting barriers is a necessary step, even if the Government does not consider it a sufficient one.

But if grocery retail in New Zealand really is as profitable as some believe, making entry straightforward should draw entrants wanting a share of those profits.

systemic. While this impact is narrower than labelling, it is relevant to entrants targeting significant market share in meat retail through direct importation. We may need to consider simplifying or fast-tracking biosecurity compliance processes for supermarket-scale imports of frozen meat products. This could be done in multiple ways, such as providing MPI flexibility to expedite or streamline biosecurity assessments for retail-scale importation of meat products meeting EU veterinary standards, subject to risk assessment, and/or developing pre-clearance arrangements with trusted EU-source countries or regions.

Introduction

The *Fast-track Supermarket Entry and Expansion Bill* (the Bill) is a proposed omnibus bill with amendments to several Acts, including the *Resource Management Act 1991* (RMA), the *Fast-track Approvals Act 2024* (FTAA), and the *Kāinga Ora – Homes and Communities Act 2019*. It also links up with the recently reformed *Overseas Investment Act 2005* (OIA). The Bill may be introduced under Standing Order 267(1)(a)[3] as a single piece of legislation advancing a unified policy objective across different domains of law.

Background

New Zealand's grocery sector is less open than it could be, with regulatory barriers preventing new large-scale entrants. Current planning rules limit supermarket locations and may require proof that new stores will not 'compete too much' with existing ones. Obtaining consent through standard RMA processes can take years. Even though Overseas Investment (OI) approval for land has become easier since January 2025, its lack of visibility and the need to coordinate approvals, especially in multi-site situations, add perceived uncertainty and complexity to already significant barriers to entry, contributing to less competitive discipline in the grocery sector.

Policy Intent

Provide a high-level outline for a reform package that creates a temporary but extensible framework to facilitate rapid entry of new large-scale supermarket operators. It bundles rezoning, resource consents, and OI clearance into a single, streamlined process delivering outcomes within months, not years. The framework prioritises competition as a national interest, enabling serious new entrants to quickly build multiple stores and distribution centres.

The objectives of the proposed policy are to:

- remove planning and regulatory barriers that impede competition in grocery retail;
- improve incentives to invest and maximise value created (return on investment); and
- enable rapid entry of new grocery retailers at scale (credible threat).

Uncertainty and Market Discovery

A fundamental challenge when considering grocery reform is uncertainty about what market structure New Zealand can viably support.

Minister of Finance Nicola Willis is considering options and has signalled the possibility of structural remedies – such as forced divestiture or cooperative break-up – to address the perceived lack of effective competition. But it is hard to know the 'right' number of competitors or how they should be structured. It would be easy for regulation to increase costs to consumers. That risk is higher if entry conditions are not first improved.

Structural interventions in concentrated markets often presume that more competitors can enter and scale successfully. But that assumption is only valid if the planning, consenting, and investment environment enables new firms to test the economics of entry at scale. This assumption does not hold

[3] This is a legislative procedure enabled by Standing Orders 2023. Standing Orders are the rules of procedure for the House and its committees. Standing Order 267(1)(a) allows for the introduction of an omnibus bill, including under urgency, that amends multiple Acts where the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy. See Standing Orders of the House of Representatives (2023). *Chapter 5: Legislative Procedures*. https://www.parliament.nz/en/pb/parliamentary-rules/standing-orders/

for New Zealand. If market conditions are also not favourable, then divestiture may simply reshuffle assets between incumbents or saddle new operators with cost structures that erode competitiveness.

This proposal helps respond to the current challenge: it provides the blueprint for a market discovery mechanism. This can be done without mandating a particular market structure. Instead, it opens the field by removing regulatory bottlenecks so that new entrants can determine, through actual market participation, whether scale entry is commercially viable. The proposed framework does not preclude stronger interventions and can be complementary by maintaining the credible threat of additional entry – if international investors are not put off by the risk of further structural interventions.

Whether or not mandated structural remedies are pursued, this bill provides the minimum necessary condition for effective reform: a clear, contestable entry pathway for well-capitalised competitors. It recognises that the best way to discover the market's optimal structure is to lower the barriers and observe who chooses to enter, how, and where.

Key Features of the New Framework:

The framework expedites rezoning and consenting, streamlines multi-site approval across territorial jurisdictions, and coordinates OI consent in a single, time-bound decision. It is temporary and targeted, preserving environmental and Treaty safeguards while limiting scope to bona fide large-scale projects.

- **Fast-Track Planning Process** – It introduces a special expedited process (modelled on the RMA's *Intensification Streamlined Planning Process* and amended *Fast-Track Approvals Act 2024*) to simultaneously rezone sites and grant consents across multiple locations with no appeals beyond limited judicial review. The process can also permit buildings that integrate supermarkets at ground level with residential or commercial use above. Public input remains via submissions and hearings, without protracted appeals.
- **Integrated OI Approval** – For foreign entrants, the process concurrently addresses Overseas Investment consent. If a proposal is approved under fast-track, associated OI permission is deemed granted (barring national security issues), avoiding duplicative processes.
- **Enabling Joint Ventures** – The framework can extend to enable joint developments with public landowners, allowing supermarkets to co-locate in mixed-use housing projects on Crown land, combining underground parking, ground-floor retail, and Kāinga Ora or other residential apartments above.
- **Time-Bound with Extension Option** – The framework is initially enabled on a 5-year window, with provisions to extend if needed. This temporary nature addresses immediate need to enable greater competition in the grocery sector while allowing continuation if successful and if resource management reform is not yet operational in all areas.
- **Override of Centres-Based Planning Constraints** – The framework includes explicit legislative provisions overriding regional and district plan restrictions based on centres hierarchies, retail distribution effects, and existing centre amenity. This ensures supermarket entry projects cannot be declined, conditioned, or scaled back solely because they are located outside existing centres or may compete with incumbent retailers and their centres.
- **Transport Constraints Override and Cost-Sharing Mechanism** – The framework introduces a targeted override to prevent transport connectivity objections and unfunded infrastructure upgrade demands from being used to delay or decline projects. It distinguishes between non-genuine objections (that may mask town-centre hierarchy logic) and legitimate effects. The panel may impose conditions and trigger cost-sharing processes to manage real upgrade needs. This ensures development proceeds without compromising transport integrity.

- **Alignment with Resource Management (RM) Reforms** – Provisions are drafted against the current RMA framework but aligned with the new paradigm for urban planning, enabling the tools to be carried over into the new resource management system, if still needed.

While some elements of this framework might appear achievable through modifications to existing legislation, a piecemeal approach would fall short or would quickly reach into multiple different domains of our legislative architecture, as the proposed features above indicate. This is because the current *Fast-track Approval Act 2024* consenting regime does not meaningfully support competitive grocery market entry**,** and was not designed to – it does not:

- Operate as a planning-led rezoning vehicle for unlocking commercial land supply;
- Enable standalone, proactive rezoning across sites before specific development proposals are ready (rather, it reactively bypasses RMA processes);
- Explicitly facilitate a single, coordinated plan change process across multiple territorial jurisdictions (though it does permit projects that span multiple sites or with components in different districts);
- Benefit from pro-competition framing and legislative override of district and regional policies, or have criteria that recognise market competition or consumer benefit; and
- Explicitly align with investment pathways and provide a structured solution path for infrastructure investment to facilitate network upgrades or out of sequence development.

More fundamentally, the Fast-track process under existing planning law does not benefit from the same degree of legal certainty and remains politicised and discretionary (Minister refers and approves), reducing investor confidence:

- There is no express provision recognising market competition, consumer welfare, or retail entry as matters of national or regional significance.
- Projects must meet a general 'significant benefit' test, which focuses on things like housing, infrastructure, or environmental resilience – not economic rivalry or consumer outcomes.
- A supermarket rollout might not even qualify or may be deemed 'not strategic enough.'

For these reasons, we propose encoding provisions for a new mechanism – tailored to the unique barriers in the grocery sector – because the status quo is held together by a range of elements that reinforce each other and make it difficult for existing mechanisms to deliver the outcomes the Government seeks.

Appendix A further motivates a new planning process rather than relying on existing frameworks.

This proposal cuts through the Gordian knot by providing a coherent, purpose-built framework that fast-tracks the approval process. It is achieved not just by way of process changes, but also through a shift towards a 'rules-based approach' to decision-making that is neither politicised nor discretionary, but evidence based, and with relevant safeguards that favour value creation. This gives potential entrants confidence that investment and effort will lead to timely, credible market access.

Appendix B provides an overview of the legislative proposal for the omnibus bill.

The key elements of a new fast-track planning process, entitled the *Competitive Streamlined Planning Process* (SCPP), are outlined in five main parts:

Part 1 introduces changes to the *Resource Management Act 1991* (RMA) to extend the *Intensification Streamlined Planning Process* (ISPP) to Grocery Development.

Part 2 complements this new framework by introducing changes to the *Fast-track Approval Act 2024* (FTAA) to enable streamlined and multi-site projects consenting across territorial jurisdictions.

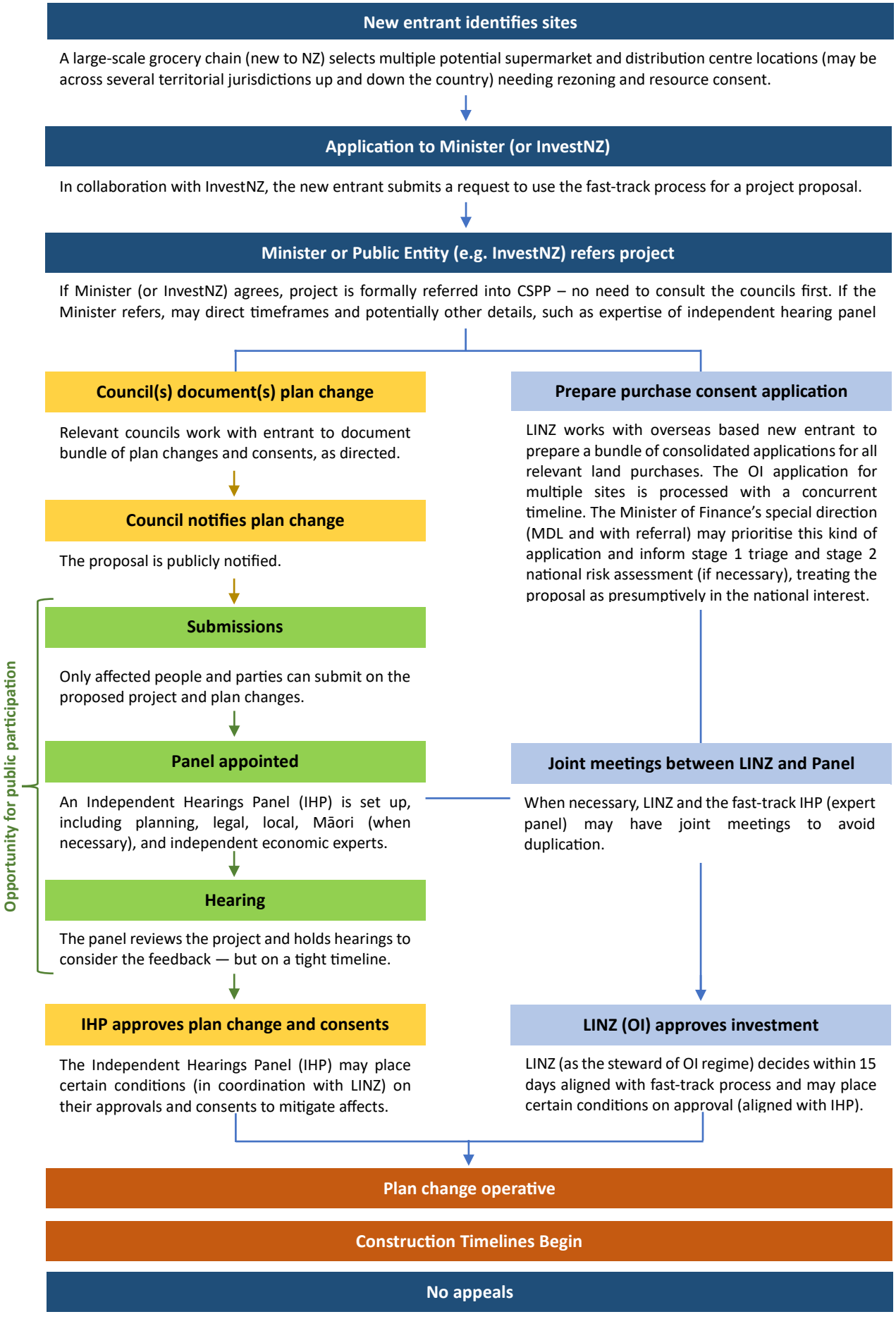
Part 3 aligns the new framework with, and fully leverages, a reformed *Overseas Investment Act 2005* (OIA) to coordinate timely overseas investment clearance with joint fast-track plan changes and consenting for multi-site projects – enabling a single, time bound decision.

Part 4 ensures that existing planning constraints based on centres hierarchies or retail distribution effects are expressly overridden, preventing decisions from being declined or conditioned on the grounds that proposed supermarkets are located outside established centres.

Part 5 introduces an override of transport-based objections and a cost-sharing framework to ensure supermarket proposals cannot be declined or delayed solely due to transport connectivity shortfalls or unfunded infrastructure, while providing a structured pathway to resolve genuine transport effects without undermining competitive entry.

Part 6 rounds up the new framework by putting in place a sunset clause to ensure it is a temporary measure, while also maintaining appropriate safeguards.

Steps in the Framework



Part 1 – Rapid Rezoning via Competitive Streamlined Planning (CSPP)

The rapid plan change and rezoning approach would make amendments to the *Resource Management Act 1991* (RMA).

Extending ISPP to Grocery Development

The new framework embraces an ISPP-like fast-track planning process for rezoning, creating a special pathway for competitive grocery entry plan changes called the *Competitive Streamlined Planning Process* (CSPP). This mirrors the RMA's Part 6 of Schedule 1 (*Intensification Streamlined Planning Process*, ISPP)[4] in structure: bundled application to the Minister for Economic Growth, who invokes the process, appoints an independent expert panel, with notification, submissions, hearing, and panel decision—all on expedited timeframes with no appeals.

The bill would amend the RMA to expand the ISPP to cover plan changes facilitating supermarket developments. This would allow territorial authorities to prepare a special 'Competitive Planning Instrument' (CPI) rezoning sites for grocery use, using the fast-track CSPP process, modelled after the ISPP of accelerated public input and independent hearing.[5] The CSPP for supermarkets would mirror the housing intensification process but focus on commercial land supply. Key amendments include:

- **Enable vertical mixed-use development above supermarkets** – this may involve granting height or density allowances beyond what the district plan ordinarily permits, as an incentive.

- **Enabling framework for joint ventures** – this could allow but not require KO or other government landowners to enter long-term leases or co-development arrangements with qualifying entrants for suitable sites and auto-qualify for the fast-track pathway to unlock land and advance housing and competition goals in tandem. Terms should be commercial and unsubsidised; development should be beneficial for both parties.

- **Remove pre-notification consultation with councils** – this is relevant before initiating the fast-track rezoning process and can be achieved through internal government consultation between Ministers and their supporting agencies, which can informally consult with councils**.**

- **Empower the Minister (or public entity) to initiate the process** – this clarifies the Minister for Economic Growth (or a relevant agency, such as InvestNZ) can proceed to invoke the special rezoning process without first obtaining agreement from, or formally consulting, the relevant district council – though they typically would do so, at least informally.

- **Expand the ISPP purpose to include pro-competitive objectives** – this serves to legitimise and guide the use of the fast-track process for improving market openness. It may involve establishing a new purpose clause for the new fast-track process to explicitly encompass competition-enhancing commercial rezoning, such as supermarkets and their associated logistics hubs.

- **Grant the Minister (or expert panel) power to extend construction deadlines on reasonable grounds** – this power could alternatively be bestowed on the fast-track expert panel or territorial authorities within limits that can be escalated to the Minister if necessary.

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4 Resource Management Act 1991. *Schedule 1 Part 6 Intensification Streamlined Planning Process*. https://www.legislation.govt.nz/act/public/1991/0069/latest/LMS634232.html

5 Ministry for the Environment (2022). *Intensified Streamlined Planning Process: A guide for territorial authorities.* https://environment.govt.nz/assets/publications/Intensification-streamlined-planning-process-A-guide-for-territorial-authorities.pdf

Annex C discusses the rationale of these amendments in greater detail.

Purpose and Effect

These amendments recognise that lack of appropriately zoned sites is a key entry barrier.[6] Through the revised ISPP mechanism, the Minister can initiate rezoning changes for multiple sites across several territorial jurisdictions in parallel with consent processing. Local plan rules restricting store size or imposing 'no competition' tests would be overridden. The CSPP plan changes will explicitly consider and welcome beneficial effects on competition in zoning decisions.

Process Details

A qualifying entrant may request the Minister or a public entity, such as InvestNZ, to direct an intensification plan change for proposed sites. After consulting (with Ministerial colleagues or agencies) the Minister (or InvestNZ) can order the council to use the CSPP. An Independent Hearings Panel considers feedback on a truncated timeline. The panel's decision bypasses the Environment Court appeal process. On approval, the district plan is deemed amended to permit development.

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[6] Ministry of Business, Innovation and Employment (2022). *Government response to the Commerce Commission's final report on the New Zealand retail grocery sector*. https://www.mbie.govt.nz/dmsdocument/21390-response-to-the-commerce-commissions-retail-grocery-sector-market-study-proactiverelease-pdf

Part 2 – Fast-track and Streamlined Consenting of Multi-Site Projects

The fast-track consenting approach proposed would make amendments to the *Fast-track Approvals Act 2024* (FTAA).

Bundled Consenting for Multi-Site Projects

Amendments allow 'bundled' applications for projects across multiple sites. The bill would amend the definition of 'project' to clarify that a single project can encompass multiple geographic sites and activities, so long as they are part of one development program. A new supermarket chain's proposal to build 10 stores (or a minimum aggregate floor area of, for example, 30,000 m^2) and any associated distribution hub(s) across multiple territorial jurisdictions can be submitted as one combined application. The expert panel would consider the network as a whole, rezoning land, consenting buildings, and approving all sites together. This avoids separate processes for each store. The Act's schedules will treat a multi-site grocery development as a single referred project.

Expert Panel Composition: Non-Council-Affiliated Economic Expertise Required

The Fast-track Act's provisions on expert panels will be amended to include an independent economist on panels reviewing retail competition projects.[7,8,9] The economist must be externally appointed by the referring Minister or associated public agency (e.g., InvestNZ), independent of council structures, and not affiliated with any implicated local council.

For grocery development projects, at least one panel member must have expertise in economics and majority-based panel decisions must include the economist. This ensures the panel weighs consumer welfare gains and market competition impacts alongside transport and environmental effects.

The inclusion of economic expertise on the panel bolsters confidence that pro-competition benefits are given due weight and help the panel craft conditions that maximise those benefits (for instance, phasing requirements for store openings to ensure timely delivery of promised competition or upgrading the transport network to maintain connectivity and manage effects). The panel's overall quorum and other requirements will remain as in the Act, but this addition broadens its skillset.

Explicit Eligibility for Pro-Competition Projects

The bill clarifies that commercial entry projects furthering national competition objectives qualify as 'projects of significant benefit.' The Fast-track Act's purpose clause and eligibility criteria (which list types of benefits) would be updated. A new clause would state that projects materially enhancing competition in markets affecting consumers nationally (such as grocery retail) are deemed to have significant economic benefits. This embeds into law the intention that facilitating a new competitor is in the national interest economically.

In practical terms, when the Minister for Economic Growth (or relevant joint ministers) assess a fast-track application, they will explicitly consider whether the project 'supports increased competition and consumer choice in an essential goods or services market.' If yes, that will strongly favour referral to an expert panel. Additionally, the Act will make clear that 'trade competition or the prospect of lower prices resulting from a project' is a positive effect to be considered, and that projects cannot be

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7 Fast-track Act 2024. *Schedule 3 Expert Panel*. https://www.legislation.govt.nz/act/public/2024/0056/latest/LMS943348.html

8 Fast-track (Accessed April, 2025). *Expert panels*. https://www.fasttrack.govt.nz/process/expert-panels.

9 RNZ (2024). *Fast Track bill changes and how it will work: What you need to know*. https://web.archive.org/web/20240826090932/https:/www.rnz.co.nz/news/political/526195/fast-track-bill-changes-and-how-it-will-work-what-you-need-to-know.

refused simply because they might adversely affect existing commercial rivals.[10] This principle aligns with the Commerce Commission's first recommendation that new grocery stores 'should not be declined based on adverse retail distribution effects on existing centres.'[11]

Threshold for Large-Scale Entrants

To ensure this pathway is used only for substantial market entrants, the bill would introduce a minimum scale threshold: Only projects proposing a network of grocery stores at scale – e.g. at least 10 new supermarkets (or a minimum aggregate floor area across a set of sites) along with any associated large distribution centre(s) – would be eligible to apply.

The exact threshold (number of stores, investment size, or geographic spread) can be adjusted by regulation, but the intent is clear: minor or piecemeal developments will not qualify. The threshold would be based on what would constitute a viable third entrant in New Zealand's market (approximately 10 stores or, for example, a minimum aggregate floor area of 30,000 m^2 for achieving economies of scale in distribution).[12] This discourages use of the fast-track by small players or one-off projects that do not meaningfully change the competitive landscape. An applicant must include a development plan that meets this minimum scale. The expert panel, when considering eligibility, could confirm the scale requirement is met.

This sets the bar higher, focusing our resources on game-changing entrants only. While existing fast-track criteria already emphasise projects of regional/national significance (Fast-track Act 2024, s. 22 (1)(a)), these changes sharpen the test for grocery projects to only those truly capable of being price competitive because they can enter at scale.[13]

Initial Restriction to New Entrants

For the initial years of the scheme, only new market entrants (i.e. companies that are not already one of the two major supermarket groups, and that do not have an existing substantial retail grocery presence in NZ) could utilise the fast-track process. The bill would define 'new grocery entrant' as an entity with less than 5% share of national grocery sales and not affiliated with incumbents. This ensures the tool serves its pro-competitive purpose rather than giving incumbent chains a shortcut. The restriction prevents perception of favouring existing incumbents and avoids saturating the system with incumbent applications.

Practically, this means if Foodstuffs (New World and PAK'nSAVE) or Woolworths NZ (Countdown) want to open new stores, they would follow standard processes, while a newcomer (e.g. an overseas chain like Tesco or Costco, or a local consortium) could apply under the fast-track. This initial restriction is time-bound (see Part 4 below) so that it doesn't permanently bar others, but is in place long enough to give any new entrant a head-start in establishment.

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[10] Ministry of Business, Innovation and Employment (2022). *Government response to the Commerce Commission's final report on the New Zealand retail grocery sector*.

[11] Commerce Commission New Zealand (2022). *Market study into the retail grocery sector: Final report (Chapter 6)*, pp. 204 and 207. https://comcom.govt.nz/__data/assets/pdf_file/0024/278403/Market-Study-into-the-retail-grocery-sector-Final-report-8-March-2022.pdf. See also Ministry of Business, Innovation and Employment (2022). *Government response to the Commerce Commission's final report on the New Zealand retail grocery sector*, p. 1 (recommendation 1F).

[12] Commerce Commission New Zealand (2022), p. 245.

[13] Fast-track Act 2024. *Section 22 Criteria for Assessing Referral Application*. https://www.legislation.govt.nz/act/public/2024/0056/latest/LMS979047.html

Single Integrated Decision

The Fast-track Act's process is modified to emphasise a unified decision across all approvals. Once a project is referred, an expert panel has 30 working days after receiving comments to make its decision. For bundled applications, the panel's decision will cover all necessary resource consents for the project's components. The 'up-or-down' approach means the entrant won't face some sites approved and others refused. The panel can work with applicants on conditions or adjustments but ultimately approves the package in its entirety or not at all. Appeals remain limited to points of law (i.e. process).

Future Extension to Existing Operators

The bill contains a review and extension provision. After two-three years, the Minister responsible must review the scheme's operation and outcomes. The review will consider market conditions, the progress of any new entrants, and whether allowing incumbent operators to also use the fast-track for their expansions would further increase competition or consumer benefits.

Based on this review, the Government may extend eligibility to existing grocery retailers through an Order in Council (a regulatory change) or introduce an amendment for Parliament to approve such a change. Any extension would still require the same scale threshold, so incumbents only use it for significant expansions.

Extension to existing supermarkets is particularly important if liberalisation does not attract new entry. Current planning rules stymie head-to-head competition. Strengthening competition between existing retailers by removing their barriers to expansion is important.

Part 3 – Coordinated Overseas Investment Clearance Aligned with Fast-track Projects

Recent Cabinet decisions (CAB-25-MIN-0013, January 2025) to reform the *Overseas Investment Act 2005* (OIA) significantly alter the context for overseas investment approval. The OIA reforms streamline screening, introduce a fast-track assessment model, and reframe the purpose of the Act to recognise the benefits of foreign investment while focusing risk management on national interest concerns.

This part of the Bill is designed to align with, and fully leverage, this reformed OI regime to facilitate coordinated and timely overseas investment clearance for qualifying grocery entry projects.

CSPP Interface with Reformed OI Regime

The bill would interface with a reformed OI regime, currently undergoing major changes to adopt a faster, risk-tiered national interest test. The benefit-to-NZ and investor character tests are being consolidated into a single, modified *National Interest Test* (NIT) – except for farmland, fishing quota, and residential housing.

The new fast-track assessment process will be informed by the Minister who can influence how *Land Information New Zealand* (LINZ) scopes the test. A *Ministerial Directive Letter* (MDL) will specify what risks (and potentially benefits) must be considered, guiding both LINZ and the Minister of Finance in making decisions.

New supermarket chains entering New Zealand often require approval for acquiring multiple sites under the OIA due to size, zoning, or adjacency to sensitive features. Under the reformed OI regime, consents will proceed through a two-stage process:

- Stage 1: A 15-working day triage by LINZ to determine if the investment poses national interest risks. If not, consent must be granted.
- Stage 2: Escalated national interest assessment, where only the Minister of Finance can decline.

This means that most decisions will now be made by LINZ, including the determination of any consents with conditions (at stage 1).

Ministerial Direction for Fast-track Investments:

The Bill proposes the Minister leverage the *Ministerial Directive Letter* (MDL) – a key legacy policy instrument retained from Section 34 of the now reformed OIA that enabled the Minister to issue a directive letter to LINZ – to explicitly state that:[14]

- Grocery-sector entry projects, including associated proposed development at the grocery site, referred under CSPP should not be escalated for national interest assessment unless there are national security risks.
- These projects are presumed not contrary to the national interest and are expected to pass stage 1 without conditions, unless specific concerns arise.

The certification mechanism now flows through the MDL and the regulator's stage 1 triage, not just a Ministerial 'special direction.' The MDL would give clearer statutory backing specifically for fast-tracked

[14] Overseas Investment Act 2005. *Section 34 Ministerial directive letter*. https://www.legislation.govt.nz/act/public/2005/0082/latest/DLM358047.html

competition projects and positions grocery-sector entry as low-risk by default, meaning such applications should typically clear Stage 1 triage without triggering further scrutiny.

To recap, under the new Stage 1 triage system, LINZ no longer applies a benefit test or substantively weighs economic upside – its role is to quickly assess whether a transaction presents any risk to the national Interest. If no such risk is identified, consent is granted automatically, because benefits are not weighed unless a risk has already triggered escalation. Should a project be escalated to Stage 2, only then may the Minister of Finance decline. However, such escalation is expected to be rare if MDL guidance is followed. This new approach makes the process less discretionary and more rules based.

When a fast-track grocery project is referred, the Minister could still certify that associated overseas investments are 'of strategic interest to New Zealand's competition and consumer objectives.' Alongside certification through the MDL, LINZ would then prioritise grocery-sector entry consent applications, coordinating with the fast-track timeline.

This does not remove LINZ's ability to impose conditions (for example, requiring the investor to actually establish the proposed stores within a timeframe). If any OI conditions are imposed (e.g. investment timeframes), they must align with those from the CSPP panel. This allows streamlined compliance and avoids duplication.

As a result, an overseas investor like Tesco or another large retailer could proceed with confidence, knowing their OI purchase consents (investment approvals) will be fast-tracked in tandem with the streamlined plan change and resource consent process.

Bundled OI Applications for Multiple Sites

In alignment with bundled RMA consenting, the OIA would be amended to allow a single application covering all relevant land purchases or leases in the project. Under current practice, acquiring 10 properties might require multiple consents. The new provisions would enable submitting one consolidated application to LINZ for all parcels and consent would apply to all land dealings as a package, including the rezoning of a small number of residential sites, saving time and allowing consideration of the overall investment.

Concurrent Timing with Consenting Process

The legislation hardwires a concurrent processing timeline, stipulating that LINZ, in administering the OI, must render its decision at the same time as the fast-track panel's decision. Their 15 working days timeframe, which is already in place, can be easily coordinated. Practically, OI officials may participate in the fast-track process as observers, with LINZ immediately notified once a project is referred. The amended OIA would include a clause requiring expeditious decisions aligned with fast-track timing. The law could also permit joint meetings between LINZ and the fast-track panel to avoid duplication.

By aligning OI's timeframe (building on recent ministerial directives to halve processing times) with the fast-track planning and consenting process, the bill maximises the likelihood that the overall 'months not years' promise is kept.[15,16] It enables simultaneous one-stop decisions, preventing situations where resource consent is obtained but OI approval lags.

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[15] Hon David Seymore (2024). *Ministerial Directive Letter to LINZ*. https://www.linz.govt.nz/system/files/2024-06/Ministerial%20Directive%20Letter%20-%206%20June%202024_0_0.pdf.

[16] Anna Crobie and Ben Paterson (2024). *New OIO Ministerial Directive Letter signals NZ open for investment, further overhaul of Act coming*. https://www.russellmcveagh.com/insights-news/new-oio-ministerial-directive-letter-signals-nz-open-for-investment-further-overhaul-of-act-coming/#:~:text=New%20OIO%20Ministerial%20Directive%20Letter,The

Conditions and Transparency

The OI decision may include conditions that dovetail with fast-track consent conditions – for instance, to invest a minimum amount in the country. The bill would enable joint or harmonised conditions: if the fast-track panel imposes conditions, the OI consent could reference compliance with those conditions rather than creating duplicates. This unified approach could be supported by a memorandum of understanding between LINZ and the fast-track office (e.g. InvestNZ). The OI process could integrate as a subordinate part of the overall approval process, covering these types of projects. It would address ownership and investment vetting while leaving the decision on land use to the panel.

Use of the MDL to guide treatment of CSPP projects must be publicly disclosed. Any escalated assessments involving CSPP projects must be reported to Parliament.

Conclusion

Rather than re-opening the OIA, this Bill ensures that the CSPP and the newly reformed OI regime work together. By bundling OI approvals and aligning them with a de-politicised, predictable, triaged, and rules-based process – that may be further ministerially supported but not frustrated – the Bill ensures overseas-backed grocery competitors can navigate land acquisition with clarity and speed.

Part 4 – Overriding Town Centre Hierarchy: Aligning CSPP with New Planning Paradigms

A major impediment to supermarket competition is the enduring influence of the town centre hierarchy paradigm embedded in New Zealand's planning system.

The Centres-based Paradigm is Deeply Entrenched in New Zealand's Planning System

Developed over decades and reinforced through successive regional and district planning instruments, the town centre hierarchy paradigm assumes that retail and commercial activities must be directed and contained within a predetermined urban hierarchy – from metropolitan down to neighbourhood centres.

This logic is operationalised through:

- **Regional Policy Statements (RPSs):** requiring district plans and consents to 'give effect to' centre-based growth (e.g., *Canterbury Regional Policy Statement* (CRPS 6.3.1),[17] *The Auckland Unitary Plan* (AUP B2.5.2),[18] and the *Greater Wellington Regional Policy Statement* (GW-RPS Policy 30)[19]).
- **District Plans:** applying zone-based controls, objectives and rules to limit out-of-centre commercial activity.
- **Floorspace thresholds:** minimum and maximum gross floor area (GFA) or tenancy caps in precinct rules to discourage large-format retail outside designated zones.
- **Assessment criteria:** inserting requirements for retail distribution or economic impact assessments, framed as amenity or vitality issues rather than trade competition.

Although the RMA (s104(3)(a)(i)) prohibits decisions based on trade competition, these instruments often achieve the same effect through indirect proxies – requiring applicants to show that their development will not undermine the 'viability' or 'vitality' of existing centres.

Inconsistency with the New Planning Paradigm

This embedded planning paradigm directly contradicts the planning model now articulated by the Minister for Housing and Infrastructure, Hon. Chris Bishop. Under the 'Going for Housing Growth' agenda and RMA Phase Three reform, the Government is shifting toward a system with stronger property rights that prioritises:

- Abundant land supply for housing and mixed-use development.
- Less discretionary, more rules-based systems that reduce delay and cost.
- Greater planning alignment with infrastructure and transport investment.
- Explicit removal of centre-protective constraints that impede supply responsiveness.

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[17] Environment Canterbury Regional Council (2013). *Canterbury Regional Policy Statement*. https://www.ecan.govt.nz/your-region/plans-strategies-and-bylaws/canterbury-regional-policy-statement

[18] Auckland Council (2016). *Auckland Unitary Plan: Regional Policy Statement - Section B2.5.2 Urban Growth and Form*. https://unitaryplan.aucklandcouncil.govt.nz/

[19] Greater Wellington (2013). *Regional Policy Statement*. https://www.gw.govt.nz/your-region/plans-policies-and-bylaws/policies/regional-policy-statement/

Although Minister Bishop has not explicitly adopted the language of 'monocentric' vs 'polycentric' cities, his policies — such as enabling urban expansion, liberalising out-of-centre development, and permitting mixed-use intensification around new transport hubs — implicitly support a polycentric model, in which multiple commercial and residential nodes are allowed to emerge and compete.

This is incompatible with the traditional RPS-based hierarchy of centres, which acts as a spatial gatekeeper — often excluding new entrants unless they locate within existing centres, even when those centres are full, fragmented, or commercially unviable.

Risks of Resistance under Current Law

Unless specifically addressed, the Competitive Streamlined Planning Process (CSPP) could be frustrated by the existing planning architecture. Council officers and expert witnesses may attempt to resist plan changes and consents by:

- Relying on operative and proposed RPSs that require protection of centre hierarchy.
- Invoking district plan objectives or zone rules that preclude large-format retail outside defined zones.
- Insisting on retail distribution impact reports or applying floorspace caps.
- Reframing competition effects as loss of urban character, amenity, or centre vibrancy.

Even with fast-track timelines, these embedded planning levers could lead to refusals, heavy conditioning, or scope-narrowing that undermines the competition objective.

The Solution: Statutory Override of the Centres-Based Planning Paradigm

To ensure CSPP operates as intended, the legislative framework must include a targeted override of the town centre hierarchy across all planning instruments – without undermining genuine environmental or interface-related concerns. This requires a combination of:

A. Purpose Statement Override

A new section should be inserted into the RMA (for example: Schedule 1, Part 6A):

"Despite anything in the Resource Management Act 1991, any national policy statement, regional policy statement, or district plan, the panel must not decline or condition a Competitive Streamlined Planning Process (CSPP) plan-change or consent application on the ground that it may adversely affect the viability, vitality, amenity, hierarchy or function of any existing centre."

This displaces the indirect use of 'retail distribution effects' and centre-based amenity concerns, while preserving the ability to assess direct environmental impacts.

B. Deeming and Override Clauses

Additional override provisions should clarify that CSPP decisions prevail over contrary plan provisions and eliminate key levers of constraint:

1. Regional and District Policy Override

"Despite sections 55, [20] 60-61-62,[21] and 75 of the RMA,[22] and any regional or district policy, a CSPP proposal must not be declined or conditioned by reference to retail distribution, centre hierarchy, or the vitality or amenity of any existing centre."

2. District Plan Consistency Override

   "A CSPP plan change or consent is deemed consistent with every operative or proposed district plan. Any objective, policy, or rule that renders the activity non-complying or discretionary solely due to its location outside an identified centre, or due to its retail scale or format, is of no effect."

3. Quantitative Rules Override

   "Any quantitative limit on gross floor area, tenancy size, supermarket number, or staging of commercial floorspace does not apply to a CSPP application."

4. Assessment Criteria Override

   "The panel must not require or have regard to any assessment of impacts on trade competition, retail distribution, or the economic performance of any existing or planned centre, but must consider the benefits of increased competition for households."

5. Narrow Amenity Scope

   "Effects on amenity, character, urban design or identity of other centres are out of scope and cannot be considered."

6. Positive Direction on Competition

   "In assessing the actual and potential effects of a CSPP project, the panel must treat enhanced competition and consumer welfare as a matter of national and economic importance."

C. Appeals Shield

A new clause should be inserted to prevent challenge via standard consistency arguments:

"No CSPP decision may be set aside on the basis that it fails to give effect to a regional policy statement or is inconsistent with a district plan provision that restricts commercial or residential development outside centres."

This clause would limit both merit-based and judicial-review challenges framed through the regional-district hierarchy.

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[20] Section 55 requires local authorities to amend their policy statements and plans to give effect to national policy statements (NPSs). It enforces the legal hierarchy that makes national direction binding. The override ensures that centre-focused directives in an NPS cannot be used to decline or constrain a CSPP proposal.

[21] Sections 60–62 of the RMA govern how regional policy statements are prepared and changed (s60), what councils must consider in doing so (s61), and what must be included in them (s62). Together, they underpin the content and legal force of regional plans — where centres hierarchy policies can be embedded – and establish binding objectives and policies that district plans must follow, often including centres-based retail strategies, which the CSPP override clause is designed to displace.

[22] See footnote 33.

Part 5 – Overriding Transport Constraints and Cost-Sharing Framework

Transport as a De Facto Gatekeeping Tool

Under current planning law, consent processing regulations (including quasi-regulation of councils) and engineering guidance, large-format supermarkets must submit an *Integrated Transport Assessment* (ITA) demonstrating how vehicle trips, accessways, car parking, pedestrian routes, and delivery docks will function, and to assess how developments will affect surrounding transport networks.[23]

In principle, this ensures that new developments do not create adverse transport effects. In practice, however, transport objections can be used as a proxy for resisting development perceived to be 'out of sequence' or located outside preferred urban centres.

This is particularly visible where councils or reviewing transport agencies argue that development is technically enabled under the *National Policy Statement on Urban Development* (NPS-UD) but 'must fund its own connectivity' as part of creating a well-functioning urban environment.[24] The logic – that development must pay for signalisation, intersection upgrades, or staged access – can be used to privilege existing centres and delay new nodes.

These objections often repackage traditional 'town centre hierarchy' concerns under the banner of integrated infrastructure planning. For example, planners may argue that development is premature or misaligned with transport investment schedules, even when effects are localised and mitigable. This creates tension with the intent of the NPS-UD and undermines the shift toward polycentric, demand-responsive development.

Although Part 4 of this proposal introduces a statutory override of explicit centres-based restrictions, similar logic can reappear through the backdoor of transport objections – especially where a development lies outside existing centres, is not in a priority funding area, or depends on unplanned intersection upgrades.

Discretionary Delay and Scope Creep

Council transport reviews can stop the processing clock (RMA s92 linking to matters identified in s88C-88F that may be excluded from the consenting time period) until an 'adequate' ITA is supplied – a discretionary standard with no clear floor. Applicants are routinely asked to:

- Supply additional modelling information, covering:

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[23] These assessments have their basis in the RMA that: covers applications for resource consents (s88); provides the consent authority with the ability to request further information (s92); places the requirement on decision makers to consider actual and potential effects on the environment, which includes transport effects (s104(1)(a)); and lists the information required in an application, including the need to identify actual or potential effects and how they are to be avoided, remedied, or mitigated (Schedule 4). These RMA provisions are interpreted through local transport codes and guidelines (e.g. Auckland Transport's *ITA Standard* and Christchurch's *Integrated Transport Framework*). For Auckland, see https://at.govt.nz/about-us/manuals-guidelines/integrated-transport-assessment-guidelines. For Christchurch, see https://www.ccc.govt.nz/assets/Documents/Consents-and-Licences/resource-consents/ITAGuidelines.pdf

[24] Ministry for the Environment (2022). *National Policy Statement on Urban Development 2020*. https://environment.govt.nz/acts-and-regulations/national-policy-statements/national-policy-statement-urban-development/

    - **Intersection-level traffic modelling** of single, isolated intersections or small networks (e.g. delays and queuing by way of *Signalised and Unsignalised Design and Research Aid*, SIDRA), or
    - **Network-wide traffic modelling** of more complex, multi-modal network areas and corridors (e.g., animated flow and multi-point impacts by way of *Visual Simulation*, VISSIM);[25]
- Recalculate trip-generation using adjusted local rates;
- Stage floorspace delivery to align with unfunded roading upgrades;
- Commit to full cost of mitigation (e.g. signalisation, footpaths) without cost-sharing.

In some cases, these demands may not be about genuine effects but serve as indirect tools to block or downsize development in disfavoured locations.

Yet in many cases, real adverse effects do arise, such as intersection overload or unsafe pedestrian conditions. In these cases, the issue is not discretionary delay but the absence of a framework to resolve it without derailing the application entirely.

A genuine solution must do both: (1) override ITA-based objections when they serve as veiled hierarchy enforcement, and (2) provide a fair, time-bound mechanism to address actual infrastructure constraints, including funding contributions where appropriate.

Enabling Development while Managing Real Effects

The CSPP framework must decisively address one of the most common and persistent barriers to supermarket entry: the use of transport objections – particularly ITA shortfalls – that delay or derail applications. Some may serve as a repackaged form of resistance to out-of-centre or out-of-sequence development, invoking infrastructure funding limitations as a veto.

While many transport effects are legitimate, some are *de facto* planning objections in disguise. The framework must differentiate clearly between:

- **Genuine effects**, such as intersection overload, unsafe vehicle-pedestrian conflict, or material congestion risks; and
- **Strategic objections**, where ITA issues are deployed to reassert centres-based development preferences or sequencing logic that contradicts the CSPP's enabling purpose.

Accordingly, this proposal introduces a two-part override mechanism: one to suppress disguised objections, and another to resolve genuine infrastructure needs in a way that does not prevent development from proceeding.

A. Override Strategic and Non-Genuine Objections

Supermarket projects under the CSPP must not be delayed, declined, or downscaled due to alleged ITA deficiencies or transport-related infrastructure gaps unless those effects are clearly and demonstrably unmitigable. In particular:

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[25] Councils (e.g. Auckland Transport or Christchurch City Council) may require SIDRA or VISSIM modelling if they believe a development will have significant traffic effects, even though neither is named in legislation or regulation. However, they are referenced in council engineering standards (e.g. Auckland Transport's Design Manual, Christchurch's ITA Guidelines) and are *de facto* required. In practice, if these models are not included or done poorly, councils can issue a RMA s92 request for more information, pausing the consent clock.

- No project may be suspended or declined solely due to funding shortfalls for transport upgrades, unless the panel is satisfied that material degradation of safety or network function will arise and cannot be addressed through standard mitigation conditions.
- Sequencing objections based on infrastructure staging plans or centre-based growth assumptions must be expressly disregarded.
- Panels must also disregard transport objections where they are merely repackaged concerns about centre viability, hierarchy disruption, or development occurring 'too soon' in unfunded areas.

To preserve this boundary, the independent economist on the CSPP panel must explicitly agree with the panel's determination on whether any transport-related effects are material enough to justify conditions or cost-sharing requirements. This ensures a pro-development and pro-competition lens is applied consistently.

B. Solve for Genuine Infrastructure Effects

Where legitimate transport capacity issues are identified – such as network saturation, safety risks, or geometric incompatibility – the CSPP panel must adopt a structured solution path to allow development to proceed while managing the impact. Critical elements are outlined in what follows.

Triggering a Cost-Sharing Response

If mitigation is required, the panel may direct a formal process of:

- **Benefit scoping** – defining who benefits from the upgrade (developer, adjacent users, community, region, or national network);
- **Cost assignment** – attributing costs proportionally to those beneficiaries; and
- **Tool selection** – identifying appropriate instruments (e.g. development contributions, targeted rates, IFF levies, or direct Crown capital, including different appropriate combinations) to implement the outcome.

Mandatory Use of Existing Council Funding Tools

Territorial authorities must not delay or deny infrastructure provision on the grounds that they cannot or prefer not to fund the necessary upgrades. Instead, they are required to use existing statutory tools to finance their share – including the use of development contributions (DCs) under s197AA and s198 of the Local Government Act (LGA) 2002,[26] and the establishment of rating areas and targeted rates under s16-s21 of the Local Government (Rating) Act 2002.[27]

However, existing statutory tools are currently linked to council balance sheets. Their use results in on-balance sheet debt, which reduces councils' borrowing headroom under Local Government Funding

[26] See LGA 2002, Part 8, Subpart 5 (s197AA-s211) for the full statutory regime governing development contributions. https://www.legislation.govt.nz/act/public/2002/0084/latest/DLM170873.html#DLM172973

[27] See Local Government (Rating) Act 2002, s16-s21, which empower territorial authorities to set rates differentially by location, use, or other factors (s16-s17), establish targeted rates for specific services or beneficiaries (s19), and define the use of rating areas as the geographic basis for applying such rates (s20-s21). https://www.legislation.govt.nz/act/public/2002/0006/latest/DLM131394.html

Agency (LGFA) covenants (although recently variable, historically capped at 250% of revenue).[28] This creates a strong incentive for councils to avoid using them, especially for growth-related infrastructure.

However, under this framework, that aversion cannot be a valid ground to prevent or stall development. Councils must proceed even if this tightens their balance sheet, because:

- Grocery-sector entry is of national economic significance, and
- It is an interim measure, recognising that off-balance-sheet infrastructure vehicles and new IFF tools are being developed under RM3 and related reforms.

Precluding Use of the NPS-UD to Shift Full Costs to Developers

Councils and agencies must not cite the NPS-UD's 'well-functioning urban environment' objective or local infrastructure strategies as justification to shift the full cost of mitigation onto developers — especially where effects are diffuse and the benefit extends beyond the applicant.

In such cases, requiring the developer to fund 100% of the cost would violate the principle of proportionality and would be likely to undermine development feasibility. This defeats the competitive entry objective and must be disallowed.

Crown Support and Future Transition to New Financing Tools

Where required, the CSPP panel may recommend a central government contribution to fund wider upgrades that exceed local capacity or deliver broader national benefit (e.g. significant regional roading or state-highway integration).

Longer-term, the CSPP anticipates that new tools (e.g. revenue bonds, value capture frameworks, and special purpose vehicles) will become operational under RM3 and the infrastructure reform workstreams initiated by the Minister for Infrastructure and Treasury, covering (ECO-24-SUB-0076, May 2024):[29]

- **Value capture**
  - Develop a sector-agnostic value capture framework;
  - Consider enhancements to existing tools (development contributions and targeted rates) and new mechanisms (which may include the use of special purpose vehicles (SPVs) and levy instruments);
  - Lead reforms to the Infrastructure Funding and Financing Act 2020 (IFF Act) to improve uptake and reduce cost;[30] and
- **Transport revenue**
  - Use of tolls and road user charges, as well as time-of-use charging;
- **Three waters funding and financing**
  - Enable new funding and financing tools (as part of *Local Water Done Well*); and
  - Reform the LGFA to broaden its ability to lend across local infrastructure investment.

Until then, councils must act using existing powers.

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[28] LGFA (2020). *Shareholders Approve Change to LGFA foundation Policy Covenant*. https://www.lgfa.co.nz/about-lgfa/news-and-market-announcements/shareholders-approve-change-lgfa-foundation-policy

[29] Cabinet Office (2024). *ECO-24-SUB-0076: Improving Infrastructure Funding and Financing*, paras 28-32, pp. 5-6. https://www.treasury.govt.nz/sites/default/files/2024-06/cabinet-paper-eco-24-sub-0076.pdf

[30] Infrastructure Funding and Financing Act (2024). https://www.legislation.govt.nz/act/public/2020/0047/latest/LMS235094.html

The Solution: Statutory Override of Non-genuine Objections and Solution Path for Genuine Effects

The proposed legislative framework requires override mechanisms for transport constraints that enable development without compromising infrastructure integrity. This ensures that funding barriers are managed, not weaponised. They also reinforce the CSPP's purpose: to create credible threat of entry through more certain and fast development. When infrastructure is needed, the question becomes how to fund it, not whether to proceed. This requires a combination of:

A. Transport-Related Grounds of Refusal Override

Insert a new clause in the CSPP schedule that states:

"Despite sections 92, 104(1)(a), 104C, or any other provision of the Resource Management Act 1991, a consent authority or hearings panel must not decline, delay, or condition an application made under the Competitive Streamlined Planning Process on the basis of transport infrastructure funding shortfalls, unless it is satisfied that the project would result in material degradation of network safety or function that cannot be mitigated through conditions."

This does four things: It overrides Section 92 powers to delay based on ITA shortfalls; it limits Section 104(1)(a) concerning environmental effects from being applied to transport funding issues unless safety-critical; it shields applicants from scope creep by way of Section 104C for restricted discretionary activities; and, finally, it more broadly modifies decision-making criteria for transport constraints.

C. Environmental Effect when Mitigated Override

Add specific CSPP override clause to RMA Section 104 to further refocus decision-making on solutions:

"When considering an application under the Competitive Streamlined Planning Process, the decision-maker must disregard any adverse effect relating to transport connectivity or infrastructure capacity where the effect can be mitigated through panel-imposed conditions or where funding arrangements are available under existing legislation."

This makes it crystal clear that effects do not justify refusal if they're fundable or conditionable.

B. NPS-UD Conditioning ('Full cost') and Veto Override

Include a clause disallowing appeals or conditioning based on NPS-UD transport principles being used to shift full cost burden onto developers, exonerating the council and community from funding duties:

"A CSPP panel must not consider or apply objectives or policies in the National Policy Statement on Urban Development 2020 that would require a developer to fully fund transport infrastructure on the basis that the development is out-of-sequence or inconsistent with integrated planning objectives."

This prohibits the use of the NPS-UD as a veto mechanism. It prevents the 'well-functioning urban environment' clause from being misused to reintroduce town-centre protection logic through transport considerations.

D. Cost-sharing and Funding Enabling Directive

Add an express clause empowering CSPP panels to:

"Direct the use of funding tools available to territorial authorities under the Local Government Act 2002 and Local Government (Rating) Act 2002, including development contributions and targeted rates, to fund necessary transport infrastructure upgrades associated with a CSPP project."

This enables the panel to impose cost-sharing and funding directives by establishing a statutory link between panel decisions and council funding mechanisms. It avoids arguments that the panel cannot ‘reach into’ council financing functions.

Part 6 – Implementation, Sunset Clause, and Safeguards

The reform outline proposes a temporary framework. The new framework could be established with an omnibus bill designed to be an expedient but temporary measure to enable potential competitors to enter the supermarket sector, therefore including a review and sunset clause.

Sunset Clause

Core fast-track provisions could cease after 5 years unless extended by Parliament. Before expiry, a comprehensive review would determine whether the special process is still needed. The review would evaluate: Has a new entrant established itself? Have consumer outcomes improved? Is the new Resource Management system adequately providing for supermarket expansion? Based on this, the Government can let provisions sunset, extend them, or incorporate effective elements into permanent law. The sunset clause ensures this is not an indefinite carve-out but a targeted, temporary measure.

Maintaining Public Confidence and Legal Durability

Even though the bill would accelerate processes, it still preserves key safeguards:

- **Environmental and Planning Safeguards***:* Fast-track consenting still requires environmental assessments. Projects must mitigate significant adverse effects. The expert panel cannot approve a project if adverse impacts 'are sufficiently significant to outweigh the purpose of the Act'.

- **Māori and Local Involvement:** Local authorities will have a nominee on the expert panel. Mana whenua also have representation or consultation rights. Iwi authorities will be invited to comment on applications, and panels must include a person with knowledge of te ao Māori when referral deems it necessary, given the nature of the proposed project. Public notification is streamlined but not eliminated – affected parties and stakeholders are invited to comment.

- **Expert-Led Decision-Making:** Decisions are made by independent expert panels, not politicians. The addition of an economist on the panel and inclusion in majority-based decisions ensures anticipated economic benefits are rigorously evaluated. Transparency of criteria means the public can see why projects are being fast-tracked.

- **Minimal Administrative Friction:** Implementation uses existing institutions and processes where possible. The nascent InvestNZ would chair and coordinate across any joint action group between relevant agencies (InvestNZ, Treasury, LINZ, MBIE, MfE, EPA, and others) as well as sponsor referred projects. The Environmental Protection Authority (EPA) would administer new applications, the Ministry for the Environment (MfE) would handle CSPP plan change directives, and LINZ would handle investment approvals with new instructions. This cooperative approach enables swift action once the law passes.

- **Swift Implementation Pathway:** Upon enactment, the Government will invite potential large-scale new entrants to come forward. A qualifying proposal can be referred to an expert panel within weeks. The implementation plan includes engaging with interested overseas retailers deterred by previous red tape. The Government will stress this as the first best 'pro-competition' intervention that may be sufficient. The government should not signal willingness to compel incumbents to divest existing stores lest it encourage potential entrants to delay entry in hope of being allowed to take premises from incumbents at a later date.

- **Legal Robustness:** The bill is legally sound, working within bounds of what Parliament can do without offending constitutional principles. It provides for judicial review on points of law,

guards Māori rights and environmental bottom lines, and ties reforms to widely recognised public interest goals. The time-limit and review provisions ensure proportionality.

Conclusion

The Fast-track Supermarket Entry and Expansion Omnibus Bill represents a targeted, time-bound solution to planning-related barriers to market openness of New Zealand's grocery sector. By streamlining planning, consenting, and investment processes, this framework addresses the primary regulatory barriers that have historically insulated existing incumbents in the grocery sector from the threat of entry, reducing pressure on competitive discipline. While maintaining essential safeguards, the proposed reforms shift the balance away from protracted procedures that advantage incumbents toward a system that welcomes new entrants who can viably enter at scale to be price competitive.

The new framework could also be expanded to include a pathway for joint ventures with Kāinga Ora or other agencies on Crown land, enabling co-located supermarket and housing developments in high-demand areas. This would not only reduce land acquisition barriers for new entrants but also support Kāinga Ora's transition to divest land—amplifying public value while accelerating grocery competition.

Importantly, the legislation includes express overrides of outdated planning instruments and practices that restrict commercial activity based on either centres hierarchies (including retail distribution effects) or transport connectivity shortfalls (including unfunded infrastructure). The Bill also provides a structured pathway to resolve genuine transport effects without undermining competitive entry. This ensures that well-designed supermarket proposals cannot be denied or delayed simply because they fall outside existing centres, may compete with established retailers, or require local authorities to invest to upgrade their transport network. The overrides align with a modern, polycentric planning approach that prioritises consumer outcomes and land use efficiency over legacy spatial models.

The bill's design recognises that enabling market entry at scale – not piecemeal development – is necessary to genuinely test the sector's market structure and to discover whether establishing a sustainable third competitor is both possible and desirable. By bundling applications across multiple sites, integrating overseas investment approvals, and enabling value-maximising vertical development, the framework makes New Zealand a more attractive proposition for serious international retailers. The sunset clause ensures this remains a temporary intervention, while the initial restriction to new entrants prevents the incumbents from capturing the process for their own expansion.

This framework does not intend to pre-empt or replace broader reforms under Phase Three of the Resource Management system. Rather, it complements and demonstrates those very principles – removing outdated complexity, focusing on material externalities, and enabling land to be put to productive use. The government's proposed resource management reforms are still years away from full operational effect. In contrast, this proposal offers the Government an early opportunity to act on a pressing consumer welfare issue while modelling the kind of reform it ultimately seeks to deliver.

Likewise, the proposal does not preclude more direct structural interventions in the grocery sector. If the Government proceeds with divestiture or restructure of existing supermarket groups, those interventions should be accompanied by a credible framework for entry and expansion. The proposed Bill not only provides a mechanism for market discovery, but it also ensures the minimum enabling conditions for any effective competition remedy are met: the disciplinary effect genuine threat of entry by competitors has on the grocery sector more generally, and on incumbents particularly.

Should Parliament enact this legislation, New Zealand could expect to see concrete progress toward a more open market of the grocery sector with enhanced competitive discipline within 18-24 months (i.e. the time required of a new entrant to undertake due diligence, prepare an application and develop the sites), which is in the interest and potential benefit to consumers, including households struggling with the cost of living, while establishing a more dynamic, resilient retail ecosystem for the future.

Appendix A – Why a New Process is Needed – The Case for CSPP over FTAA

This appendix sets out the rationale for proposing a new *Competitive Streamlined Planning Process* (CSPP) rather than relying on the existing *Fast-track Approvals Act 2024* (FTAA) framework to facilitate supermarket market entry. It outlines how the FTAA operates, how it is situated in relation to the *Resource Management Act 1991* (RMA) – what it permits, and where it falls short for the policy objective of enabling rapid, multi-site entry by new grocery retailers at scale.

Legal Architecture: How FTAA Relates to the RMA

The FTAA does not amend the RMA. Instead, it establishes an entirely separate statutory regime for referring and consenting development projects. Projects approved under the FTAA are processed independently of the RMA's plan-making and consenting mechanisms. As such:

- FTAA consents bypass district plans entirely, operating outside the zoning and policy structure of the RMA.
- There is no modification to planning instruments or precedent-setting for future development under the district plan.
- This separation reduces systemic effects and limits the FTAA's utility for enabling widespread commercial land-use change.

By contrast, CSPP is structured to amend a range of statutes, including the RMA, to enable a new planning-led process that can permanently alter operational plans and take advantage of the FTAA's consenting regime, all while integrating with the evolving urban planning framework in New Zealand.

Consent vs Rezoning – Why the Distinction Matters

While both the FTAA and CSPP frameworks allow projects that would otherwise be restricted under district plans, they operate on fundamentally different legal, economic, and strategic bases. The FTAA grants one-time consents for specific activities, while the CSPP enables permanent changes to the operative district plans through rezoning. For new grocery entrants considering market-scale rollout, this distinction is important.

Legal Form and Scope

Under the FTAA, consent is granted to a specific activity on a particular site, allowing it to breach existing planning rules. While the activity-based consent may be transferable to another operator, it is not flexible: any material change to the activity (e.g. layout, use, design, operational conditions) requires re-consenting. If a project is modified post-approval, it will most likely no longer meet the FTAA's eligibility threshold, because such changes no longer satisfy the 'significance' test.

By contrast, CSPP delivers rezoning via plan change, which creates enduring development rights attached to the land. This means:

- The district plan is formally amended;
- Landowners gain as-of-right use permissions;
- Future proposals can proceed without bespoke case-by-case approvals;
- Rights are not activity-specific, but attach more broadly enabling rights to the site;
- CSPP plan changes remain operative unless amended through a future plan review process.

Activity Conditions and Discretionary Controls

FTAA panels may place detailed conditions on consented activities, particularly when enabling non-complying development. However, the regime is still in early implementation, and there is considerable uncertainty about how panels will exercise this discretion in practice. Officials at both the Ministry for Housing and Urban Development and Ministry for the Environment have acknowledged that even internal policy staff are still forming a clear view of how panels will operationalise the balance between the FTAA's pro-development purpose (the objective) and the environmental management duties (constraints) inherited from the RMA and other statutes.

Because the FTAA does not contain override provisions, panels must navigate this tension case-by-case. Where they find effects to be adverse or insufficiently mitigated, placing conditions on the consent is one of the few tools available to them. There is currently no systematic evidence that FTAA conditions are more restrictive than those under the RMA, but the absence of override protections means applicants face a higher risk of bespoke conditions emerging late in the process, which may undermine cost certainty or staging flexibility.

By contrast, CSPP provides legislative override clauses that shield qualifying supermarket entry projects from constraints such as floorspace caps, centre-hierarchy rules, and retail distribution tests. It also requires decision-makers to treat competition and consumer benefit as matters of national importance, reducing the scope for restrictive conditions grounded in legacy planning values.

Economic Implications – Risk, Finance, and Market Signalling

FTAA consents are transactional and do not change the underlying zoning framework. This presents significant commercial downsides for large-scale entrants:

- Option value of land is limited — sites not yet consented cannot be held with confidence;
- Lenders may discount consented land relative to zoned land, increasing cost of capital;
- Re-consenting risk applies if rollout is staged or business plans evolve;
- Strategic land acquisition becomes more complex and risk-laden due to the fragility of site-level permissions.

By contrast, CSPP rezoning enables a rollout strategy across multiple sites with confidence that each site is more broadly and lawfully enabled. It reduces regulatory friction, increases land liquidity, and supports competitive bidding for sites, which in turn:

- Lowers entry barriers by enhancing legal certainty;
- Improves commercial viability by enabling capital expenditure planning;
- Raises the floor value of zoned land, signalling durable policy support.

In short, FTAA lets you build despite the plan, whereas CSPP lets you compete by changing the plan.

Market Openness Objective

Perhaps most critically, FTAA is built around project-by-project discretionary decision-making. Even with multi-site approvals (which have occurred, e.g. for bridge or infrastructure packages), each project is still treated on its own merits – without changing the underlying system that deters follow-on entry.

- There is no enduring change to how grocery development is treated under the planning system;

- There is no market signal that new entrants are welcome or that land should be allocated for competitive retail development.

CSPP, by contrast, enables structural transformation. It:

- Sends a credible policy signal that market competition is a planning priority;
- Creates replicable templates and legal precedents for other districts and developers;
- Removes the discretion that currently enables anti-competitive gatekeeping at the local level.

Specific Design Features of FTAA and Implications

Application Costs

The FTAA operates on a full cost-recovery basis, making it one of the most expensive development application processes currently in force. The Ministry for the Environment has made clear that:

- All application costs must be borne by the applicant.
- Fees increase with project complexity.
- Costs are charged both upfront and through ongoing invoicing for panel work, staff time, legal review, and other services.

The official guidance states that the base fees for FTAA projects as at 2024 are:[31]

Application Type	Base Fee (excluding GST)	Notes
Standard application	$17,250	For low to moderate complexity projects
Substantive application	$51,750	For high complexity, multi-component projects
Fast-track project variation	$5,750	For modifications to existing approvals
Additional levies	Up to $140,000+	For ongoing EPA, legal, and panel review services

The type of application envisaged under the CSPP—a coordinated, multi-site, multi-jurisdiction supermarket rollout with accompanying logistics infrastructure—would almost certainly exceed the substantive category. It could involve bespoke conditions, expert panels, hearings across several districts, and a more extensive support team. This implies a total cost well in excess of $250,000, particularly once downstream levies and billing are considered.

By contrast, the Competitive Streamlined Planning Process (CSPP) is explicitly framed as a public-interest mechanism. Grocery competition is recognised as a national economic priority and a matter of consumer welfare, similar in public importance to housing intensification. For this reason:

- CSPP applications are not subject to full cost-recovery.

[31] MfE (2025). *Fast-track approvals cost recovery process*. https://environment.govt.nz/acts-and-regulations/acts/fast-track-approvals/fast-track-approvals-process/cost-recovery/

- The Government would absorb application and panel costs, in recognition that the benefits (lower food prices, market contestability, urban efficiency) accrue broadly to households and the economy.
- CSPP is restricted to credible, well-capitalised new entrants, proposing at least 10 supermarkets and any associated logistics centre(s), thereby avoiding opportunistic or low-value applications.
- The narrow eligibility criteria and time-bound nature of the framework mean the volume of applications will remain manageable, and the fiscal exposure limited.

This fee structure is deliberately designed not to deter investment or favour incumbents through prohibitive entry costs. In a sector where margins are tight and large-scale capital deployment is required upfront, cost barriers at the application stage act as a serious disincentive, particularly for overseas or new-to-market players unfamiliar with the New Zealand system.

CSPP will instead implement a published, rules-based cost framework, drawing on principles from the RMA but exempting qualifying competition-focused projects from upfront charges. By doing so, it reinforces the Government's pro-competition stance while ensuring that only serious market entrants can access the benefit.

The temporary nature of the CSPP may also bring forward any intended entry if future planning regimes operate on a cost-recovery basis. This would normally be an undesirable and distortionary feature of a regime. However, the Minister has signalled that greater competition in grocery retail is an immediately pressing priority.

Escape Clauses (Panel Discretion to Decline)

The *Fast-track Approvals Act 2024* (FTAA) empowers independent expert panels to reject projects even after referral by Ministers. These discretionary powers – colloquially known as *escape clauses* – are grounded in Schedule 4, Clause 32 of the Act.

Under this clause, a panel must decline an application if, after considering any conditions or changes proposed by the applicant, the panel determines that:

"…the actual or potential adverse effects on the environment of allowing the activity are sufficiently significant that they outweigh the project's actual or potential regional or national benefits."

This language replaces earlier, more rigid thresholds and provides a proportionality test. The panel is not required to find a net benefit; rather, it must ensure that benefits are not outweighed by significant adverse effects, even with mitigation.

In addition, Schedule 4 introduces procedural safeguards before a final rejection:

- The panel must issue a draft decision before rejecting a project.
- The applicant must be given an opportunity to:
- Withdraw or amend components of the proposal;
- Suggest additional conditions or design changes to reduce adverse impacts.

Panels also retain authority to decline projects where:

- The activity is prohibited or involves ineligible land;
- There is a direct conflict with another consented or pending application;

- The panel cannot be satisfied that adverse effects are manageable, even with substantial modifications.

A further safeguard is contained in Schedule 4, Clause 31(4). This clause requires the panel to:

"…take into account that a provision of the Resource Management Act 1991 (such as s87A(6)) would normally require an application to be declined, but must not treat that provision as requiring the panel to decline the application…"

This clause clarifies that even where the RMA would normally require a decline (e.g. for prohibited activities), FTAA panels are not bound to decline — but must take such provisions into account. This creates a balancing exercise, not an override.

This underscores that FTAA establishes an alternative decision-making framework, distinct from the automatic triggers in RMA law – but it does not eliminate discretion. Panels still retain the ultimate authority to decline based on a public interest evaluation, not a strict statutory mandate.

By contrast, CSPP avoids these broad escape mechanisms. It uses clear statutory eligibility criteria for entry, limits the role of discretionary referral, and restricts the grounds for rejection to defined, evidence-based assessments, such as demonstrable environmental harm or infrastructure infeasibility. This shift reduces political risk and increases investor confidence that applications will succeed if they meet published standards.

Summary: Why CSPP is Needed?

The following table summarises the core structural and operational differences between the FTAA and the proposed CSPP framework, particularly in their suitability for enabling at scale grocery market entry.

Feature	FTAA	CSPP
Legal structure	Standalone Act, bypasses RMA	Embedded in and extends RMA & FTAA
Zoning impact	No plan change; one-off permission	Changes district plan, creates enduring rights
Multi-site alignment	Permits, but does not rezone	Enables coordinated rezoning across districts
OIO integration	Absent	Fully integrated, harmonised with LINZ processes
Competition framing	Not considered	Central purpose and eligibility criterion
Cost and initiation (referral confidence)	High application cost, uncertain referral (Ministerial discretion)	Low cost application (publicly funded for qualifying entrants), clear eligibility criteria for non-discretionary referral (InvestNZ)
Decision model	Ministerial discretion dominates	Minister/public entity refers, panel decides

Feature	FTAA	CSPP
Legal certainty	No overrides, leaving project proposals exposed to disingenuous objections	Statutory overrides of RMA provisions, local codes, and guidelines that disingenuously stymie development
Infrastructure	Cost-shifting onto developer to mitigate all effects, real or not	Cost-sharing framework for investments needed to manage genuine effects only

Conclusion

The CSPP is not merely an alternative consenting track; it is a targeted legislative mechanism to enable a more open grocery market by ensuring new entrants can access land and development rights at scale. Rather than making assumptions about the level of competition in the current sector, CSPP focuses on removing procedural and regulatory impediments that may prevent credible entrants from establishing a market presence.

Where the FTAA provides case-specific project approvals without modifying the underlying planning instruments, CSPP creates a pathway for coordinated plan changes that expand the range of permitted commercial activities – including supermarkets – across multiple jurisdictions. It does so without requiring wholesale reform of the planning system. Instead, CSPP acts as a surgical intervention: a time-limited, rules-based tool that inserts a new approval pathway into the current Resource Management framework, while aligning closely with the intent of RM Reform Phase Three (RM3).

Unlike the FTAA's discretionary approach, CSPP is grounded in a rules-based planning paradigm, supported by clear eligibility criteria, statutory overrides, and integrated investment approvals. These features give new market entrants predictability about cost, timing, and outcomes, making the pathway investable and credible. The approach minimises case-by-case discretion and maximises legal certainty — critical factors for securing interest from scale-capable competitors.

CSPP therefore opens the market, rather than unlocking isolated projects. It establishes the minimum enabling condition for stronger competitive discipline by ensuring that the threat of new entry is credible, timely, and scalable. Whether or not government proceeds with further interventions, the grocery sector will be more open and contestable when grounded in a system where entry is not artificially constrained. CSPP delivers that foundation.

Appendix B – Overview of Legislative Proposal

Fast-Track Supermarket Entry and Expansion Bill - Legislative Outline

Title Fast-Track Supermarket Entry and Expansion Bill

Purpose To enable the rapid and coordinated establishment of large-scale supermarket chains by creating a temporary legislative framework that integrates rezoning (plan changes), resource consenting, and Overseas Investment (OI) approvals through a single, fast-track process. The goal is to reduce entry barriers, improve market openness of the grocery sector, and enhance competitive discipline in the interest of New Zealand consumers.

Part 1: Purpose and Interpretation

Short Title This Act may be cited as the 'Fast-Track Supermarket Entry and Expansion Act 2025'.

Commencement This Act comes into force on the day after the date on which it receives the Royal assent.

Purpose The purpose of this Act is to: (a) facilitate the entry and expansion of large-scale supermarket chains to improve market openness of the retail grocery sector; (b) create a temporary framework known as the 'Competitive Streamlined Planning Process' (CSPP) that enables simultaneous rezoning, consenting, and investment approval of multiple development sites; (c) ensure approvals are issued within a tightly constrained timeframe; (d) allow vertical mixed-use developments (e.g., housing, commercial) where adverse effects are appropriately mitigated; (e) preserve key safeguards and local consultation within an expedited framework; (f) include a targeted override of the town centre hierarchy paradigm across all planning instruments to allow multiple commercial and residential nodes to emerge and compete, including supermarkets — without undermining genuine environmental or interface-related concerns; (g) align with and transition into forthcoming RMA Phase Three Planning and Environment legislation.

Interpretation Includes definitions of:

'Supermarket entry project'	Development meeting qualifying scale and purpose
'Associated logistics facility'	Distribution centres supporting the supermarket network
'Bundled application'	Single application covering multiple geographic sites
'Vertical development'	Mixed-use buildings incorporating supermarkets at ground level
'New entrant'	Entity not affiliated with existing major grocery retailers
'Minister'	The Minister for Economic Growth

Part 2: Fast-track Supermarket Entry Process

Requires amendments to the Resource Management Act 1991 and Fast-track Act 2024

Application of this Part – applies to any supermarket entry project that:

- Proposes 10 or more stores (or equivalent minimum retail space) and any associated logistics centre(s) (minimal scale threshold);
- Has national or regional economic significance;
- Is proposed by a new entrant to the grocery sector (expansion eligibility may be added later);
- Has been referred to the CSPP process by the Minister for Economic Growth.

Ministerial Referral and Initiation

- Minister for Economic Growth may refer a project to the fast-track rezoning and consenting process without prior consultation with territorial authorities.
- Minister must consult relevant colleagues (e.g. Environment, Infrastructure) and agencies that may informally consult with territorial authorities.

Streamlined Rezoning Process

- Creates a bespoke fast-track planning process (CSPP), modelled on the Intensification Streamlined Planning Process (ISPP).
- Public submissions and hearings are required.
- Final decision rests with an independent expert panel (no merit appeals; judicial review only)
- A new purpose clause authorises rezoning for competition-enhancing commercial uses.

Integrated Consenting

- Project consents (e.g., land use, subdivision) are considered as a bundle.
- Expert panel includes a member with economic expertise external to implicated councils.
- Panel decision is majority-based and must include the economist member
- Vertical development may be approved if adverse effects are mitigated, regardless of financial necessity, to incentivise entry and maximise value created

Decision Timeframes

- Combined decision on rezoning (plan change) and consents must be issued within a set timeframe (e.g., 120 working days from notification).
- Up/down decision applies to all bundled sites simultaneously across territorial jurisdictions.

Construction Timing and Extensions

- Standard lapse period (e.g., 2 years to commence construction).
- Minister or panel may grant extensions on reasonable commercial grounds (e.g., global economic volatility, force majeure).

Part 3: Partnerships with Kāinga Ora (Optional)

Requires amendments to the Kāinga Ora – Homes and Communities Act 2019

Application of this provision

- Applies to CSPP-eligible projects involving Kāinga Ora-owned or managed land.
- Kāinga Ora – or other government landowners – may offer suitable serviced land for long-term lease or joint development with qualifying new entrants. These provisions are enabling only and do not impose development obligations, but they provide a statutory backstop to facilitate joint projects where mutual interest exists.

- Applies where land is being developed, disposed of, or repurposed in areas aligned with CSPP objectives.

Fast-Track Eligibility for Joint Projects

- Supermarket and residential mixed-use projects on Kāinga Ora land are explicitly listed as eligible for CSPP referral.
- These projects qualify automatically for the new-entrant window and benefit from bundled consenting, rezoning, and investment approval.

Part 4: Overseas Investment Approval

Requires amendments to the Official Information Act 2025.

Concurrent OI Consent

- OI (administered by LINZ) must process any linked investment application in parallel.
- MoF may issue a direction letter recognising grocery competition as a national interest.

Bundled Investment Approval

- All land acquisitions or leases may be covered by a single consent.

Timing Alignment

- OI consent must be granted or declined at the latest at same time as the fast-track decision, if not earlier.

Part 5: Override of Town Centre Hierarchy Constraints

Requires amendments to the Resource Management Act 1991

Purpose Override

- The legislation includes a clause providing that, despite any provision in a national policy statement, regional policy statement, or district plan, the CSPP panel must not decline or condition an application on the grounds that the proposal may adversely affect the viability, vitality, hierarchy, or function of any existing or planned centre.

Regional and District Plan Override

- Regional or district plan provisions that limit commercial activity to designated centres or restrict GFA, format, or number of supermarkets declared to have no effect for CSPP projects.
- CSPP projects are deemed to give effect to regional policy statements and be consistent with district plans, even where they depart from centres-based policies.

Matters to Be Disregarded

- The expert panel must not request or consider retail impact assessments, economic performance projections of existing centres, or other analyses of retail distribution effects.
- Amenity and urban design effects may be considered only in relation to the CSPP site and its immediate interface with adjoining properties, but should be limited to genuine externalities, excluding subjective preferences, and should not be used as grounds to resist development.

Positive Direction

- The panel must treat enhanced competition in the grocery sector and associated consumer benefits as matters of national and economic importance.

Legal Protection

- No CSPP decision may be overturned, appealed, or judicially reviewed on the grounds that it is inconsistent with a centres hierarchy or distributional policy.

Implementation:

- New sections inserted (or a dedicated Schedule 1 Part 6A) to operationalise the override.
- Section 32 is amended to clarify that plan changes may be justified on the basis of improving market competition, regardless of centre-based inconsistency.[32]
- Section 75 is amended to prohibit the inclusion of provisions in district plans that restrict out-of-centre grocery development primarily for centre-protective reasons.[33]

Transitional Compatibility:

- These provisions are designed to carry over into any successor planning legislation arising from RMA Phase Three reforms (e.g., a future Planning Act), ensuring that competition-enabling rezoning remains valid under future policy frameworks.

Part 6: Override of Transport Constraints and Cost-Sharing Framework

Requires amendments to the Resource Management Act 1991. The proposed omnibus bill will require territorial authorities to exercise existing powers under the Local Government Act 2002 and Local Government (Rating) Act 2002 in relation to transport mitigation funding, but no amendment to those Acts is required.

Transport Objections Override

- The legislation will include an explicit override stating that CSPP proposals cannot be declined, suspended, or scaled back solely on the basis of *Integrated Transport Assessment* (ITA) shortfalls or unfunded roading upgrades, unless the panel finds that development would cause material degradation of network safety or function that cannot be mitigated.

- Strategic objections framed as infrastructure sequencing or NPS-UD 'well-functioning urban environment' claims must be disregarded where they mask centres-based opposition.

- The panel's determination on whether transport effects warrant conditions must be agreed to by the independent economist on the panel.

Genuine Effects and Structured Mitigation Pathway

- Where transport upgrades are legitimately required (e.g. signalisation, intersection widening, pedestrian safety), the panel may:
    - Scope benefits and identify beneficiaries;
    - Assign costs proportionately;
    - Impose conditions or require mitigation using existing statutory funding tools.
- The panel may recommend the use of development contributions (LGA 2002, s197AA-s211), rating areas or targeted rates (LG(R)A 2002, ss16-21), or other financing instruments as applicable.

- Councils must proceed with implementing these upgrades and may not cite debt constraints or rating impacts as a reason for inaction.

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[32] Section 32 ensures decision-makers justify changes to planning instruments on clear evidence and analysis – and assess proposals for efficiency and effectiveness in achieving the RMA's purpose.

[33] Section 75 sets out the contents of district plans — it governs how local land use rules must align with higher-level planning instruments (like regional policy statements and national direction).

Interim Use of On-Balance Sheet Tools

- The legislation will require councils to use existing tools even where this implies additional on-balance sheet debt.
- The use of council debt for CSPP-related infrastructure must not be treated as grounds to delay or decline development.
- This provision anticipates a transition to off-balance sheet tools under the RM3 framework and forthcoming reforms to the Infrastructure Funding and Financing Act 2020 (IFF Act).

Crown Contribution and Future Tools

- The panel may recommend a Crown contribution where national-significance upgrades exceed local capacity (e.g. regional roading or state highway integration).
- The legislation anticipates new tools under the 2024 infrastructure reform programme (see Cabinet Paper ECO-24-SUB-0076), including:
    - Value capture frameworks;
    - Special Purpose Vehicles (SPVs);
    - Revenue bonds and targeted levies;
    - Broadened LGFA lending flexibility.
- Until these tools are operational, mandatory use of existing funding mechanisms applies.

Part 7: Sunset, Review and Transition

Temporary Framework Sunset Clause

- Sunset clause: This Act expires 5 years after commencement unless extended by Parliament.
- Placeholder provisions allow this framework to carry forward into successor Acts with necessary modifications.

Review and Extension/Integration

- Minister must review scheme within four years and report to Parliament.
- May recommend extension or integration into the new Planning Act.

Annotations for Policy and Legal Drafter:

Purpose

- The purpose clause to be drafted is in alignment with RMA Section 5 and Section 32 guidance.[34]
- This may require clarification or express override of Sections 77O and 77I to enable vertical intensification, because these sections limit council discretion in residential and non-residential upzoning, requiring specific justification for more or less enabling rules.[35]

[34] Section 5 is about the overall purpose of the act, which is the 'sustainable management of natural and physical resources.' Section 32 sets out an obligation to evaluate the appropriateness, efficiency, and effectiveness of any proposed objective, policy, or rule – for example, by way of a Section 32 evaluation report as part of the legislative process – when amending or inserting new provisions.

[35] These sections set out rules for plan-making and upzoning, particularly under the Medium Density Residential Standards (MDRS) and other national direction. Since the CSPP introduces non-residential rezonings, possibly in residential or mixed-use zones, there could be legal tension. Section 77O sets out when more restrictive rules may be included in non-residential zones. They may only be more restrictive if there is a qualifying matter under Section 77L. It is unclear whether Section 77O also restricts councils from enabling more than the default MDRS (e.g. possibly requiring further justification for taller, denser, or

- It may also require tying the town centre hierarchy override to a positive public-interest rationale, not just a carve-out.

Process

- The process is modelled closely on ISPP (RMA Schedule 1 Part 6), but customised with competition-specific purpose clause, ensuring the fast-track process can canvass multiple sits across territorial jurisdictions.
- Note that the 'Streamlined Planning Process' (SPP) is not used due to risks of delay and litigation; the ISPP model was chosen for finality and timeliness.
- Council(s) must cooperate with and support applicant(s) in the preparation of relevant plan change documents for notification; this includes integrating applicant supplied materials

Initiation

- Anyone can apply to have a project considered for the CSPP fast-track process.
- A project may be referred to the fast-track process by InvestNZ or by the Minister for Economic Growth, if this is deemed relevant to provide further support or bespoke guidance for the fast-track process (e.g., through MDL-type clarification that would inform LINZ's stage 1 triage, or even stage 2 risk assessment in the unlikely situation this may be appropriate).
- The Ministerial referral process is adapted from Fast-track Approvals Act 2024 and COVID-19 Recovery (Fast-track Consenting) Act 2020 and may now be extended to InvestNZ.

Overseas Investment

- OI process harmonisation builds on OIA Section 34 (direction letter) and would require new provisions to enable enhancing competition to satisfy the benefit test for sensitive land and the bundling of multiple land acquisitions.

mixed-use development). Section 77I assumes planning is focused on residential intensification, not competition-oriented commercial development.

Appendix C – Rationale of Key Amendments to Enable the New Framework

Vertical Mixed-Use Development Above Supermarkets

Provision

The proposed omnibus bill would enable new entrant supermarkets to include multi-level development above the grocery store as part of fast-track approval. The bill would expressly allow buildings integrating a supermarket at ground level with additional stories of residential or commercial use above, potentially granting height or density allowances beyond local district plan limits.

Rationale

Commercial Viability and Incentives

Allowing apartment towers or offices above stores can make supermarket projects more financially feasible by providing additional revenue streams. It enables more value to be created and can improve the return on investment – making the development economics more favourable.

For example, Bertaud discusses how planners can make lucrative developments non-viable by imposing maximum floor area ratios (FAR) and/or limited number of types of units on sites, which end up being too low compared to market demand (as indicated by the price of that land). This can leave developers unable to recover the cost of investing in the land through substantial enough intensification (putting enough capital/structures on it to justify the cost of the land). In simple terms, planners often disallow developers to put the land to its best use and restrict its development in ways that stops them from being put to work, making upfront bulk investments into that land unable to pay for themselves over time.[36]

Mixed-use development also creates a built-in customer base living or working nearby. By bundling such development rights, the Government makes entering the market more attractive to competitors who might otherwise be deterred by thin grocery margins.

Housing and Urban Benefits

Beyond aiding supermarket economics, this provision yields positive housing supply. New apartments add to housing stock without consuming additional land, advancing intensification goals. It also enables single-story big-box sites to be transformed into multi-story assets that contribute to overall supply and choice in housing typology that help meet diverse urban needs.

Local Height Limit Trade-offs

Many districts have strict height limits to protect local amenity and character. Automatically overriding these could trigger public opposition. New Zealand's experience with mandating taller housing shows sudden up-zoning can be controversial. Honouring local height limits might be more politically palatable but may forfeit financial upside for entrants. The wider RMA Phase Three reforms will contribute to changing the social contract of property rights in urban centres, which naturally change over time to accommodate growth (increased urban population and density) and reduce the friction it causes by developing.[37]

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[36] Alain Bertaud (2018). *Order without design: How markets shape cities*, pp. 53-56; 82-83; 140-141.

[37] MRCagney (2019). *The costs and benefits of urban development*, pp. 14-17. https://environment.govt.nz/assets/Publications/Files/costs-and-benefits-of-urban-development-mr-cagney_0.pdf

Legislative Change

The bill would confer the fast-track panel discretionary power to approve building heights above district plan limits where necessary for economic viability or to improve return on investment as an incentive to the developer, and where adverse effects are minimal or mitigable. This approach mirrors 'qualifying matters' in the intensification context. The panel would also be able to place conditions on their approval to a plan change and consent to take into account submissions from affected parties and persons.

This change strikes a balance between commercial logic and community acceptance. It doesn't *carte blanche* override all local height restrictions but provides a pathway for additional height where justified by public interest in supermarket competition.

Partnering with Kāinga Ora: Unlocking Public Land for Competitive Entry

Provision

The omnibus bill would enable joint developments between new grocery entrants and Kāinga Ora or other government landowners, allowing supermarkets to co-locate within mixed-use housing projects on publicly owned land. These developments – such as those combining underground parking, ground-floor retail, and upper-level residential units – would qualify for the fast-track pathway, unlocking serviced urban sites while advancing both housing and competition goals. The provision is enabling only and does not impose obligations on any agency.

Rationale

Issue – The availability of serviced land in accessible locations

One of the key constraints for new grocery entrants is the availability of serviced, accessible land in high-demand areas. While the CSPP addresses zoning and consenting hurdles, land control remains a practical barrier to entry. Government landowners – including Kāinga Ora, local authorities, and Crown agency – hold strategically located parcels that, if unlocked through partnership, could reduce entry costs and enhance urban intensification outcomes.

These partnerships are not intended to redirect agency mandates. Instead, they provide a permissive legal basis for joint development where objectives align, such as leveraging underutilised land for mixed-use, high-value redevelopment with clear public benefit.

Enabling Framework for Joint Ventures

Rather than mandating action, the bill establishes a legal mechanism that allows but does not require Kāinga Ora or other public landowners to enter into long-term lease or co-development arrangements with qualifying new entrants. A supporting Cabinet directive could encourage such partnerships.

A model legislative clause might read:

"*When developing, leasing, or disposing of serviced urban land suitable for CSPP-qualifying developments, Kāinga Ora or another public landowner may offer joint development or long-term leasing opportunities to qualifying new-entrant grocery retailers.*"

This creates a platform for mutually beneficial partnerships, without prescribing specific action.

Fast Track Priority for Kāinga Ora Joint Projects

To further facilitate integration, the bill could explicitly state that mixed-use developments involving qualifying supermarket projects on publicly owned land are eligible for CSPP referral. This ensures that

such projects receive the same streamlined treatment as private-led proposals, while reinforcing alignment with the Government's broader intensification and affordability priorities.

Conclusion

Together, these provisions create optional – but valuable – pathways to unlock public land for mixed-use redevelopment that supports both supermarket competition and urban regeneration. They help de-risk large-scale entry by reducing land acquisition friction, particularly in high-cost locations. Importantly, these provisions respect the evolving role of Kāinga Ora and other public landholders by making participation contingent on alignment with their organisational mandate.

Legislative Change

A permissive Schedule provision would be included under the Kāinga Ora – Homes and Communities Act 2019 and cross-referenced in this Bill. This could be supported by a Cabinet encouraging joint ventures when there is alignment. The permissibility – rather than obligation – of these partnerships provides supports whole-of-government alignment in unlocking serviced land for competitive grocery entry.

Removing Pre-Notification Consultation with Councils

Provision

The proposed omnibus bill would remove any formal requirement during the pre-application phase to consult with local authorities before initiating the fast-track rezoning process. The Minister can proceed without first obtaining agreement from relevant district councils.

Rationale

Current Law Context

Under standard RMA procedures, local authorities preparing plan changes must undertake pre-notification consultation with certain parties, including potentially other local authorities and relevant Ministers. For example, Schedule 1 of the RMA requires councils to consult the Minister for the Environment, iwi authorities, and any other affected councils when developing a policy statement or plan change. Similar provisions operate for *Streamlined Planning* (SPP) and *Intensification Streamlined Planning* (ISPP) processes:

a) The SPP is an accelerated plan change route that typically involves the council making a request and the Minister for the Environment issuing a direction that includes consultation steps.
b) The ISSP used for housing intensification also involves councils engaging with iwi and considering other consultation during the preparation of the intensification planning instrument.

If someone else is leading a change, requirements like the ones above ensure stakeholders (including councils themselves) are consulted early.

Issue

Requiring formal pre-consultation with councils can undermine speed and certainty. Disinclined councils might delay or discourage the process, effectively gaining veto power and effective filibuster opportunity. This runs counter to the objective of a fast-track process. If we consider coordinating multiple councils for a multi-site development project, then this could span several territorial jurisdictions across the country and add significant complexity.

Conclusion

Removing pre-consultation ensures the process begins swiftly. It reflects that this is an intervention of national significance to correct regulatory outcomes that hinder market openness; councils are stakeholders but not decision-makers in this pathway. Councils will contribute through supporting the development of policy documents for plan changes, including submissions, rather than front-end consultation that could stall the process.

Legislative Change

The reform explicitly waives statutory pre-notification consultation requirements. The process can be initiated directly by the responsible Minister. Government agencies may informally liaise with council planning staff, but this is not mandatory. Councils will have opportunity to submit evidence to the panel like any other interested party, without procedural trump cards.

Ministerial (or Public Entity) Authority to Initiate Fast-Track Rezoning

Provision

The proposed omnibus bill would empower a Minister other than the Minister for the Environment – specifically, the Minister for Economic Growth (or another Minister designated by the Prime Minister) or associate public agency, such as the nascent InvestNZ – to initiate and oversee the supermarket fast-track rezoning process. The law would authorise this Minister or entity to invoke the streamlined process and appoint or convene the independent hearing panel. This may involve amending RMA provisions that currently vest such powers exclusively in the Environment Minister.

Rationale

Current Law Context

Under existing law, the Minister for the Environment is the default initiator and overseer of special planning processes. The *Streamlined Planning Process* (SPP), introduced in 2017, requires a local authority to seek approval from the Minister for the Environment to use a streamlined approach. The Minister for the Environment (or Minister of Conservation for coastal plans) is the 'responsible Minister' who can approve the request and issue a direction setting out the process.[38]

Similarly, the *Intensification Streamlined Planning Process* created in 2021 heavily involved the Environment Minister – councils were mandated to notify intensification plans, and if a council disagreed with the Independent Panel's recommendations, the Minister for the Environment became the final decision-maker on those provisions.[39] In other words, the law concentrated these planning override powers in the hands of the Environment Minister, reflecting the traditional view that such matters fall within the environmental planning portfolio.

Issue

Promoting retail competition and economic entry is not primarily an environmental matter – it is an economic development and competition policy matter. The perspective and priorities of the Minister for Economic Development/Growth or Commerce may be better aligned with the objectives of this reform (improving market openness, enhancing competitive discipline, facilitating investment) than the Environment Minister's priorities. The Environment Minister may still consider the environment and planning merits, but these considerations may not place as much weight on competition concerns.

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[38] Ministry for the Environment (2022). *About the Streamlined Planning Process.* https://environment.govt.nz/guides/streamlined-planning-process/

[39] SimpsonGrierson (2021). *Government 'levels up' housing intensification plans*. https://www.simpsongrierson.com/insights-news/legal-updates/government-levels-up-housing-intensification-plans

Conclusion

To ensure this fast-track tool is actually utilised when needed, it should sit with a Minister or relevant public entity whose mandate includes economic growth, infrastructure, or commerce and investment, as they will be more motivated to see supermarket entry hurdles removed.

To maintain confidence, it would be a requirement to consult with the Environment Minister (or Ministry for Environment) on these fast-track applications (similar to how infrastructure fast-track proposals should consult relevant ministers). It could also be required that the Economic Growth Minister (or InvestNZ) seek comments of the Environment Minister (or the Ministry for Environment) before approving a fast-track rezoning, ensuring that environmental/planning perspectives are considered. Shifting the power to refer a project into the CSPP process from a Minister to a public body would depoliticise the fast-track process and emphasise a rules-based approach.

Legislative Change

The bill would amend the RMA to allow an alternate Minister or public entity (e.g. InvestNZ) to perform key functions. For instance, it might state that for the purposes of any fast-track supermarket rezoning plan change, the 'responsible Minister' under Part 5 or Part 6 of Schedule 1 includes the Minister for Economic Growth (as nominated by the Prime Minister). This could be achieved by inserting a clause in the new fast-track provisions themselves naming that Minister as the decision-maker for referrals.

If the process is set up as a bespoke one outside the standard RMA Schedule 1, the law can directly assign the initiating role to the Minister for Economic Growth and/or Invest NZ. Additionally, if the fast-track involves referring projects to an expert consenting panel (similar to the *Fast-track Approval Act 2024*), the referral decision could be made by the Economic Growth Minister rather than Environment, even a public agency such as InvestNZ could do this. Any statutory references to the Environment Minister's powers in the context of streamlined plan changes are expanded to include or transferred to the Minister (or public entity) driving this new Competitive Streamline Planning Process (CSPP).

We have precedent for this kind of change. For example, the recent Fast-track Approvals Bill (2024) proposed the Minister for Infrastructure refer projects, though with consultation with Environment Minister on each – demonstrating that *different portfolios can indeed lead such processes*.

Extending Construction and Completion Deadlines

Provision

The bill would grant the Minister or fast-track expert panel the power to extend project implementation deadlines on reasonable commercial grounds. Each approved fast-track supermarket project would come with conditions, including a timeframe by which construction must commence (and/or be completed) to prevent approvals from sitting idle. The reform would introduce a general power to grant extensions to these lapse periods or deadlines if the proponent can demonstrate genuine constraints such as financial market volatility, supply chain disruptions, or other unforeseen delays outside their control. This ensures that approvals do not lapse unnecessarily and that worthy projects aren't derailed by external events.

Rationale

Current Law Context

Fast-track processes typically impose accelerated lapse periods on consents to ensure that only 'shovel-ready' projects benefit. For instance, under the *COVID-19 Recovery (Fast-track Consenting) Act 2020*, resource consents granted would lapse after 2 years if not given effect, compared to up to five years under standard RMA consents. This was intended to spur immediate economic activity.

Issue

There are concerns that overly short lapse periods may not suit larger or more complex projects.[40] In the context of a new supermarket entrant, the overall program might involve developing a chain of multiple stores and distribution centres, a multi-year endeavour. While each site should ideally start quickly, factors like staggered site acquisition, design, financing, and construction sequencing mean not all stores can be built simultaneously. Rigid short deadlines could force the entrant to drop some sites or rush suboptimal construction just to meet the timeframe, or risk losing the approval entirely.

The economic climate can also shift unexpectedly – e.g. a spike in inflation could drive up construction costs; global supply chain issues (as seen during the pandemic) can delay materials; or credit conditions might tighten, affecting project finance. These are 'reasonable commercial grounds' that an entrant cannot fully control. If such conditions occur, it is in the public interest to allow some flexibility so that the entrant can still deliver the supermarkets albeit on a slightly longer timeline, rather than see the project collapse. The ultimate goal – increased openness to competition in grocery retail – would be undermined if too rigid timing rules caused approvals to lapse and discouraged the investor.

Legislative Change

The omnibus bill would include a clause empowering the Minister in charge (or the fast-track panel) to extend the commencement or completion deadlines attached to a fast-track approval.

This could be framed as:

The [Minister/Panel] may, on application by the project proponent, extend any lapse date or timeframe specified in an approval granted under this Act, if satisfied that

a) the project has been delayed due to circumstances beyond the proponent's control that make it unduly difficult to meet the original timeframe; and
b) the proponent has acted in good faith and with due diligence to advance the project.

The provision may cap the length of extension (for example, an extension of up to 12 or 24 additional months) or allow successive extensions if conditions warrant, at the Minister's discretion. The proponent would likely need to apply before the original lapse date, providing evidence of the issues encountered (e.g. letters from contractors about supply delays, or economic data on lending conditions).

[40] Russell McVeagh (2024). *Fast-track consenting – less politics, more of the same?* https://www.russellmcveagh.com/insights-news/fast-track-consenting-less-politics-more-of-the-same/

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