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Draft Centres Policy - City of Sydney submission

I refer to the Draft Centres Policy: Planning for Retail and Commercial Development, which was recently released for public comment. Please find attached a copy of the City's submission.

The NSW planning framework is an area of strategic and operational importance to the City of Sydney. The City has a number of key concerns with the Draft Centres Policy, particularly as it is intended to be incorporated as part of the State Government's planning framework and strategic direction.

The "draft policy" is a discussion paper seeking to answer a significant number of questions relating to centres, centres hierarchy, out-of-centre retail development and mainstreet development. The draft policy fails to provide a typology or strategy for centres and is inconsistent with existing State Government policies including the Metropolitan Strategy and Sub-regional Strategies.

The draft policy over-emphasises retail as the defining characteristic of centres. Sustainable centres, and particularly higher-order centres, are also defined by the range of services they provide that go beyond the traditional concept of "retail". A sustainable centre contributes to the economic viability of a wider region and includes social, cultural, recreation and environmental attributes where people can easily gain access to places of work, leisure, social and recreation facilities.

The draft policy fails to comprehensively address the economic processes operating within cities that can simultaneously impede and enhance centres' growth. This includes addressing the benefits of linked activities, clusters that are tied to innovation and productivity, or an understanding of supply chains and spatial input-output connections. Planning policies can actively impact on these issues and should not merely be reduced to accommodating "the Market". Doing so can leave local economies prone to predatory competition or a failure to achieve employment targets as set by the Metropolitan Strategy.



The relationship between market driven and government investment in infrastructure needs to be addressed. The development of sustainable centres must be coupled with adequate plans for infrastructure. For example, the Green Square Town Centre is supported by an infrastructure strategy for the provision of open space, roads and a transport corridor. Any Centres Policy should be supported by a centres infrastructure plan and must not operate outside of the full planning framework.

The City contends that the draft policy should be reconsidered in light of the comments received through this consultation process and again placed on public exhibition.

If you would like to speak to a Council officer about any aspect of the City's submission, please contact Karen Wang, Specialist Planner on ph 9265 9774 or email kwang@cityofsydney.nsw.gov.au or Jane Grose, Specialist Planner on ph 9265 9346 or email jgrose@cityofsydney.nsw.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. M. Barone' followed by a stylized flourish.

MONICA BARONE
Chief Executive Officer

Consultation Questions	Comments
<p>1. Are these the right principles to guide retail and commercial development?</p>	<p>Principle 1 <i>Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.</i></p> <ul style="list-style-type: none"> ▪ Principle 1 is supported. However, there is not enough emphasis placed on the environmental and social benefits for planning for centres. <i>A successful and sustainable centre not only accommodates retail and commercial activity but is a place to access other services and facilities, and for social interactions. Therefore environmental benefits of well located, walkable centre where vehicle emissions are reduced and residents are able to live in a healthy environment live close to where they work are also important.</i> ▪ Centres should be planned for from a regional perspective, and in coordination with state and local infrastructure planning and investment. The Metropolitan Strategy establishes this framework. ▪ It is also important to recognise that cities particularly Sydney, is a dynamic entity based on inter-connectivity. The Draft Centres Policy reduces each centre's economic and development performance to an isolationist competition or market based on residential catchment areas. The reality is that centres exist within a dynamic set of linkages in which each plays a role including the role of the central Sydney. ▪ It is noted that the data attributed in the second paragraph of the Draft Centres Policy on page ii to NSW economic growth in fact refers to total economic output. This demonstrates a lack of connection between the Policy and any sustainable urban economic strategy. <p>Principle 2 <i>The planning system should be flexible enough to enable centres to grow, and new centres to form.</i></p> <ul style="list-style-type: none"> ▪ There are concerns with this principle. It is considered that rather than a more flexible planning system, there is a need for planning controls to be applied appropriately, and be based on well-founded research. A proper assessment of market conditions should allow Councils to develop an appropriate hierarchy, and then provide for these centres through the appropriate zones. ▪ The lifespan of an LEP is 10-15 years. This is a short enough period to be able to 'lock in' a specific

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	<p>hierarchy of centres.</p> <ul style="list-style-type: none"> ▪ There is some existing flexibility through the LEP amendment process. This is a suitable mechanism to assess a proposal for out of centre development that may potentially jeopardise a planned hierarchy of centres. ▪ Each type of centre has a different role, and each type is important to communities and businesses. Small centres should not suffer because of retail competition. There are social and environmental issues to also be considered. ▪ Stakeholders other than retail developers including the rest of the development community, business owners, transport authorities and land owners need to be considered. Planning for centres also provides some certainty that benefits all of these other groups and industries. ▪ There are too many benefits attached to planning for centres to move away from this approach. These benefits are articulated under Principle 1. ▪ The last sentence of this section states that "residential, business and industrial land may need to be rezoned to provide for growth in centres". This needs to be clarified in conjunction with the section on new centres as to how it relates to the sub-regional strategies which seek to preserve industrial land. <p>Principle 3 <i>The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.</i></p> <ul style="list-style-type: none"> ▪ A well researched and justified hierarchy of centres including a supporting retail hierarchy and planning controls is the appropriate way to regulate the location and scale of development to accommodate market demand. For example, the City commissioned the <i>Green Square and Southern Areas Retail Study 2008</i>, which has through thorough research determined the market demand for retail development and made recommendations regarding the appropriate scale and location. A copy of the Study is included in this submission. ▪ There are concerns that a policy that leaves the market to determine the future of centres would threaten sustainable planning for the centres and impact on the delivery of infrastructure to support these centres. It is also important for the role of the planning system to plan and provide infrastructure to support these centres. It is therefore considered appropriate that the Draft Centres Policy be supported by a centres infrastructure plan. For example, the Green Square Infrastructure

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	<p>Strategy sets up mechanisms for the provision of public domain through the development of the Town Centre.</p> <p>Principle 4 <i>The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.</i></p> <ul style="list-style-type: none"> ▪ The City's current planning control and proposed draft City Plan controls give effect to this principle through extensive use of inclusive mixed use zoning. The City's capacity study and retail study ensure that the City's controls provide for enough floorspace to accommodate market demand. <p>Principle 5 <i>The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.</i></p> <ul style="list-style-type: none"> ▪ While centres should support a wide range of uses, it must be acknowledged that there are "specialised centres". Clusters of similar activities, as well as supporting activities, can sustain a community and ensure a competitive market. ▪ Any new development should not erode but complement existing strategically placed centres. ▪ Similarly, there is a strong case in industrial areas for limiting bulky goods retailing in favour of genuine ancillary retail that support industrial uses. <p>Principle 6 <i>Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.</i></p> <ul style="list-style-type: none"> ▪ Car use should be discouraged; and other modes of more sustainable transport should take precedence. ▪ This section is too brief and unsubstantiated. This is an area where there are more examples of best practice and where direction and research could be useful to Councils.

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2. Is this the appropriate planning framework for corridors? What development should be permitted in corridors?	<ul style="list-style-type: none"> ▪ Retail along corridors should be subservient to retail in centres. Corridor development should not be at the expense of the core role of that corridor or the success of other centres. ▪ The corridor policy applies to busy roads, which are the majority of roads in the City of Sydney with local residential roads being the exception. It is not appropriate to have retail development in all of these locations and further research is required. ▪ The draft East and Sydney City subregional strategies provided conflicting information about whether Gardeners Road is an enterprise corridor. The City does not support an enterprise corridor in this location and has expressed so in its submission to the Department of Planning on the draft strategies.
3. Does the policy framework contain the right elements? Are there elements that should be added or removed?	<p>Regional and subregional level</p> <ul style="list-style-type: none"> ▪ The framework does not need to be excessively flexible if the planning regime is prepared on the basis of proper research. <i>There are concerns that a policy that leaves the market to determine the future of centres would threaten sustainable planning for the centres and impact on the delivery of infrastructure to support these centres.</i> ▪ The City supports the notion of Floorspace Supply and Demand Assessments (FSDA); however the Draft Centres Policy does not provide enough detail about this process. This needs to be an established process and achieve consistency in methodology because these types of assessments can be written by many different authors who may all suggest different amounts of retail facilities are required in an area. ▪ The notion of minimum targets is not problematic, but it is not useful. It would be a case of reporting the amount of land zoned for retail uses, and involve many assumptions about retail take-up per zone. As discussed, the mere zoning of land does not result in more shops <i>or the right shops.</i> <p>Development Assessment and Rezoning Level</p> <ul style="list-style-type: none"> ▪ The statement in the paragraph with reference to economic impact assessment is inconsistent with the statement at Principle 5 (in that economic impact assessment is now put forward as a matter of consideration). ▪ Assessment of DAs should also consider the impact of a development on the planned hierarchy of mixed use centres, and the socio-economic impacts on public and private investments if planned centres fail as a result. ▪ The Net Community Benefit Test through the "Gateway" process is a short cut for rezoning land for

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	<p>retail purposes and is not appropriate.</p> <ul style="list-style-type: none"> ▪ A proposal for out of centre retail development should be subject to a rigorous planning instrument amendment process. This process will ensure that the impacts of the development are properly assessed. This proposal appears to be a response to recent ACCC claims about anti-competition planning provisions, to demonstrate that improvements have been made to the planning framework to support new retail entrants. <p>Monitoring and Review</p> <ul style="list-style-type: none"> ▪ The proposed works for monitor and review are costly and time-consuming tasks. These need to be scoped properly by State Government before they are made mandatory. <p>Other elements</p> <ul style="list-style-type: none"> ▪ The framework should also include detailed practice notes for preparing the reports identified including FSDA's, Social Economic Impact Assessments and Economic Impact Assessments. ▪ The City would require more details about the changes proposed to the standard zones as a result of this Draft Paper. There is not enough information about the current zones. The intent of each zone is not expressed clearly in the objectives – for example, there is no evidence that the B5 Business Development zone was intended to be the appropriate location for Bulky Goods. ▪ Considerations also need to be given to the role of the planning system to plan and provide infrastructure to support these centres and the result if a market driven creation and expansion of centres is encouraged.
4. Does the centres typology contain too many centre types, not enough centre types or is about right?	<p>Demand for Retail Floorspace</p> <ul style="list-style-type: none"> ▪ Retail floor space per capita is not a useful tool for discussing demand and should not be used. For example, based on the City's census data, there is almost 3sqm retail/person, however there is an undersupply of supermarkets. This rate will also be different for different areas – the City will have a higher rate because it contains local shopping facilities but also regional facilities that serve a much wider catchment. ▪ It is also useful to understand demand for different types of retail facilities. ▪ In the Green Square Urban Renewal Area, for example, the demand for supermarket floor space has been assessed based on the projected population, how much people with the expected demographic characteristics tend to spend on supermarket shopping, and how much demand a square metre of

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	<p>supermarket floorspace, supports in inner metropolitan areas. This gives the City a basis for planning for supermarket based centres and assists the market in deciding a hierarchy of centres.</p> <ul style="list-style-type: none"> ▪ The City's <i>Green Square and Southern Areas Retail Study 2008</i> specifically does not consider a retail floorspace/capita approach appropriate. Beyond planning for centres, the amount of retail floor area is not intended to be overly controlled by the City (from a retail impact perspective). Neighbourhood shops are intended to be permissible in industrial, residential, mixed use and business development zones in the consolidated LEP under preparation. These uses will not be restricted to centres therefore allowing a diversity of conveniently located retail premises in other locations where they can serve the immediate locality and residential population. ▪ It is considered the Department of Planning should explore more appropriate measures to establish demand. <p>Typology</p> <ul style="list-style-type: none"> ▪ It is agreed that the planned network of centres should be 'forward looking' (in Green Square, the centres are planned based on the retail demand generated at 2021) but the lifespan of an LEP is generally 10-15 years. ▪ The draft policy comprises criticism of and appears to undermine the typology of centres put forward in the Metropolitan Strategy and Subregional strategies. This Draft Centres Policy cannot replace existing centres strategies because it poses no alternative strategies. ▪ The centres typology has been widely adopted and accepted, and is being used in planning schemes, and being defended in the Land and Environment Court. The City appreciates flexibility can be built into this typology, however, it is important the typology offers a consistent language and some certainty for both private and infrastructure investment. <p>Table 1</p> <ul style="list-style-type: none"> ▪ The table does not provide enough information about the other types of local centres. ▪ The status of the Table is not clear, and whether it is intended to become policy. <p>Suggestion for Definitions</p> <ul style="list-style-type: none"> ▪ Local centres need to be defined by what shops are likely to be located within the centre; in particular,

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	<p>it is essential that centres should be classified as to whether or not they contain a full-line supermarket. Whether a supermarket exists tends to dictate the size of centre – a centre tends not to grow over a certain size without a full line supermarket as an anchor tenant. There is a significant threshold that in the City's case demonstrates the extent of intervention in the retail mix of centres.</p> <ul style="list-style-type: none"> ▪ It is therefore recommended that the typology be amended to identify which centres do and do not comprise supermarkets. This should be consistent with the Metropolitan Strategy approach, where only "village centres" and larger are the locations of supermarkets. Smaller, convenience supermarkets (less than 750sqm) may be appropriate in "small villages", and even in "neighbourhood centres".
<p>5. Are floorspace supply and demand assessments (FSDAs) the right approach to assessing retail and commercial floorspace demand? Who should be responsible for undertaking FSDAs and how often?</p>	<ul style="list-style-type: none"> ▪ The Department of Planning needs to scope this piece of work properly and understand the time and money required to undertake such reports. ▪ The process of determining demand for retail floorspace can be very subjective. It employs a range of assumptions that can be slightly adjusted to achieve very different outcomes. The Department must understand this process fully, and set guidelines for preparing these reports to ensure they are useful. ▪ The Department of Planning needs to commit to working with Councils and provide constructive feedback to produce a good outcome from any study. ▪ It is unclear as to what is meant by 'bottom-up' studies. ▪ In principle, the City supports a research-based approach to developing a hierarchy of centres and preparing the relevant planning controls.
<p>6. Is the interim retail target set at the right level?</p> <ul style="list-style-type: none"> - Should councils be able to use existing information to set interim retail targets before an FSDA has been produced? - Are interim commercial floorspace targets 	<p>See comments above.</p>

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required? If so, at what level should they be set?	
7. Is the approach of identifying a large area of land supported? Are there other suitability criteria that should be included, or criteria that should be omitted?	<ul style="list-style-type: none"> ▪ In approaching this task (as set out in Figure 1) it is important to also understand the area's context in the region, and the centres relationship with centres or populations outside of the study area. <p>Suitability Criteria</p> <p>The proposed suitability criteria is inadequate, and should be expanded to at least include the following:</p> <ul style="list-style-type: none"> ▪ Centres should be located, where possible, near residential populations that can walk to the proposed facilities; ▪ New sites should be located near other community activities and other land uses such as schools, services, to promote mixed use trips and to create sustainable mixed use centres ▪ New sites should present the opportunity for new retail to support other fringe businesses. <p>New centres</p> <ul style="list-style-type: none"> ▪ New centres should be located within planned, mixed use centres that can be supported by residential and employment land uses. ▪ New centres should not be located in industrial areas. ▪ The Draft Centres Policy suggests that Category 1 and 2 industrial lands may be rezoned. This contradicts the sub-regional strategy and p19 of the Draft Centres Policy. ▪ A framework needs to be developed to assess the appropriateness of new retail centres. This should be based on a Sequential Approach, where it can be demonstrated that the proposed retail floorspace could not be better located within existing centre, where it would revitalise existing retail and promote sustainable mixed use environments. ▪ Ability to fund upgrades to the local infrastructure and public domain improvements required to support and service new retail and commercial floorspace.
8. Should a more flexible approach to the policy framework be adopted in regional areas? Are there	Not applicable to the City of Sydney.

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other areas, such as some parts of Western Sydney, where a similarly flexible approach might apply?	
9. Should the B1 (Neighbourhood Centre) zone be removed?	<ul style="list-style-type: none"> ▪ The B1 Neighbourhood Centre zone should be retained to provide certainty through a hierarchy of centres. ▪ A variety of business zones including the B1 Neighbourhood Centre zone would allow the identification of location and size of centres including location of smaller centres.
10. Should the B5 (Business Development) zone be amended? What would be an appropriate name for the B5 zone?	<ul style="list-style-type: none"> ▪ No there is no need to amend the name of the B5 Business Development Zone. ▪ If the intent for the zone is to cater for Bulky Goods premises, then the undefined term "specialised retail uses" should be replaced with 'bulky goods premises'. ▪ Consequently, bulky goods premises should be a mandatory permissible use because it would be contrary to the zone objectives if it was made prohibited. ▪ There is no need to specify that the purpose of this zone is to cluster activities not suited to centres.
11. Should the name of the B6 (Enterprise Corridor) zone be changed so not to be confused with Economic, Renewal and Enterprise Corridors in the strategies?	<ul style="list-style-type: none"> ▪ The Department needs to show how it has concluded that 1000 square metres is the threshold amount for retail developments within the Enterprise Corridor. ▪ It is not considered the zone name should not be changed. The purpose of the zone is clear.
12. When should general retail be a permitted use in enterprise corridors? <ul style="list-style-type: none"> - What forms of retail could be permitted in the zone? - Should there be a floorspace limit for all 	<ul style="list-style-type: none"> ▪ Retail premises should be permitted within the Enterprise Corridor zone. However the retail development (including supermarkets) should be controlled by a floor space limit to ensure that the corridor has no impact on the viability of nearby centres. Within the City, research has indicated that 750 square metres is an appropriate floor space limit for retail and supermarket development outside of nominated centres.

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or only certain shops and showrooms, or at all?	
13. Is this the appropriate planning framework for business parks and the B7 (Business Park) zone?	<ul style="list-style-type: none"> ▪ The policy provides a summary of what a business park is, however, it is too general in content to be used as a planning framework. Business Parks should not have the capacity to change into centres as this could erode existing developed centres. Rather, they should retain status as specialised zone that encourages industry clustering and synergies.
14. Are these the appropriate exceptions to retail and commercial development in industrial zones? Are there others? Should retail generally be excluded?	<ul style="list-style-type: none"> ▪ Ancillary retail development is supported within the industrial zones. ▪ General retailing and commercial development not associated with an industrial use on the site should be prohibited. ▪ Generally, bulky goods premises are retailing and should be prohibited by the Standard Instrument in all industrial zones. ▪ The floorspace of a single 'ancillary retail outlet' or 'industrial retail outlet' should be limited in size.
15. What is the right approach to heights and floorspace ratios in different types of centres and settings?	<ul style="list-style-type: none"> ▪ Depends on scale and type of centre and should be developed from appropriate research and urban design principles, for example, the City's Southern Industrial Area study, a copy of which is included in this submission.
16. Should multi-dwelling housing and residential flat buildings be mandated as permissible uses in the B4 (Mixed Use) and B2 (Local Centre) zones?	<ul style="list-style-type: none"> ▪ Multi-dwelling housing and residential flat buildings should be mandated as permissible uses in the B4 Mixed Use and B2 Local Centre zones to enable vibrant centres for live, work and play.
17. Does the definition of	<ul style="list-style-type: none"> ▪ Yes, definition refinement will provide more clarity and certainty in existing centres hierarchy and

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'retail premises' need refining to better define the range of land uses it includes and the hierarchy of those subordinate land uses?	<p>provide private and public infrastructure investment. For example, definitions for supermarket, small supermarket and department store should be included in the Standard LEP Template, including floor space sizes.</p> <ul style="list-style-type: none"> ▪ Bulky goods should be specifically defined as a 'retail premise'. ▪ Food and drink premises definition includes a 'milkbar' which is not defined. ▪ Ancillary retail outlet should be defined in the Standard LEP Template. Industrial retail outlet is defined, but only includes outlets selling goods produced on site. There is no definition for outlets associated with warehousing uses for example.
18. What land uses should be included/excluded from the group terms 'shop' and 'retail premises'? Why?	<ul style="list-style-type: none"> ▪ This question needs further examination by the Department of Planning and would benefit from starting with land use nesting diagrams. The Victorian Provisions are a good example.
19. Is the Net Community Benefit Test the right approach to rezoning? Are there other criteria that should be used to assess rezoning proposals? What guidance should be provided to stakeholders to enable them to assess proposals under the criteria identified?	<p>Refer to comments on Consultation Question 3 above.</p> <ul style="list-style-type: none"> ▪ Centres are not created by the rezoning of one property along. Other factors including strategic vision for the area and consistency with the centres hierarchy in sub-regional strategy should also be considered. ▪ Two key issues of the Net Benefit Test are easy to argue and are too general – "Is the existing public infrastructure capable of servicing the proposed site?" and "will the proposal be compatible / complementary with surrounding land uses?" ▪ There are social, environmental issues to also be considered.
20. Is there support for ensuring the impact on individual businesses is not considered in the merit assessment process?	<ul style="list-style-type: none"> ▪ This does not need to be discussed. It is a matter prescribed by the Act and the interpretation of the Act in Court.
21. Is there more that can be done to prevent	<p>Merit Assessment of Proposals</p> <ul style="list-style-type: none"> ▪ On page 27, paragraph 1 "Where a development proposal complies with the permitted uses in a zone,

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businesses using objections to delay, or increase the costs of the planning process for their competitors?	<p>the development application should be assessed on its merits..." directly contradicts the second last paragraph on the same page "As set out earlier, the market is typically best placed to determine the need for retail and commercial. Therefore, the need for development should not be considered as part of the merit assessment."</p> <ul style="list-style-type: none"> ▪ The impact on individual businesses including turnover and nature of business is a relevant matter from an economic impact point of view and should be considered as part of merit assessment. For example, is a strip of pubs / late night entertainment premises appropriate for the area? Or, is the new out-of-centre supermarket likely to have a detrimental economic impact on a nearby local centre? ▪ The planning system allows for objections to be raised, whether valid or not. It is professional knowledge and experience of the planning assessor that determines increased competition is not a valid objection.