25 March 2018

Mr Gary White, Chief Planner
Department of Planning and Environment
23-33 Bridge Street
SYDNEY NSW 2000

Dear Gary,

PIA Response to Retail Expert Advisory Committee (REAC) Report Recommendations

The Planning Institute of Australia (PIA) have provided earlier submissions to REAC (12 September 2016 and 1 December 2016) as well as comments on retail drivers at a stakeholder workshop (December 2016). PIA would like to reinforce the issues below before the Government exhibits any retail policy on this topic.

In particular, PIA NSW believes that at this stage in the planning framework, the REAC may have gone too much away from some regulation for retail and town centres, and should consider more of a staged approach based on various policy implementation by the Greater Sydney Commission, the creation of Strategic Local Planning Statements to lead the vision for a local government area, and relook at the SILEP and various definitions prior to developing a retail SEPP or policy.

Key Planning Issues

- PIA urges the Department to take a broader planning and public interest approach in refining planning policy relating to centres and retail development than that referenced in the REAC recommendations.

- Centres play a key role in land use planning and provide the public place with jobs, activity, and vitality. Planning should seek to create centres as places which:
  - Reduce isolation, create valued public realm and increase civic pride and social engagement;
  - Integrate retail, commercial, business, educational, recreational and cultural assets and opportunities;
  - Maintain a mix of uses.

Retail policy should thus ensure the vitality and business is not pulled out of centres unnecessarily.

- Improving retail convenience often - but not always - aligns with building the value of centres and strengthening the liveability and productive potential of our cities and towns according to our regional and district plans. Some retail convenience however also needs to support local employment areas without significantly impacting centres. PIA recommends that retail policy be addressed in the context of strategic planning to sustain successful cities and towns.
While the retail landscape is being disrupted – the fundamentals of how activity (increasingly services) can invigorate places and support a mix of uses is becoming more important as growth is sought around accessible centres. At the same time, it is recognised that the large bulky good or large format retail that cannot be located within town centres, however they should support centres and not disrupt major activity in regional and urban towns.

The REAC report provides insights on the prevailing trends on retail and thus it is timely to review the effectiveness and need for planning regulation. The public interest objectives relevant to different circumstances include:

- grouping together retail, other business and entertainment activity to invigorate centres, improve their amenity, accessibility and encourage a mix of uses including housing growth
- a local level convenience retail in employment or industrial areas
- in regional areas, maintain a focus for commercial uses and ensure that retail activity improves the use and enjoyment of key community facilities
- protecting land for urban support (and other industrial) uses necessary for the effective performance of a city or town over the long term

Our planning system is transitioning towards a more positive expression of what is intended for a place – but we require regulation where there is evidence of the retail market working against the public interest. It is timely that there is an inclusive process for the review of the SILEP zones and definitions with respect to retail:

- Avoiding unnecessary retail regulation of centre-based Business zones (B1-B4) as the market will resolve the range of uses that will choose a centre location. However, for example, the current B5 Business Development zone has mandatory permissibility of shops (under the definition of commercial premises) and there a number of examples of consents for supermarkets etc in such zones located well away from centres – thereby undermining the retail economics support of local and regional centres. Floorspace, product range and scale restrictions can be re-evaluated. There is a case for rationalising / reframing these Business zones in the SILEP.
- Restricting certain retail in Industrial (IN) zones remains important to retain the both the amount and productive capacity of industrial lands for a broad range of uses as well as the integrity of related Centres.
- Restrictions should typically apply to shops that could operate and enhance a centre – but not small-scale convenience stores / cafes / food serving the industrial area itself.
- Accurately applying the B5 Business Development Zone – as regional clusters of strategically identified specialised retail where appropriate outside of a centre (eg bulky goods / specialised homewares / some hardware – rather than reducing and eroding the industrial land market). There is a strong role for strategic planning and identification of these places.
- Reviewing the definitions of bulky goods, large format retail, discount retail, speciality retail, hardware, nursery and landscape retail uses and considering outcome-based definitions when restricting retail uses outside centres.
- Strengthening net community benefit criteria and place specific strategy to apply to retail development impacting the vitality of regional centres.
The REAC recommendations seem to be going towards a blanket amendment to the SILEP to permit a much wider range of retail in industrial and other zones. This is viewed as a backward step in achieving the GSRP (and inconsistent with PIA-NSW position expressed in submissions to GSC and REAC). The reason for our view is that it would simultaneously reduce activity in centres and erode the function of lands serving an urban support and employment purpose – evidence for this is available in planning experience in Sydney centres and across regional NSW.

PIA joins with Local Government New South Wales (LGNSW), and the Shopping Centre Council of Australia (SCCA) in finding that the REAC process, which was initiated in mid-2016, did not positively and constructively engage key stakeholders.

PIA seeks to be constructively engaged in the current process being run by the DPE to develop a state-wide retail policy. The significant insights and contributions that can be offered by our respective memberships, being experienced planning practitioners, local governments in metropolitan and regional NSW, and major retail property investors, are yet to be adequately heard. PIA-NSW wishes to engage constructively and positively with the Government on this policy with the objective of continuing to create thriving, vibrant, and accessible centres in metropolitan and regional areas of NSW. We believe looking at case studies in rural, regional and urban areas will significantly improve the retail policy.

PIA also seeks to ensure there is investment with certainty for communities and investors. Having the appropriate retail environment is critical to achieving the outcomes for the communities.

**Recommendations / Next Steps**

1) DPE revisit, stop and reflect the REAC process as a means of developing planning policy (not just retail-oriented policy), provide clarity on key directions, definitions and ensure consistency with better centre-based planning in the broader public interest - including the directions set by the Greater Sydney Regional Plan and other NSW strategic plans.

2) Consider how the new strategic planning framework needs to be developed, implemented, and staged and thus the appropriate timing for any major change in the retail policy.

3) Acknowledge the increasingly important positive role of place-based strategic planning for new and changing centres and places (ie LSPS) - rather than a blanket SEPP amendment.

4) Acknowledge that planning should be nuanced – or tailored for specific places and avoiding blanket interpretations of permissibility of retail uses – especially in regional areas where the success of a centre is vital to the wellbeing of a community.

5) The Minister for Planning require the engagement process to be revisited to ensure constructive engagement, broader participation and greater transparency in the development of policy concerning retail and centres than has been apparent thus far.
Thank you for the opportunity to provide further input to the REAC report and retail policy. PIA would be happy to discuss our comments with you, the Department and the Minister.

Yours sincerely,

David Broyd
Chair PIA NSW Policy Committee

Jenny Rudolph
President PIA NSW

CC Tim Archer, DPE