



**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** of a hearing before the Hearings Panel on Chapter 2 (Definitions) of the Queenstown Lakes Proposed District Plan (Stage 1)

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**STATEMENT OF EVIDENCE OF DAVID THOMAS BOERSEN**

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**Introduction**

- [1] My name is David Thomas Boersen. I am employed by Bunnings Limited (Bunnings) as Property and Development Manager. I have worked for Bunnings for over eight years, initially as its Development Manager, managing the acquisition and consenting processes for new Bunnings Warehouses throughout New Zealand. More recently, my leadership roles have been expanded to also manage our development, construction, property management, fitout and visual merchandise planning. I hold a Masters of Science in Geography (Hons) from the University of Auckland. I am an Associated Member of the New Zealand Planning Institute.
- [2] Prior to joining Bunnings, I worked as a planning consultant. I have nine years' experience as a planner, working for local government (in policy), and consulting to local, regional, and central government and the private sector both in policy and resource management planning fields.
- [3] I am giving this evidence as a representative of Bunnings. The purpose of my evidence is to outline the nature of Bunnings' operations and our interests in the Queenstown area. In particular, I will:
- a. provide a brief introduction to Bunnings;
  - b. introduce the Bunnings business model;
  - c. describe Bunnings' major building and trade supplier activity, Bunnings Warehouses;

- d. provide a brief comparison of those activities with traditional comparison retail activities; and
- e. address Bunnings' support for amendments to the definition of retail in the PDP to exclude building and trade suppliers.

### **About Bunnings Limited**

- [4] Bunnings operates building improvement stores or “do it yourself” centres that sell building related products to tradespeople such as builders, landscaping contractors and plumbers, as well as to the general public.
- [5] There are three basic Bunnings formats; there is the Bunnings Warehouse - which generally comprises stores with 3,000m<sup>2</sup> gross floor area or more within the main warehouse component, and the smaller format stores simply known as Bunnings. The distinction between the brandings is size-related and is usually reflected in the range of goods sold. The third format, our Trade Centres, is the most recent; which are primarily focussed on the delivery of bulk timber orders direct to site. They hold larger volumes of a more limited range of products. While still open to the public, they primarily service our commercial customers.
- [6] Bunnings has 26 Bunnings Warehouses, 20 Bunnings smaller format stores and seven Trade Centres located throughout New Zealand. Bunnings is currently actively pursuing the growth of its network of Bunnings Warehouses, Bunnings stores and Trade Centres throughout New Zealand.

### **The Bunnings business model**

- [7] The Bunnings business model seeks to bring together a wide range of trade supplies products into one place - to provide for the convenient and efficient provision of these goods to our commercial and domestic customers. This effectively creates a ‘one-stop-shop’ for building and home improvement supplies by combining the products of numerous trade suppliers into one business. We are a timber shop, a paint shop, a lighting supplies shop, a kitchen retailer/supplier, a plumbing shop, a nursery, landscape yard, and a garden supplies and garden power tools supplier all-in-one.
- [8] The growing strength of the Bunnings business formula in New Zealand (illustrated through the growth in numbers and ranges of stores) demonstrates that it is an economically efficient means of delivering trade supplies direct to market. The formula is structured around three simple “pillars”, which are all captured in the design and implementation of our Warehouses. The three pillars are lowest price, widest range, and best service. The Warehouses are essential to delivering that business formula.

[9] Bunnings delivers its "lowest price" pillar through its ability to reduce its costs, the savings from which are in turn passed on to our customers. This is delivered through simple building design, simple building fitout, and the simple and efficient internal operation of its stores. The scale of our operations also allows us to buy in bulk and pass on these discounts to our customers, whilst securing our margin through simple economies of scale.

[10] To fulfil our second pillar of "widest range", we stock a wide variety of products in each category to allow consumers to choose between lower specification ranges aimed at the domestic/DIY market or trade customers with "one-off" jobs; through to high-end ranges for commercial/industrial uses. Bunnings Warehouses have capacity to typically stock some 36,000 different product lines of trade and building supply materials. The Bunnings product range consists of a large assortment of goods that can be broadly grouped into the following categories:

- a. Outdoor timber
- b. Indoor timber
- c. Building products
- d. Builders hardware
- e. Plumbing supplies
- f. Bathroom fittings
- g. Flooring materials
- h. Tools
- i. Paint
- j. Decorating supplies
- k. Electrical fixtures and fittings
- l. Storage
- m. Drapery
- n. Plants
- o. Garden supplies
- p. Gardening tools
- q. Outdoor furniture
- r. Landscaping supplies

- [11] Whilst it is important to explain what we sell, it is equally important to set out the things we do not sell. Small kitchen appliances, electronic goods, linen, soft furnishings and other fine-grain products are not sold at Bunnings. This is for a number of reasons, including the general incompatibility of those products with our store size and layout, our customer base, and our business approach. In that way, we do not compete with, or conflict with, traditionally understood forms of comparison retail such as Briscoes, Harvey Norman, and Noel Leeming.
- [12] Finally, Bunnings' third pillar, service, extends beyond just the quality experience our team offer to our customers. It also extends to the customers' ability to easily and quickly navigate our stores and find the products they are looking for. To assist our customers in this regard we have a standardised design that we present throughout all of our stores, so that a customer who may have previously shopped in another Bunnings Warehouse can access the same or similar goods in the same areas in each new store they visit. Service also extends to the practical aspects of ease of use and access to stores, with good road access and easily navigable car parks.

### **About Bunnings Warehouses**

- [13] Bunnings Warehouses, our major building and trade supplier activity, have three traditional components– the warehouse itself, the timber trade sales area (TTS), and the nursery.
- [14] The warehouse is the largest individual element of a Bunnings store. It is this area which contains the majority of the stock on display and for sale. The timber trade sales area sits within the fabric of the building (but physically separate, or divided, from the main warehouse) and contains bulk-building supplies. This is a drive-through facility. The outdoor nursery is a semi-covered area and stocks plants, pots, mulches, fertilisers and landscaping supplies.
- [15] These three components always go together in the same specific order (TTS then Warehouse then Nursery or vice versa), and in turn merchandise arrangements within the warehouse are arranged in the same specific order. This means that our buildings can then be 'read' by the customer from left to right or right to left relative to the position of the nursery. This makes it very easy for our customers to navigate our stores and find the product they are looking for. This is particularly important for our trade customers who are not typically in a position to 'browse' the store looking for the product they are looking for.
- [16] After having selected a site of a suitable size and dimensions, orientation of the building is the first consideration. This is determined by the orientation of the site

relative to access point(s) to the site, and orientation to the sun. The access point(s) determine the position of the carpark, with the carpark being located between the road and the building. The orientation of the building platform to the sun then determines the position of the nursery. This is based on practical considerations and the requirement for plants to receive as much natural sunlight as possible. Therefore, the nursery is (where possible) always placed at the northern end of a Bunnings Warehouse. Once the position of the nursery has been determined, standard site layout is implemented. The gardening products and associated outdoor products are placed within the Warehouse immediately adjacent to the nursery. These are, in turn, followed by the predetermined range of products in specified order. The product order is again standardised across our stores, such that not only is a product found in the same position throughout our Warehouses, but the products are found in the same order within each bay of racking. This is coordinated by a centralised product/mechanise manager located in the Bunnings support centre. This means that if a product is changed, modified or deleted our store design can be continually updated across the entire network.

- [17] This leads to a very simple legible layout for our development – carparking to the front providing direct access into the store and then a very clear and simple arrangement for the layout of stock within the store.
- [18] A particular feature of the building and hardware industry, and Bunnings Warehouses in particular, is that the majority of stock is delivered directly from manufacturers to individual stores. An ability to ‘warehouse’ our goods means that we can avoid additional handling and storage costs that would be otherwise required. This necessitates the need to use the ‘Warehouse’ format stores to warehouse/store product before it is sold to customers. Each Bunnings outlet therefore needs to have capacity to store large amounts of stock awaiting sale. This stock is stored on industrial-grade Dexion racking usually only found in traditional industrial warehouses.
- [19] Stock, which is not required for immediate sale, arrives at a store on either shrink-wrapped pallets or boxes, which are placed onto pallets. Forklifts are used to position the stock on the top of shelving bays, or on upper shelves in bays, for later retrieval up to a height of up to four metres above the trading floor (which necessitates the high roof height of our stores). Our team also use specialised machines (known as ‘wave machines’) to retrieve stock required by customers from upper shelves.

[20] Overall, the effect of our designs is that the buildings are more synonymous with industrial warehousing activities, and can be easily converted to a traditional industrial / warehouse use if they are no longer required by Bunnings.

[21] As a general rule, however, sites must be situated adjacent to primary roads that are suitable for types of traffic associated with a Bunnings Warehouse, including heavy vehicle movements, or within areas that will not be affected by such traffic movements (such as industrially-zoned land). This access requirement is driven by the practical need to allow for the delivery of large bulky products by suppliers, and for our customers coming to collect those same products.

[22] Another critical design feature is the need to locate the goods receiving area immediately adjacent to the Timber Trade Sales area. This is again driven by a practical consideration, namely that the products within the timber trade sales area are the largest, heaviest, and bulkiest and, therefore, should be moved the least possible distance between the receiving area and racking for subsequent sale. In turn, the goods receiving area needs to be large enough to accommodate the large trucks that deliver our stock. The typical size and number of service vehicles are as follows:

- a. Truck and Trailers                      3-4 per day
- b. Single axle curtain side                10-14 per day
- c. Courier vans                                20-30 per day

[23] The timber trade sales (TTS) area is also laid out to allow forklifts to carry large loads on stock and place these on the racking. The TTS is also laid out to allow vehicles to manoeuvre through the area. This allows tradespersons or DIY customers to bring their vehicles into the building and load product straight onto their vehicles or trailers.

[24] The need for significant carparking, and the gross floor area that this requires, is another differentiator between our stores and traditional comparison retail outlets (who often deliver bulkier goods direct-to-customer from existing warehousing, and thus do not require the same floor area or layout).

[25] Due to the bulky nature of goods sold, the majority of our customers come to our site in a motor vehicle to assist them to carry the goods away. This means that we require sufficient parking to accommodate our customers' needs and the parking needs to be organised in a simple and easy-to-use manner. This results in large, simple and flat carparking areas in front of the building. The following table sets out size of some of our stores and their respective sites areas.

Store Name	GFA	No. Car Parks
Glenfield	11,235	257
Hamilton	12,414	283
Mt Maunganui	13,831	280
Mt Wellington	10,491	274
Palmerston North	13,578	335
Lyall Bay	9,532	189
Rotorua	12,839	272
Silverdale	11,658	232
Takanini	9,807	230
Nelson	7,701	230
Porirua	8,125	214

**Table 1: Gross Floor Area of Bunnings Warehouses and number of car parking spaces (including for team parking)**

- [26] These design principles for the layout of our Warehouses are also applied for the layout of our smaller format stores and our trade centres. Bunnings Warehouse buildings are of a clean simple design reflective of their warehousing use.
- [27] Bunnings' entrance features, such as the single entrance and exit, also reduce the operating costs by reducing the staffing levels required. The standardised design allows for the centralised rollout and allocation of stock. All these design factors and many other all contribute to Bunnings ability to lower its costs and in turn lower price of the products it sells.
- [28] It should be noted that design of Bunnings is an evolution of design. Whilst I explained earlier that a number of products are stored in bulk indoors effectively to meet their manufacturers' storage requirements (eg plaster board), we still aim to include a large amount of timber products traditionally stored outdoors. This has seen the transition of storage in outdoor timber yards to "indoor timber yards".
- [29] The design of the building I have described is akin to a standard industrial building. Should for whatever reason Bunnings choose to relocate its business, the residual building can be used for numerous industrial uses due to its highly functional design.

[30] Relevant to those considerations, and building upon my background in planning, I have identified the following relevant comparisons between Bunnings' activities and industrial (rather than purely retail) activities.

- a. Bunnings stores require a large building footprint and large parcels of flat land that are typically more easily found within industrially zoned areas;
- b. Bunnings stores' utilitarian design and function are in keeping with the types and buildings traditionally located within more industrial zones;
- c. industrial zones have reduced levels of amenity; and
- d. trade vehicles/large transport delivery trucks are common place within the roading network of an industrial area.

### **Bunnings Size and Scale comparisons**

[31] Figures 1 to 3 show the size of a standard Bunnings overlaid over a typical block within the Queenstown CBD, Gorge Road area, and commercial development adjacent to the Countdown super market. The figures show the sheer scale of a Bunnings Warehouse is both functionally distinct, and inconsistent with, traditional retailing activities that currently occur within town centres such as Queenstown. This distinction, from Bunnings' perspective, is material – it does not seek to compete (either for land use, or in terms of product range) with traditional comparison retail stores. As such, and arising out of the distinct function and design of its stores, Bunnings does not seek to locate within town centre developments such as Queenstown, where comparison retailers (such as Noel Leeming or Briscoes) may wish to locate. Bunnings' "one-stop shop" approach is fundamentally inconsistent with the approach of those stores, and the fine-grained retail and services focused hub which the Council seeks to promote (including in relation to pedestrian amenity and urban design ideals) where those stores might locate. Bunnings' operations do not rely on proximity to a town centre development that is retail-focused, and for the reasons mentioned above, seeks to avoid locating stores in those areas.

### **Conclusion**

[32] Bunnings is seeking a planning framework that allows it to have clarity of purpose and outcome if and when it looks to invest further in the Queenstown Lakes district. The proposed amendments, put forward by Ms Panther-Knight, are important to give that clarity and certainty to Bunnings, so that it can continue to be a part of (and develop its role within) the wider Queenstown Lakes community.



David Boersen  
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Bunnings Limited  
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Figure 1: Overlay of approx. two hectare site on Queenstown CBD



Figure 2: Overlay of approx. two hectare site on Gorge Road



Figure 3: Overlay of approx. two hectare site on Countdown site