

MANAWATU DISTRICT COUNCIL

IN THE MATTER of the Resource Management Act 1991
AND
IN THE MATTER Of a request for Plan Change 33 to the
Operative Manawatu District Plan
BY **THREDBO HOLDINGS LIMITED**
Requestor.

DECISION ON REQUEST FOR PLAN CHANGE 33

Introduction

1. Thredbo Holdings Limited ("Thredbo") requested the Manawatu District Council ("Council") to change the Operative Manawatu District Plan ("Plan"). The Council identified the proposed change as proposed District Plan Change 33 ("DPC 33").
2. The Council delegated to us its power to decide whether to decline the request or to approve it with or without modifications. We heard the request and submissions on it on 30th September 2009. We have decided to approve the request with modifications.

The Request

3. Thredbo is a property holding company associated with Foodstuffs (Wellington) Co-operative Society Limited ("Foodstuffs"). Foodstuffs is represented by the New World, Pak'n Save, Write Price and Four Square brands.
4. Foodstuffs has both a New World and a Write Price in Feilding. Foodstuffs wants to replace the Write Price with a Pak'n Save. Foodstuffs decided the best site available for a new Pak'n Save is on a site in the block bounded by Aorangi, Eyre, Manchester and Gladstone Streets ("the Plan Change Block") in Feilding.

5. The Plan Change Block is in the Industrial Zone in the Plan. Some retailing such as shops accessory to an industry and hardware shops are permitted in the Industrial Zone, but a new supermarket is a non-complying activity in the Industrial Zone.
6. Thredbo sought advice on planning issues from Mr Coop from Urban Perspectives Limited. Mr Coop is a qualified and very experienced resource management consultant. Mr Coop advised Thredbo that the appropriate course of action was to request a plan change to make large format retailing a permitted activity in the Plan Change Block.
7. In December 2008 Thredbo made its request for what became known as DPC 33. It requested that large format retailing, being shops with a gross floor area of at least 2,000m², be permitted activities in the Plan Change Block if they complied with standards relating to landscaping, site access and carparking. It also requested changes to the objectives, policies and explanations for both the Business and Industrial Zones to reinforce the importance of the Feilding town centre for retailing and to add provision for large format retailing in the Plan Change Block.
8. The Council requested further information from Thredbo which supplied it in the form of a letter dated 8th April 2009 from its consultants Property Economics. The Council having accepted but not adopted the request for DPC 33 then publicly notified it.

Submitters

9. Submissions were filed by 7 submitters. 6 of the submissions were unequivocally in support of DPC 33. Progressive Enterprises Limited ("Progressive"), which operates the Woolworths supermarket in Feilding, filed a submission which requested that DPC 33 be approved to the extent it is

consistent with certain outcomes stated in its submission and either amended or declined to the extent it does not do so.

10. Kiwi Property Holdings Limited was the only submitter which appeared at the hearing. It supported DPC 33.

The Council's Reports

11. The Council engaged 3 consultants to prepare reports which were circulated prior to the hearing. The consultants were Ms Manderson a resource management consultant at Opus Consultants, Mr Wise a specialist economist/business analyst at Opus Consultants and Mr Connolly a traffic engineer employed by the Palmerston North City Council. In essence they all supported the concept of large format retailing being a permitted activity in the Plan Change Block if it complied with specified standards, but Ms Manderson in particular recommended modifications to the wording of DPC 33.

The Hearing.

12. Mr Beatson appeared as counsel for Thredbo. He called 3 witnesses; Messrs Lash, Coop and Heath.
13. Mr Lash, a property manager for Foodstuffs, gave evidence on a range of matters including site availability and the suitability of the Plan Change Block for large format retailing. He said the Plan Change Block is a logical extension of the CBD; it has excellent pedestrian linkages with the CBD, it will not detract from the heritage character of the CBD, large format retailing is already establishing in the block, it is the closest practical extension of the CBD and there are no physical barriers between it and the CBD.
14. Mr Lash said Pak'n Save is a budget supermarket which sells items as cheaply as possible whereas New World and Woolworths have a larger range of merchandise and a higher standard of fit-out. Write Price stores are smaller

budget shops. He said Feilding with its New World, Woolworths and Write Price stores has a lot of full service supermarkets but limited budget supermarkets. Consequently many Feilding residents seeking budget supermarkets go to them in Palmerston North. This loss of spending power in Feilding is known as "leakage". The distance from Feilding to Palmerston North is about 22 kilometres and this is a barrier for Feilding residents who want to shop at budget supermarkets. In particular it is a barrier for those who do not have cars and for those who wish to shop more than once a week.

15. Mr Heath is a property consultant and retail analyst with Property Economics Limited. Mr Heath said the total supermarket spend for the Feilding area in 2008 was in the order of \$88m. The current level of leakage of supermarket spending out of the catchment is about \$10m per annum. In his opinion, if a Pak'n Save replaces the existing Write Price the \$10m pa leakage will be almost entirely captured in net terms. By "net terms" he means that although as Mr Wise pointed out some Feilding residents who work in Palmerston North will continue to do their supermarket shopping there, a new Pak'n Save will attract shoppers from outside Feilding so the net effect will be to capture all the leakage.
16. Mr Heath said closure of the Write Price which has revenue of \$23.5m pa when Pak'n Save opens and capture of the leakage of \$10m means there will be \$33.5m pa in 2008 revenues available from those sources for the Woolworths, New World and Pak'n Save in Feilding. He said the overall result will be stronger supermarket shopping available in Feilding.
17. Mr Heath told us the flow on effect from increased supermarket shopping will in turn strengthen shopping in the Feilding CBD because many people combine a trip to a supermarket with trips to other shops. This will promote sustainable management of the Feilding CBD.

18. Mr Heath stated that DPC 33 will not affect adversely the supply of industrial land in Feilding. Research indicates there is 161ha of industrial zoned land in Feilding and approximately half of it is vacant or exceedingly underutilised. Thus there is an ample supply of industrial land and using the Plan Change Block for large format retailing will make more productive use of it which will benefit Feilding's CBD, its economy and the community.
19. Mr Coop prepared the comprehensive request for DPC 33 and in general terms he was agreeable to the modifications recommended by Ms Manderson.
20. Ms Hancock, a resource management consultant retained by Kiwi Property Holdings Limited, gave evidence in support of DPC 33.
21. Since all the parties present at the hearing supported DPC 33 the hearing was adjourned for a short time to allow them to confer on the wording of the plan change. Those who appeared for Thredbo and the 3 consultants engaged by the Council did so. They agreed on the wording set out in the Appendix hereto. Thus the terms of this wording for DPC 33 is supported by the witnesses for Thredbo and the Council and agreed to by Thredbo.

Evaluation

22. All the evidence we heard supported DPC 33. The submissions all supported DPC 33, except to the extent that the submission by Progressive Enterprises Limited was equivocal.
23. We conclude that DPC 33 will promote sustainable management of Feilding's resources by making provision for large format retailing in a suitable location where it will be complementary to the CBD, by making budget supermarket shopping more readily available for its residents, by strengthening retailing in Feilding generally including in its CBD as a result of the flow-on effect from

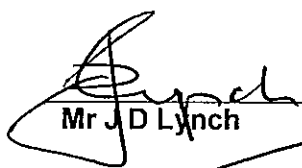
people shopping at large format stores and by increasing the economic wellbeing of its community generally.

24. We conclude that DPC 33 will not have an adverse effect on the availability of industrial land in Feilding and it will promote sustainable management of Feilding's land resource by allowing better use to be made of the Plan Change Block.
25. The only real issue was the wording of DPC 33 and that was finally agreed. We accept the evidence of the witnesses who so agreed that DPC 33 as set out in the Appendix is appropriate.


Decision

26. Our decision is to approve the request for a plan change but with modifications. The terms of the approved DPC 33 are as set out in the Appendix hereto. The amendments are in italics. The result will be that in the Plan Change Block shops which have a gross floor area of at least 2,000m² will be permitted activities if they comply with standards in respect of landscaping, site access and carparking.

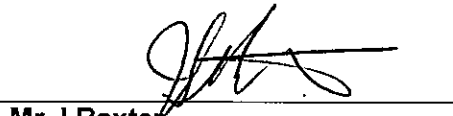
DATED this 12th day of October 2009.


Mr J D Lynch


Mr M Bell



Mr J Salmon



Mr J Baxter

APPENDIX

APPROVED DPC 33

Plan Strategy, Managing Land Use Effects, 4.6 Business Zone; include a new Objective and add to the Explanation;

Objective LU17A: To accommodate retail activities which would be enabling for the communities of Feilding and its wider environs so as to reinforce the function of the Feilding Town Centre.

Add to the Explanation:

The Council's strategy is to proactively provide the opportunity for large format vehicle orientated retail activities to be established adjacent to the Town Centre (as opposed to more outlying sites) so that the benefits associated with large format retailing can be obtained while avoiding or mitigating any adverse effects. The block bounded by Aorangi, Eyre, Manchester and Gladstone Streets is adjacent to the Town Centre and is transition as traditional industrial and warehouse activities have vacated. Parts of the block have already been developed for "Town Centre" purposes. Accordingly, the Council considers that the block is suitable for large format, vehicle orientated retail activity.

Plan Strategy, Managing Land Use Effects, 4.7 Industrial Zone add a new Objective, new Policies and add to the Explanation:

Objective LU 19A: To facilitate the accommodation of large format, vehicle oriented retail activities adjacent to the Feilding Town Centre.

Policy 1: To enable retail and commercial development in a manner that reinforces and extends the Feilding Town Centre.

Policy 2: To enable large format vehicle orientated retail activities to establish in the block bounded by Aorangi, Eyre, Manchester and Gladstone Streets.

Explanation: There is increasing demand for and a shortage of supply of sites that can accommodate large format, vehicle orientated retail activities.

The block bounded by Aorangi, Eyre, Manchester and Gladstone Streets is in transition because most of the traditional industrial and warehouse activities have ceased. The block is adjacent to the Town Centre and is suitable for large format vehicle oriented retail activities. The block is able to accommodate significant on

site parking, and it is adjacent to a road network that can accommodate the traffic flows likely to be generated. Also the block does not contain any heritage buildings. Large format retail activity is required to be a minimum of 2000m²gfa to avoid potential "dilution" of the existing Town Centre.

Standards regarding traffic access are specified in Rule B5 5.3.3. It is likely that the appropriate mitigation to give effect to this standard for developments that generate significant traffic volumes from the Aorangi, Eyre, Manchester and Gladstone Street block onto SH 54 (Aorangi) would be in the form of turning lanes. Funding for such mitigation measures would potentially be sourced from the CBD Development Plan, as well as from appropriate Development contributions.

While the block bounded by Aorangi, Eyre, Manchester and Gladstone Street is suitable for large format vehicle orientated retail activities, recognition is given to the importance of convenient pedestrian facilities. Foot traffic can contribute to the vibrancy of Town Centres, given the proximity to the Town Centre a high standard of contiguous pedestrian facilities are encouraged to give effect to policy g.

Rule B5 Industrial Zone; Add a new Rule and Standards:

Rule 5.1.1

- xvii) *Shops within the block bounded by Aorangi, Eyre, Manchester and Gladstone Streets provided that the gross floor area of any shop shall not be less than 2000m².*

Rule 5.3.1 C) Landscaping

- iv) *Within the block bounded by Aorangi, Eyre, Manchester and Gladstone Streets, site frontages of activities not occupied by site access shall be landscaped and maintained to a depth of 2m.*

Rule 5.3.1 K)

- iii) *Vehicle access to sites from SH 54/Aorangi Street, between Gladstone St and Eyre Street, shall be left turn in, left turn out only.*

Rule A2, Rules Applying Throughout the District, 2.4.5 Parking Standards For Permitted and Controlled Activities in All Zones; Add a new standard;

Large format retail activity exceeding 2,000m² gross floor area – 1 car park per 25m² gross floor area.