

26th February 2009

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

Dear Sir / Madam

RETAIL POLICY REVIEW

I refer to your recent request for submissions in relation to the review your Department is presently undertaking. This submission follows an earlier response in relation to the '*Proposed planning framework for the assessment of out of centre development*' by the City of Kingston.

Context

The City of Kingston since its inception has had significant exposure to retail related planning applications and over recent years has also conducted a number of Planning Scheme Amendments to respond at a local level to the intentions of the retail sector.

New Constructed Retail Activity

Since the creation of Kingston, the following floor space has been provided or is under construction:

Category	Additional Amount Floorspace
Southland	64,500m ²
Homemaker Centres	85,110m ² (excl Harvey Norman Moorabbin – pre-existing)
Trade Supplies	33,146m ² (excl Mentone Bunnings – pre-existing)
Moorabbin Airport (Retailing)	32,450m ²
Carrum Aldi	1,284m ²
Wells Road (Retailing)	15,818m ²
Patterson Lakes (Additional retailing)	2,487.5m ²
Total	234,795.5m²

This has equated to approximately 16.6m² of floor space per new Kingston resident over this time horizon or an additional 1.63m² per resident based on the 2011 projected population.

Proposed Retail Activity

In addition to the above, Council has also been involved in a number of recent planning processes:

- Amendment C75 – Beyond this amendment’s policy thrusts, Planning Permits were sought for the construction of two new 3,000m² (approx) Supermarkets in Chelsea Major Activity Centre and Patterson Lakes Neighbourhood Activity Centre.
- Amendment C81 – Provides for the reinvigoration of the Thrift Park Neighbourhood Activity Centre through the provision of approximately 10,000m² of new retail floorspace including a full line supermarket.

This amendment is to be submitted for adoption to the Minister for Planning over the coming months pending resolution of some project issues.

- Amendment C95 – Provides for the redevelopment of half of the Dingley Neighbourhood Activity Centre including the provision of a new full line supermarket which almost doubles the existing supermarket floorspace provision.

This Amendment was recently considered by an Independent Panel and its report is due shortly.

Policy Activity

In addition to the above, the Minister has also recently approved Planning Scheme Amendment C75 which made substantive changes to components of Council’s LPPF relating to its retailing direction following the completion of a Retail and Commercial Development Strategy. Many of the policy initiatives to come from this amendment would appear to be very well matched with initiatives identified in your discussion paper (ie increased regional collaboration or our approach to restricted retailing).

The above practical context provides Kingston with significant insights into appropriateness of the changes identified in the discussion paper.

Feedback on Proposed Responses

Having reviewed the discussion paper the following provides feedback against the responses it identifies:

1. Undertake a program of improved monitoring and reporting on retail development

Having recently considered the required provision of ‘restricted retail floorspace’ in Kingston it was most apparent that an effective understanding of the level of existing and importantly planned supply of particularly this form of retail floorspace was not available. Kingston therefore believes that a fundamental flaw in being able to develop a comprehensive metropolitan approach to retail policy remains the lack of a rigorous investigation of available floor space (zoned land

area) and as such as a priority a model similar to that followed as part of the Urban Development Program should be initiated. This program should however be conducted annually, not on five yearly intervals.

2. *Work with Councils and the industry to develop Regional Retail Assessments.*

Kingston believes a regional approach to retailing policy is essential and wishes to reinforce that these assessments should be necessarily prescriptive about where and when additional capacity for floor space will exist. Kingston has completed some work around the known capacity for 'restricted retail floor space' across the broader south east region and would be willing to share this information with the Department to illustrate the importance of broader regional collaboration and planning.

Kingston is firmly of the view that the forecast 3 million square metres of additional retail floor space identified for metropolitan Melbourne over the next 25 years needs to be the subject of rigorous consideration once the regional retail assessment work is completed, rather than it acting as an 'untested' floor space target. At a local level based on population growth estimates and taking into account the above mentioned 'planned projects', Kingston for example forms the view that its planned provision is broadly sufficient, if not oversupplied, for its assumed increases in population over the coming 25 years.

Kingston believes that the Regional Retail Assessments should be quickly established and be the mechanism for considering all significant zoning and planning permit related investments at a regional level rather than run the risk of inappropriate significant changes being advanced in the short term.

An apparent gap in the discussion paper would appear to be the role played by 'airport land' with respect to retail floor space provision. It would be appropriate for the implications of activities on airport land such as Essendon or Moorabbin to be considered as part of 'regional retail assessments'.

3. *Provide greater assistance to Councils in preparing municipal strategies that provide for future retail growth*

Having recently completed a Retail and Commercial Development Strategy and spent substantive time considering the appropriate way in which to present this work through our planning scheme, it would be most useful to develop an agreed methodology to assist this task. Different municipalities perform different retail roles and as such the process needs to be sufficiently flexible to ensure that these roles are reinforced and that each municipality is not trying to be 'all things for all people' as the established distribution of different forms of retail now dictate that this is not possible.

In relation to assistance in developing municipal strategies, a key opportunity is in collaborating to develop a shared understanding of the indicators required to formulate a meaningful retail strategy. This may include demographic indicators like the levels of expenditure depending on particular household configurations (age, income, size etc) which would then lead to an agreed position on per capita growth across retail sectors for meaningful geographies such as inner, middle and outer areas of Melbourne.

Kingston's experience has been that the rigour associated with critically testing assumptions made by retail economists has lacked consistency. Often broader macro factors that influence cyclical changes in the economy are not sufficiently considered (ie implications associated with interest rates, unemployment or the likely long term value of the \$A) with preference given to examining recent favourable expenditure trends to formulate arguments regarding supportable floorspace. Given the complexity of retail planning for Local Government to administer, the State has a significant role in critically evaluating and broadly commenting on the sustainability of the positions advanced by the retail industry in relation to medium-longer term sectoral growth.

Another dimension worthwhile considering, is whether or not it is appropriate to examine commercial floor space as part of developing municipal strategies that examine retailing. It was useful for Kingston to understand the potential locations where demand for commercial floor space may exist in order to understand more broadly the likely floor space demands for a greater range of at times competing Activity Centre uses.

4. *Work with Councils to ensure structure planning for activity centres provides for adequate retail growth.*

Based on the levels of recent investment activity in Kingston and its structure planning work, a case now exists to review whether too much Business 1 zoned land exists. Centres such as the Moorabbin Activity Centre have within a close catchment the Hampton (Bayside) and Bentleigh (Glen Eira) Major Activity Centres both of which perform a stronger retailing role. In such an instance, collaboration with adjoining Councils is necessary to determine alternate roles for this centre which may include a reduction in the 'retail / commercial' spread of the centre. As such it should not be assumed that additional 'retail space is necessarily needed particularly where catchment dynamics are unlikely to substantially change.

5. *Refine planning policies to provide greater clarity and guidance for retail proposals.*

Kingston supports the notion that planning should not be overly cumbersome for 'in centre' retailing. The challenge however faced by Kingston over recent years is that other outcomes which have provided for cheaper 'out of centre' opportunities have stifled the option for additional investment in centre. A key therefore is that, should planning policies be further relaxed 'in centre' this must be counterbalanced against tighter controls relating to retail activities 'out of centre', to achieve the desired investment objectives.

6. *Undertake adjustments to the Business 1 Zone and schedule to allow better delivery of policy outcomes.*

It is not clear from the discussion paper what the intentions are in relation to the Business 1 Zone as the 'adjustments' to the zone and schedule are not identified.

7. *Encourage Councils to investigate and implement non-regulatory mechanisms as well as planning controls to deliver the desired outcomes for a centre.*

Kingston has over recent years used its land ownership in the Chelsea Major Activity Centre to assist in the facilitation of a new supermarket for this centre. In relation however to proposals which may involve use of airspace over Council car parks and the like, Kingston generally sees such opportunities as predominantly providing for office and residential activity rather than substantive additional retail floor space.

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

Kingston firmly believes that no change should occur to the definition of 'restricted retailing' and if anything the State Government has an increased role to play in clearly defining what retailing activities fall within this definition. Our municipality, perhaps more than most others, has seen the consequence of continually broadening this definition in relation to the creep of retail activity from activity centres to 'highway locations'.

With respect to 'retail definitions' the decision of the Tribunal in Application for Review **P75/2008** regarding Gold Cross Cycles illustrates a case whereby the State should intervene to clarify the definition of shop so that operations such as this are not advanced as 'restricted retailing' or more broadly a 'retail premise'. The inconsistency in relation to interpreting definitions creates inappropriate imbalances in the manner in which the same retailer is viewed across municipalities, irrespective of whether in Application for Review P75/2008 the definition of this retailer has been tested.

Without significant intervention to prevent further creep in relation to 'restricted retailing', Kingston's experience is that expanding the retail role of Activity Centres is near possible. It is strongly considered that for planning policy to work appropriately it is not the role of the State to change retail definitions to accommodate a form of retailer, but rather the form of retailer needs to find a location where its use is permissible. The emergence of retailers such as JB Hi Fi and its establishment (in some instances) outside Activity Centres has significant cascading impacts on the retail mix of Activity Centres and the viability of smaller business seeking to sell like products given the heavily distorted rental and space arrangements depending on locations.

9. *Amend industrial zones so that restricted retail premises becomes a prohibited use.*

Kingston is strongly supportive of this approach and is very pleased to see that the previous changes envisaged for the SPPF through the '*Proposed Out of Centre Assessment Framework*' relating to locating restricted retail premises have been abandoned (ie using an existing cluster argument to substantiate further restricted retailing).

Particularly in older industrial areas such as Moorabbin, Kingston has found an increase in the amount of marginal retailing activity which is working to further undermine established retailers in Activity Centres and hampering the appropriate use of industrial land. It is strongly felt that in the interests of protecting industrial land and allowing for its cyclical replacement with new employment activities, the Government should also consider prohibiting 'Retail Premises' within Industrial Zones given the clear primary purpose of this zone. Some exemptions could be applied to activities such as manufacturing sales, or trade supplies where a direct correlation exists with industrial activity as this would substantially simplify matters relating to interpretation of whether something constitutes a 'retail premises' or a 'shop' in Industrial areas.

It is presently a most inappropriate waste of planning resources at a Local Government level to be spending more time testing definitions or initiating enforcement proceedings regarding definitions when this could, and should be further tightened by the way retailing is addressed particularly in industrial zones.

10. *Develop transitional arrangements and work with Councils to deal with restricted retail premises that are currently located within industrial areas.*

It is not considered a transitional arrangement to rezone industrial land to an appropriate business zone to accommodate an existing restricted retail premises. It is believed that this approach would simply entrench and reinforce 'out of centre' activity and undermine any approaches to identifying at a regional level appropriate strategic locations for 'restricted retailing' ie Maroondah or Nepean Highway or designated home maker centre locations.

Councils should in fact be encouraged to explicitly identify through Planning Scheme Amendments the locations (if any) where they would seek to consolidate (out of centre) 'restricted retailing'. Any such exercise must occur only after 'Regional Retail Assessments' are completed so that a regional understanding of planned 'restricted retail' floor space is understood.

11. *Develop and implement Retail Assessment Criteria based on a sequential test approach.*

Kingston believes that insufficient work has been undertaken to determine that any 'retailing activity' beyond that planned or existing is required outside the designated network of centres. Thus until such work is done what should occur to accord with the direction taken in the discussion paper is to immediately prohibit 'restricted retail' in Industrial Zones, then undertake 'regional retail assessments' and then, and only then consider the introduction of a sequential test approach in locations where it is identified that existing and planned centres cannot accommodate Melbourne's retailing needs. This will send the necessary message that 'out of centre' activity is definitely the 'policy last resort' and only possible where a necessarily robust regional assessment illustrates a clear gap against a 'reasonable' planning horizon.

We wish to reiterate that the Draft Retail Assessment Criteria (as it relates to outside designated activity centre boundaries) identified in the discussion paper should only become applicable once the 'regional retail assessments' are completed. They are not a substitute for the necessary regional strategic planning.

12. *Develop criteria to be applied when considering a request for a new centre or to reclassify a centre.*

This is not deemed to be a matter of significance for Kingston though such classification reviews should occur as part of the 'regional retail assessment process'.

13. *Continue to provide advice and assistance to Councils in planning for major retail proposals.*

The establishment and conduct of the 'regional retail assessment' should provide a mechanism whereby the broader planning for the provision of additional major retail proposals can be provided for.

14. *Finalise the interim Design Guidelines for Large Format Retail Premises.*

15. *Undertake a review of design guidelines for retail developments and where possible consolidate this advice, improve the content and minimise any duplication.*

16. *Update the Activity Centre Design Guidelines to incorporate design objectives and guidance on the development of new activity centres.*
17. *Continue to provide assistance and advice to developers and Councils on the design of major retail developments.*

Kingston believes that broadly speaking the principles in relation to appropriate retail design are now understood by Local Government and structure planning is providing a means of further addressing the design fundamentals. In addition, over recent years, it is apparent that when required opportunities through the Expert Assistance Program or DPCD Urban Design Unit are available to assist with design matters.

The broader planning challenge which exists in relation to design though would seem to be the adaptability of larger format retail premises to perform a multiplicity of roles beyond a single activity. For reasons similar to the sustained efforts made in relation to encouraging contemporary housing forms, to support consolidation, the retail design profession must be encouraged through policy to find more creative ways of layering retailing to make it less space hungry and more suited to consolidation as part of a mix of other activity centre land uses. Design direction (policy / guidelines) for Melbourne should be increasingly informed by the manner in which more densely urbanised cities around the world have addressed the challenges associated with accommodating retail activity.

We look forward to obtaining feedback in relation to this submission and would be happy to elaborate should the need arise.

Should you have any queries regarding this matter please contact the undersigned on 9581 4789.

Yours sincerely



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