



Australian  
**Retailers**  
Association

Ms Carolyn McNally  
Secretary  
NSW Department of Planning and Environment

## **ARA Response to Discussion Paper: Planning for the Future of Retail – Proposed amendments to retail land use definitions May 2018**

### **About the ARA:**


The Australian Retailers Association (ARA) is the retail industry's peak representative body representing Australia's \$310 billion sector, which employs more than 1.2 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 2,300 independent and national retail members in New South Wales (NSW), covering nearly 20,000 shopfronts. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to the NSW and Australian economy.

Members of the ARA include Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

### **Executive Summary:**

This submission has been prepared by the Australian Retailers Association (ARA) in relation to the '*Planning for the Future of Retail: Discussion Paper*' (the paper) prepared by the Department of Planning and Environment (DPE). The paper is a long overdue, positive step towards the necessary planning reform required for the retail sector.

The ARA believes that the planning system in New South Wales (NSW) should support individual retailers by removing red tape and artificial barriers to entry which inflate the cost of establishing and operating a retail premise in NSW. Many retailers in NSW are already adversely impacted by a highly variable retail and economic



environment and skyrocketing rents. The added entry costs posed by the planning system for retailers needs to be addressed by government. A scheme which restricts supply and entrenches market dominance of retail landowners does little to assist retailers seeking to make an investment in NSW.


Retailers should be encouraged to 'think outside the square' and provide innovation in their retailing offerings. A planning system that seeks to provide for pre-defined and dated notions of what retailing is, or can be, is unhelpful. The NSW planning system must provide for the requisite flexibility and responsiveness to the ongoing changes in the retail environment, which will in turn support investment in NSW.


### **1: Background:**

The ARA supports the submission put forward by the Large Format Retail Association's (LFRA). This follows on from LFRA advocacy on various issues in cooperation with the DPE and the Greater Sydney Commission (GSC).

- The ARA believes the GSC's 'centre focused' approach with respect to retail planning is insufficient and damaging to the retail sector, particularly the large format retail sector.
- As the large format retail sector occupies approximately 30% of all retail floorspace in Australia, it is essential that future strategic planning for retail in NSW acknowledges and actively plans to increase large format retail floorspace availability within Local Government areas.
- The ARA supports a future Local Environmental Plan (LEP) 'emerging retail' provision, which is not otherwise defined. Some retailers face significant hurdles entering the NSW market, with far greater risk in developing new stores in NSW when compared to other states.
- The proposals for emerging retail will assist new entrants in reducing risk and therefore facilitating investment in NSW.
- The ARA, however, strongly opposes any move to use floor space caps in LEPs.

The proposed amendments to the Standard Instrument LEP in relation to retail land use definitions should also be acknowledged. These amendments, combined with





the findings of the paper articulate a formalised approach to the fast-evolving and increasingly diverse retail sector, and

We strongly support these proposed amendments and the opportunity to work with the DPE to evolve the NSW planning system to better meet the needs of retailers and the community.

The large format retail sector in NSW is in much need of planning reform. It currently experiences two main issues:

- A lack of understanding if a retailer 'fits' within the available land use definitions; and
- A lack of sufficient appropriately zoned, sized and configured land to support new development.


## **2: Lack of Clarity in Definitions:**


In our experience, the large format retail sector suffers from a lack of clarity, stemming from NSW planning definitions. The current legislation increases uncertainty around what is and what is not permissible under the 'bulky goods premises' definition, due to inconsistent application of the definition across the various LEPs and each Local Government interpretations.

The ARA strongly supports the proposed amendment to the 'bulky goods premises' definition within the Standard Instrument LEP. The definition of 'specialised retail premises' will allow further flexibility and certainty in the planning process.

## **3: Lack of Sufficient Zoned, Sized and Configured Land:**

The LFRA *Large Format Retail Directory 2017/18* outlines a steady decline in vacancy rates for large format retail in NSW over the last six years. Large format retail vacancy rates have sat below the national average since 2013/2014. This further demonstrates that there is a shortfall in the supply of suitable land for new large format retail development in NSW. Combined with an anticipated growth rate of 1.1%, there is insufficient appropriately-zoned land to meet the required demand.





Therefore, due to this undersupply many retailers are forced to undertake complex 'spot rezoning,' which carries significant risk and uncertainty.

These rezonings require demonstration of alignment with strategic planning documents. It is noted that GSC identified within the *Principles for Greater Sydney's Centres; A Metropolis of Three Cities - The Greater Sydney Region Plan* (GSRP); and *District Plans* (DP), that clusters of large format retail should be treated as part of the retail network. GSC prioritised planning for new clusters of large format retail in the same way as other 'new' centres.

However, GSC does not provide any further guidance on how the large format retail clusters are to be treated within the retail network or the centres hierarchy. Neither GSRP nor DP reference any existing and established large format retail centres within the centre hierarchy.

In addition, it is clear that new large format retail centres will generally not be able to meet the 'tests' for new centres, as mentioned in the Paper.<sup>1</sup> Therefore, it is necessary for the new retail planning policy to provide clear guidance to Local Government explaining the role of large format retail within the hierarchy. Local Government should be encouraged to proactively allocate sufficient land to accommodate increasing demand, or risk stagnation and possibly decline in the NSW large format retail market.

#### **4: Response to the Three Directions:**

The ARA and LFRA fully support the release of the Paper. It is considered a positive step in recognising the need for planning reform within the NSW retail sector.

The Paper proposes three potential directions the NSW Planning System can consider to appropriately support key retail trends as follows:


##### **4.1: Direction 1: Better local strategic planning for retail:**

GSC's plans have a centre-focused approach to retail planning which does not support large format retail. Current strategic planning documents do little to recognise and plan for large format retail floorspace within Local Government areas.

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<sup>1</sup> Department of Planning and Environment 2017, *Planning for the Future of Retail: Discussion Paper*, p.32.





Job growth is recognised only in strategic centres and precincts, in which large format retail centres are not located. This is a clear dismissal of the associated economic benefits generated from large format retail centres. Thus, if large format retail is not clearly considered in strategic planning, NSW will continue to forego economic investment and employment potential.

The Regional and District Plans do not clearly identify or protect land for large format retail. This is concerning given 1.74 - 2.2 million square metres of large format retail floorspace is needed to accommodate demand until 2031.

The limited availability of land for large format retail largely results in the need for retailers to undertake a planning proposal (rezoning) to make it suitable for large format retail. Strategically justifying these proposals requires justification similar to other retail premises. This does not recognise the key differences between traditional, and large format retail sectors.

We believe GSC has done little to engage with the large format retail sector during the consultation and finalisation of the Regional and District Plans. The items raised above could have been addressed during this period.


#### **4.2: Direction 2: A modern approach to retail development which reflects a range of retail formats in centres:**


A modern approach to retail development is supported by the ARA. Large format retailers, with new or different formats and retail business models, are not currently recognised in the planning system. This makes establishment in NSW difficult and uncertain. The concept of 'emerging retail' would reduce risk to such retailers and subsequently stimulate further jobs and investment.

#### **4.3: Direction 3: Adaptability and certainty in development:**

The ARA supports the notion of simplifying the business zones within the Standard Instrument and introducing more open and flexible zones. This will cater to the dynamic large format retail sector, enabling it to provide a combination of flexible uses and accommodate to changes in market and consumer expectations.

It is noted that the Paper proposes that councils use a strategic planning framework to control permissibility. Development Control Plans could be aligned with this intent by setting place-based controls.





The application of floorspace restrictions on retail uses is considered anti-competitive, which can often result in poor design outcomes. It should also be noted that in Victoria, previous floorspace restrictions were lifted in 2012.

The ARA **strongly opposes the** use of floorspace caps in 'LEPs' or the imposition of other restrictive controls to control permissibility.

### **Conclusion:**

The ARA welcomes this opportunity to provide this submission to the DPE for the *Planning for the Future of Retail: Discussion Paper*. We are supportive of moves that will ensure the NSW planning system supports individual retailers by removing red tape and artificial barriers to entry which inflate the cost of establishing and operating a retail premise in NSW.

The ARA believes the majority of the proposals will allow for better strategic planning, a modern, flexible and efficient approach, and a more cost-effective regime for established and prospective retailers. The moves will assist with driving investment in local communities, employment and the broader NSW economy.

We are grateful for the opportunity to respond to the Department of Planning and Environment regarding the proposed amendments. We would be pleased to discuss our submission further, at your earliest convenience.

Please contact ARA Director of Policy, Government and Corporate Relations, Heath Michael at [heath.michael@retail.org.au](mailto:heath.michael@retail.org.au) for further comment.

Kind regards,



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