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Retail Policy Review  
Department of Planning and Community Development  
GPO Box 2392  
Melbourne VIC 3001

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**Submission to Retail Policy Review Discussion Paper - Colonial First State Property Management (CFSPM)**

This submission is made by *Colonial First State Property Management* (CFSPM) in relation to the Retail Policy Review Discussion Paper.

As you may be aware CFSPM acts on behalf of a number of investment funds with significant investment interest in Principal and Major Activity Centres across metropolitan Melbourne and regional Victoria.

CFSPM welcomes the opportunity to make a submission to the Retail Policy Review and is well positioned to provide the Government with constructive feedback given the diversity and spread of retail assets which it manages across greater Melbourne, and regional Victoria.

CFSPM is fully supportive of a strategic, metropolitan wide approach to retail policy. At a broad level, we believe it is critical that Retail Policy:

- Provide for the needs of community;
- Provides scope to allow for innovation;
- Is consistently interpreted and applied;
- Recognises and supports the higher order retail roles within some Activity Centres;
- Recognises that the retail network hierarchy does not necessarily mirror the Activity Centre Hierarchy;
- Acknowledges that a number of investment decisions have been made based on existing policy; and
- Acknowledges that retailing patterns and catchment areas often transcend municipal boundaries.

Having reviewed the Discussion Paper we consider it important, as a key industry stakeholder, to raise a number of matters with Government, particularly in relation to issues relating to "Managing Growth and the Network of Centres". The key issues arising from CFSPM's review of the Discussion Paper can be summarised as follows:

- 1) Retail Policy must allow for the continued evolution of retailing and opportunities for innovation.

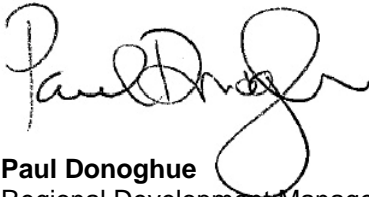
- 2) Retail Policy must recognise existing investment in retailing centres. One of the strengths of existing retail policy has been its relative stability. Traditionally, sudden changes in retail policy have not occurred. This has in turn provided the market with certainty and confidence and provided a strong platform for investment decisions to be made.
- 3) Retail Policy and Activity Centre Policy should continue to support higher order retail centres which support consumer needs. In this regard, CFSPM seeks clarification to the role of Central Activity Districts, the retail network hierarchy, and the Activity Centre Hierarchy. We also question whether the six new CADs should necessarily be the target for a greater focus for retail growth than other Principal Activity Centres, particularly given there is not an even spread of these CADs across the metropolitan area. There will be circumstances where it is not practical for the retail market to deliver outcomes in preferred CAD locations.
- 4) Regional Retail Assessments need to recognise the existing hierarchy of centres and should be used as an informing tool, rather than provide floorspace allocations.
- 5) CFSPM acknowledges the Government's commitment to structure planning and Activity Centre Policy, however it will be important for Government to draw on expertise within private industry to deliver successful retail, and Activity Centre objectives.
- 6) CFSPM supports the proposed removal of Retail floorspace caps, subject to the clarification of policy implementation.
- 7) Greater clarification of the role of Regional Retail Assessments is required. While CFSPM acknowledges the potential value of retail monitoring, we are concerned with a "top down" policy allocation for future retail growth.

These issues are discussed in further detail in our **attached submission** which is structured to respond to the Government's submission template.

We trust that this submission will provide Government with useful input from a market perspective, and will assist in further improving the Retail Policy and retail outcomes for the State.

We would be happy to provide further input or expand on any issue and request that we be kept informed of the progress of this review.

Yours sincerely,



**Paul Donoghue**  
Regional Development Manager

Enc: Submission to the Retail Policy Review Discussion Paper

## **Submission to the Retail Policy Review Discussion Paper Colonial First State Property Management (CFSPM)**

### **1. Introduction**

This submission is made by *Colonial First State Property Management* (CFSPM) in relation to the Retail Policy Review Discussion Paper.

CFSPM acts on behalf of a number of investment funds and private investors, who own the centres listed in this submission below.

CFSPM is fully supportive of a strategic, metropolitan wide approach to retail policy. In our view, it is critical that Retail Policy:

- Provide for the needs of community;
- Provides scope to allow for innovation;
- Is consistently interpreted and applied;
- Recognises and supports the higher order retail roles within some Activity Centres;
- Recognises that the retail network hierarchy does not necessarily mirror the Activity Centre Hierarchy;
- Acknowledges that a number of investment decisions have been made based on existing policy; and
- Acknowledges that retailing patterns and catchment areas often transcend municipal boundaries.

CFSPM believes there is a critical relationship between retail policy and successful retailing outcomes. Retail owners and developers should play a critical role in shaping policy, informing and ensuring the successful implementation of policy.

Successful, innovative retail centres including Chadstone Shopping Centre are best placed to provide for the higher order retail needs of the community. Retail Policy and Activity Centre Policy should continue to support higher order retail centres such as Chadstone which support consumer needs. In our view, it is not necessary for the six new CADs to have primacy from a retail perspective and be the target for a greater focus for retail growth than other Principal Activity Centres. This is particularly the case given there is not an even spread of these CADs across the metropolitan area. This does not reflect how consumers access and use those facilities. We therefore seek clarification as to the role of CAD's as part of the retail centre network.

The retail role of individual centres should be recognised, distinguished, and fostered by Retail Policy. While classified as a Principal Activity Centre, Chadstone plays a much wider role as a retail centre attracting a metropolitan catchment of retail users drawing on secondary and tertiary catchments. Drawing on these catchments is critical to the success of the centre. In affect, Chadstone's role as a retail centre is quite different to the many Principal Activity Centres, and 6 new CAD's. Ultimately, policy should acknowledge this role as part of the Activity Centre network and hierarchy.

### **2. Strategic context**

Retail assets managed by CFSPM in metropolitan Melbourne include:

- Altona Gate Shopping Centre (MAC)
- Bayside Shopping Centre – Frankston (CAD)
- Brimbank Central (MAC)
- Broadmeadows Shopping Centre (CAD)
- Chadstone Shopping Centre (PAC)

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- Forest Hill Chase (MAC)
- Myer (Bourke and Lonsdale Street) (CAD)
- Northland Shopping Centre (PAC)
- Rosebud Plaza (MAC)
- Roxburgh Park Shopping Centre (MAC)

Retail assets managed by CFSPM in regional areas in Victoria include:

- Bendigo Marketplace
- Corio Shopping Centre

Retail assets managed by CFSPM form a significant proportion of the overall retail on offer within activity centres defined by Melbourne 2030. Their location within CAD's, Principal and Major Activity Centres means CFSPM retail assets form key components of the Activity Centre network. A map identifying these assets in relation to the Activity Centre network is provided in **Attachment A**.

Retail assets managed by CFSPM also provide employment to thousands of Victorians. There are strong synergies between the location of CFSPM assets and the employment corridors which are notionally identified in the recent Melbourne @ 5 Million policy statement. A map identifying retail assets managed by CFSPM in relation to our interpretation of employment corridors identified in Melbourne @ 5 Million is provided in **Attachment B**.

It is evident that whilst some high level strategic planning work has been undertaken in the form of Activity Centre Strategies, the vast proportion of Structure Plans for Principal and Major Activity Centres is yet to be completed. CFSPM welcomes the opportunity to work closely with State and Local Government to further progress strategic planning for key Activity Centres, but in particular, key retail centres at Chadstone (PAC), Northland (PAC), Broadmeadows (CAD), and Frankston (CAD).

In our view it is essential that any planning scheme policy for retail provision across activity centres must start from a metropolitan perspective. This is critical given that retail catchments do not start and stop at municipal boundaries, and higher order retail operators may only propose a handful of outlets within a metropolitan area.

### 3. Challenges and proposed responses

CFSPM provides the following comments in relation to the key issues and proposed responses identified in the Retail Policy Review Discussion Paper:

#### **Issue: Managing growth and the network of centres**

##### **Key message**

*We need to prioritise regional and local planning to manage and accommodate growth in retail floorspace likely to be required across the network.*

##### **RETAIL POLICY REVIEW PROPOSED RESPONSE**

1. *Undertake a program of improved monitoring and reporting on retail development.*
2. *Work with councils and the industry to develop Regional Retail Assessments.*
3. *Provide greater assistance to councils in preparing municipal strategies that provide for future retail growth.*
4. *Work with councils to ensure structure planning for activity centres provides for adequate retail growth.*

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**CFSPM RESPONSES**

***Greater clarification of the role of Regional Retail Assessments is required. While CFSPM acknowledges the potential value of retail monitoring, we are concerned with a “top down” policy allocation for future retail growth.***

The discussion paper proposes a program of improved monitoring and reporting on retail development. Improved information in relation to retail supply and demand across the metropolitan area would be useful in identifying gaps at a local convenience level, and provide part of the information required to understand regional retail.

We acknowledge the potential value of improved information about retail development across the metropolitan area, however we are concerned with a “top down” policy allocation for future retail growth. A utilitarian approach, particularly at the higher order, regional retail level may pose potential constraints on innovation, diversity and growth.

The discussion paper suggests a model similar to that used for the preparation of Regional Housing Statements. In many cases, retail catchments overlap. Regions which are to be defined for the purpose of preparing Regional Retail Assessments should therefore not be confined to municipal boundaries or over small groups of municipalities. This assessment must start at a metropolitan level.

It should also be acknowledged that there are different types of challenges to managing growth in the established metropolitan area compared with Growth Areas.

Further details are required to make an informed assessment of the merits of the implementation measures relating to the Regional Retail Assessments. These are:

- How will the boundaries of the “retail regions” be determined given overlapping retail catchments?
- Who will be responsible for funding and implementing the initial and subsequent 5 yearly reviews of retail floorspace in the region(s)?
- When is it anticipated these will be in place?
- What will the interim arrangements be in relation to the assessment of major retail proposals?
- How will market considerations regarding the practical ability to deliver desired regional retail objectives be addressed as part of the assessment?
- How will regional allocations be decided across activity centres and between retail types?

***CFSPM supports opportunities to sustain and grow retail within existing centres***

Long-term opportunities for retail growth and change must be provided. Activity Centre Policy has encouraged a range of different uses within Activity Centres which have previously been the focus for retailing. While there is merit in encouraging a range of uses within Activity Centres, ongoing growth opportunities must also be provided for retail uses.

Currently, there are difficulties in finding appropriately zoned land within activity centres for retail expansion. This is partly driven by the competition for floorspace generated by Activity Centre Policy which encourages a range of uses within Activity Centres (not just retailing). Retail Policy must allow for the continued evolution of retailing opportunities and innovation in retailing. In this regard, the State Government must take a strong leadership role to ensure a viable supply of appropriately zoned land is available in the market to support retail growth in both metropolitan and growth areas, but also to acknowledge a logical retail hierarchy within the metropolitan area.

Ultimately, retail policy should seek to deliver retailing outcomes which place no disadvantage to the community. The Retail Review proposes that Municipal Strategic Statements (MSS) should identify centres for growth and demonstrate how projected retail demand will be accommodated. In this regards, Retail owners and developers should be closely involved in this process to ensure that outcomes include commercial considerations, but more

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importantly, this work should be directed from a metropolitan perspective as CAD's, PAC's, and MAC's all provide for broader regional markets of varying scales.

Retail Policy must also recognise existing investment in retailing centres. It is of concern that there is no reference within the Discussion Paper to building on an existing investment within the existing retail network/hierarchy. Rather, there appears to be an emphasis on a top down approach to use structure planning where growth is desired by the Government Policy. We would suggest that if Government wants retail to innovate and evolve for the benefit of the broader community (particularly at comparison levels) it needs to allow some key original centres to continue to provide growth at the tertiary end of the retail hierarchy.

Further comments in relation to the designation of Central Activities Districts (CAD's) are made later in this submission.

### ***CFSPM supports the proposal to better plan for opportunities for retail growth in Activity Centres.***

CFSPM acknowledges the Government's commitment to structure planning and Activity Centre Policy. The discussion paper proposes to 'support and facilitate retail proposals that are consistent with the intent of an approved Structure Plan'.

Structure plans are proposed to be brought forward as a key mechanism to provide for retail growth and streamline approvals. It is of concern that to date, the vast majority of current Structure Planning processes in urban areas have not made adequate provision for growth in retail uses, either in centres or edge of centre locations. Activity Centre boundaries are often drawn tightly around existing retail core development, with no room to expand retail uses, particularly formats that require large sites and building footprints.

It is noted that draft DPCD '*Guidelines on Structure Planning for Activity Centres*' encourages study area boundaries to be larger than existing commercially zoned areas. In order to provide for retailing, this must be strengthened to become an explicit requirement of activity centre planning, with Councils required to show how the centre can physically grow over time to accommodate both conventional and restricted retail uses as appropriate, in line with proposed Regional Retail Assessments.

It is of concern to date that a number of structure plans are yet to commence in key CAD's and PAC's, including Activity Centres with retail assets managed by CFSPM (Chadstone, Northland, Broadmeadows and Frankston). Given the important role that each of these centres plays as part of the overall retail hierarchy, consideration should be given to strategic planning for these centres so that retail growth opportunities can be provided. Interim approval mechanisms will also need to be considered as part of the process.

The lack of available Council resources to develop structure plans for major and principal activity centres where significant retail assets are held is also of concern. Whilst we welcome the proposed response arising from the Review to "*Work with councils to ensure structure planning for activity centres provides for adequate retail growth*", we also believe that key retailer owners and developers, including CFSPM can and should play a significant role by working with Government in the further development of strategic planning for Activity Centres. This includes the further development of structure plans and CAD policy. It will be important for Government to draw expertise within private industry to deliver successful retail, and Activity Centre objectives. It is also important not to hold back proposals where structure plans are not in place.

### ***A greater understanding of the health of centres is required.***

Monitoring the impact of new retail policy and an understanding whether policy is effectively addressing the challenges identified in the review will be critical. Regional monitoring would enable better understanding of the impact of policy on centre vitality and viability, and a strategic platform to inform the further development of retail and activity centre policy.

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Following an examination of the health of centres, it would be appropriate to review retail networks and hierarchies

The goal for Retail Policy should be to provide retail opportunities which best serve community. Whilst we support moves to improve retailing outcomes for the community, the ongoing protection of poorly run, or inefficient retail businesses / centres should not be supported by Government policy. In this regard, we would support Government working with retail owners and developers to develop an understanding as to how, and in which locations, the market can best deliver successful retail outcomes for the community.

### **Issue: Facilitating appropriate development in appropriate locations**

#### **Key message**

*We need planning tools that are better aligned to achieving policy outcomes and support development when it is in appropriate locations.*

#### **RETAIL POLICY REVIEW:**

1. *Refine planning policies to provide greater clarity and guidance for retail proposals.*
2. *Undertake adjustments to the Business 1 Zone and schedule to allow better delivery of policy outcomes.*
3. *Encourage councils to investigate and implement non-regulatory mechanisms as well as planning controls to deliver the desired outcomes for a centre.*

### **CFSPM RESPONSES**

#### **CFSPM supports the proposed removal of retail floorspace caps, subject to the clarification of policy implementation**

We note that adjustments to the Business 1 Zone are proposed to allow better delivery of policy outcomes. It is suggested that refined policies would:

- *emphasise that the use of floorspace caps and related controls should be limited to circumstances where it can be demonstrated they are required to protect the effective functioning of the network of centres planned for the region; and*
- *ensure competition and evolution of retailing – within a centre is not limited unless there is a sound public policy basis for doing so.*

In addition to the above we recommend that that the State Government also considers:

- Providing clarity regarding the situations where it considers it appropriate to *retain* retail floorspace caps, as it will be important to understand when floorspace caps would apply so as to allow for informed commercial investment decisions.
- Extending the limitation of the use of floorspace caps to also include other zones, including the Comprehensive Development Zones and Priority Development Zones in Principal and Major Activity Centres within established urban areas in Melbourne.

#### **The role of Central Activity Districts needs to be clarified.**

CFSPM seeks clarification in regards to the role of Central Activity Districts, retail network hierarchy, and the Activity Centre Hierarchy. We question whether the six new CADs should necessarily be the target for a greater focus for retail growth than other Principal Activity Centres, particularly given there is not an even spread of these CADs across the metropolitan area. There will be circumstances where it is not practical for the retail market to deliver outcomes in preferred CAD locations.

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In our view, it is not appropriate for the six new CADs to have primacy from a retail perspective and be the target for a greater focus for retail growth than other Principal Activity Centres.

The Retail Policy Review should recognise that there will be circumstances where:

- It is not practical for the retail market to deliver outcomes in CAD locations.
- The community may be better served by providing retailing opportunities elsewhere in the Activity Centre network

The retail role of all 6 Central Activates Districts (CAD's) is not the same nor is the retail role of all Principal and all Major Activity Centres. There are a total of 26 Principal Activity Centres spread across metropolitan Melbourne. Melbourne 2030 seeks Principal Activity Centre's to fulfil a "significant economic, commercial and retail function". While classified as a Principal Activity Centre, a centre such as Chadstone plays a much wider role as a retail centre attracting a metropolitan catchment of retail users drawing on very large secondary and tertiary catchments. The very large catchment area reflects the mix of retailers Chadstone has been able to attract. While Chadstone plays a key role as part of the network of activity centres, it plays a far broader retail role than many of the other 26 Principal Activity Centres, and 6 new CAD's. The retail role of individual centres should be recognised, distinguished, and fostered by Retail Policy for the benefit of the metropolitan community of Melbourne.

### **Issue: Managing restricted retail premises**

#### **Key message**

*We need to move toward a system that does not distinguish between or favour particular forms of retailing.*

#### **RETAIL POLICY REVIEW:**

1. *Maintain the existing definition of 'restricted retail premises' in planning schemes and the VPP.*

### **CFSPM RESPONSE**

No comment provided.

### **Issue: Managing retailing in industrial areas**

#### **Key message**

*We need to ensure retailing in industrial areas does not occur unless there is a sound strategic basis.*

#### **RETAIL POLICY REVIEW**

1. *Amend industrial zones so that restricted retail premises become a prohibited use.*
2. *Develop transitional arrangements and work with councils to deal with restricted retail premises that are currently located within industrial areas.*

### **CFSPM RESPONSE:**

***Amendments to the Industrial Zone should be considered on a strategic, metropolitan wide basis.***

Retail assets managed by CFSPM are located within the Activity Centre network and not within Industrial Zones. CFSPM supports a consistent approach to managing major retail

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proposals. Industrial areas should only be considered through an amendment to industrial zones. Transitional arrangements for existing restricted retail premises located within Industrial Zones may be required, but must be managed in a consistent manner. In this regard, any Amendments to Industrial land should be considered on a strategic basis.

### **Issue: Managing new centres and major retail proposals**

#### **Key message**

*We need to provide greater clarity about how or when we would consider retail in a new centre location and support development within the existing network of centres.*

#### **RETAIL POLICY REVIEW PROPOSED RESPONSE**

1. *Develop and implement Retail Assessment Criteria based on a sequential test approach.*
2. *Develop criteria to be applied when considering a request for a new centre or to reclassify a centre.*
3. *Continue to provide advice and assistance to councils in planning for major retail proposals.*

#### **CFSPM RESPONSES:**

***Retail policy needs to be consistently interpreted and applied.***

CFSPM seeks to ensure decisions in relation to Retail Policy are consistent, and made strategically on a metropolitan wide basis.

Over time, one of the strengths of existing retail policy has been its relative stability. Sudden changes in retail policy have not traditionally occurred. This has in turn provided the market with certainty and confidence and provided a strong platform for investment decisions to be made. In this regard, retail policy must recognise existing investment decisions based on existing retail policy.

At this stage, our key comments in relation to these criteria are:

- If Retail Assessment Criteria (including the sequential approach to consider and promote retail development within activity centres) are to be applied to requests for rezoning, it is imperative that Structure Plans are properly resourced and completed, and be realistic in relation to retail growth.
- The sequential test for rezoning proposals must be pragmatic and provide for consistent and fair treatment.
- The State Government must take the lead in developing an approach and methodology that ensures that Regional Retail assessments are transparent and consistently implemented, and take account of the ability to deliver retail outcomes on the ground.

***The implementation of new processes and changes to retail policy resulting from this Review should not stall or delay any current or future retail applications.***

It will be imperative that there is certainty within the retail market to move quickly, particularly in the current difficult economic climate. This will enable certainty for future planning, continued growth and investment to occur in retailing. In particular, the requirement for a sequential test for rezoning proposals is implemented in conjunction with a review of activity centre boundaries and of the existing network of centres.

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**Issue: *Improving design outcomes***

**Key message**

*We need to ensure the design of new retail facilities and centres is well integrated and contributes to and enhances the public realm.*

**RETAIL POLICY REVIEW PROPOSED RESPONSE**

1. *Finalise the Interim Design Guidelines for Large Format Retail Premises.*
2. *Undertake a review of design guidelines for retail developments and where possible consolidate this advice, improve the content and minimise any duplication.*
3. *Update the Activity Centre Design Guidelines to incorporate design objectives and guidance on the development of new activity centres.*
4. *Continue to provide assistance and advice to developers and councils on the design of major retail development.*

**CFSPM RESPONSE:**

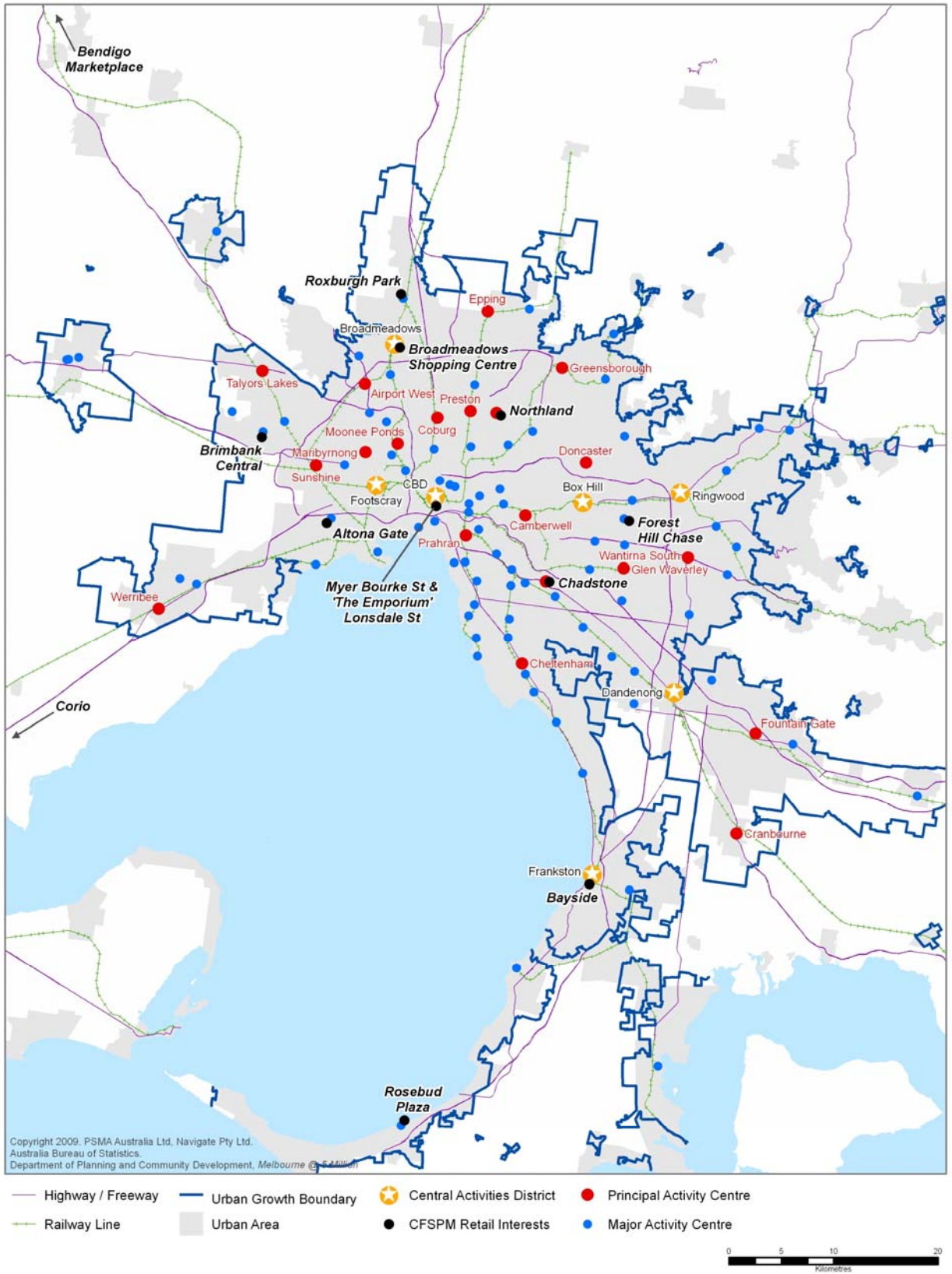
***CFSPM are supportive of promoting high quality design outcomes for Activity Centres. High quality design should be promoted through concise and easy to use Urban Design Guidelines.***

CFSPM are supportive of promoting high quality design outcomes for Activity Centres. Care should however be taken to ensure that Design Guidelines do not add to the complexity of the development approvals process. CFSPM would therefore support Design Guidelines which are:

- *Concise*, so as to provide clear direction and ease of interpretation;
- *Focussed on key principles* (as opposed to a multitude of potentially prescriptive outcomes);
- *Flexible*, so as to allow for tailored solutions to meet individual centre needs and circumstances.

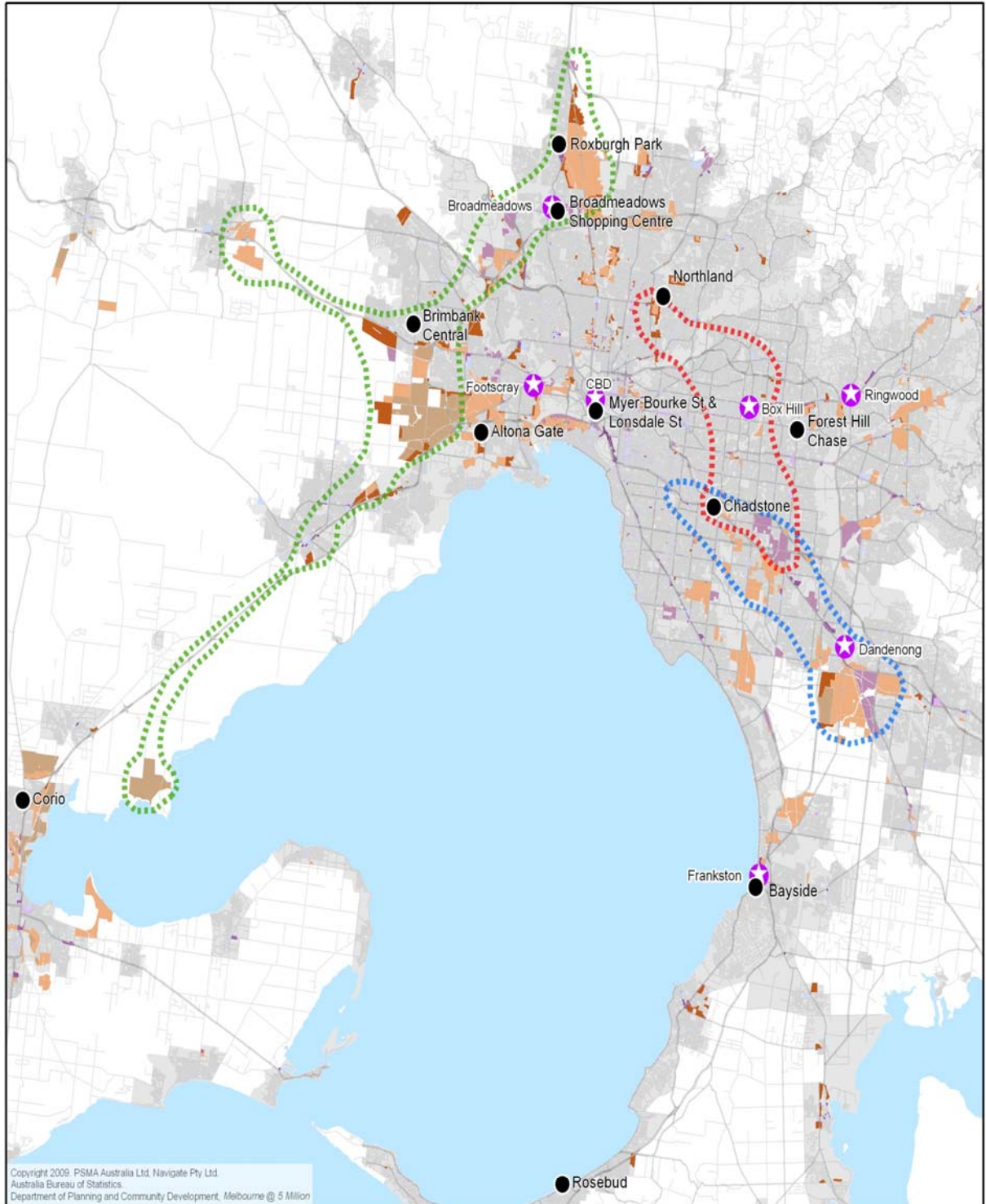
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**Attachment A – CFSPM retail assets in relation to the Activity Centre network**



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**Attachment B – CFSPM retail assets in relation to indicative employment corridors identified in Melbourne @ 5 Million**



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Australia Bureau of Statistics.  
Department of Planning and Community Development, Melbourne @ 5 Million

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|-------------------------------|-----------------------------|-----------------------|---------------------|
| ● CFSPM Retail Interests      | <b>Employment Corridors</b> | <b>Planning Zones</b> |                     |
| ★ Central Activities District | Corridor A                  | Business 1 (B1Z)      | Business 5 (B5Z)    |
|                               | Corridor B                  | Business 2 (B2Z)      | Industrial 1 (IN1Z) |
|                               | Corridor C                  | Business 3 (B3Z)      | Industrial 2 (IN2Z) |
|                               |                             | Business 4 (B4Z)      | Industrial 3 (IN3Z) |

