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Inquiry into the Services Sector
New Zealand Productivity Commission
P O Box 8036
The Terrace
WELLINGTON

Dear Sir/Madam

Feedback on Interim Service Inquiry Report

Foodstuffs (NZ) Ltd is the Federation Headquarters of the Foodstuffs group of companies. This submission is made on behalf of the wider group including Foodstuffs North Island Ltd and Foodstuffs South Island Ltd.

Foodstuffs wishes to comment on just two aspects of the Commission's current enquiry as detailed below.

Q7.1 Application of ICT in Retail and Wholesale

While not directly relevant to the topic of ICT, the reports asks whether the Resource Management Act 1991 or district planning processes still pose significant barriers to retail development activity.

More often than not, Foodstuffs can complete its planned developments in the desired location, but notwithstanding that, RMA processes often contribute to substantial delays in the development process, while significantly increasing cost. In addition, there are examples where developments which have widespread community support have been stalled for years on the basis of legal challenges. Additionally, urban design requirements and other bureaucratic rules can add considerable expense to developments, with no tangible return on the additional investment.

While we believe there is an opportunity to improve the Resource Management Act, the cost and delay incurred through the resource management system is more often a consequence of the way in which it is administered rather than its legislative form. For example, council officers, will in many cases lack experience or be unwilling to exercise judgement, and, as a result, will tend to resort to process issues in order to delay decision-making. Further, councils often lack the resources needed to pursue matters through the Environment Court in a timely fashion, particularly in the context of plan changes. Actions to address these issues may help more than legislative reform, although some legislative reform is warranted.

Foodstuffs views on the Government's proposed reforms to the RMA [our response to the MFE consultation document "Improving our Resource Management System"] is appended.

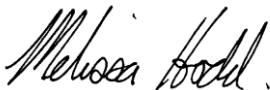
Occupational Licencing

We note that the Productivity Commission considered occupational licencing as a potential topic for in-depth study but decided to continue with the competition and ICT topics instead, observing "Scope exists to lift productivity through improvements to New Zealand's occupational licensing system; however the size and complexity of this topic make it better suited to a dedicated inquiry."

Foodstuffs supports an inquiry into occupational licencing and encourages the Productivity Commission to consider this as a topic for its next study. In particular, we believe that pharmacy ownership regulation needs to be reviewed. The New Zealand government announced its intention to de-regulate pharmacy ownership in 2002, however the proposal was later abandoned in the face of strong opposition from the pharmacists' community. Instead the Government made modest changes to the Act to encourage pharmacists to enter joint ventures with other parties. The requirement for pharmacists to maintain a 51% controlling shareholding, and limiting their ownership interests to no more than five pharmacies, undermined the intent to open up pharmacy ownership and today, more than 10 years later, there are only a handful of such joint ventures.

Foodstuffs rationale for de-regulation is outlined in our submission to the Health Select Committee on the Health Practitioners' Competency Bill 2003, which is appended for the Committee's reference.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Melissa Hodd'.

Melissa Hodd
Executive Manager