

# Getting Life's Essentials

Planning for where we will live, work and shop over the next three decades.

Submission to the NSW Department of Planning in response to the draft East, Inner North and North East subregional strategies.

Prepared by **NSW Urban Taskforce** September 24, 2007

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## Contents

Executive summary .....	3
1. Introduction.....	6
2. Retail growth.....	7
2.1 What is in the subregional strategies.....	7
2.2 What should be in the subregional strategies .....	10
3. Local centres hierarchy.....	12
3.1 Explicit restrictions on retail .....	12
3.2 Application of the hierarchy .....	19
3.3 Over-definition of local centres.....	20
3.4 Transport implications .....	20
3.5 Simplifying the hierarchy.....	21
4. Micromanaging local economies through targets .....	22
4.1 Employment targets.....	22
4.2 Dwelling targets.....	22
5. Future role of the centres .....	23
6. Absence of the necessary studies and planning .....	24
6.1 Integrated land use and transport planning.....	25
6.2 Strategic centres .....	25
6.3 Use of old industrial areas.....	25
6.4 Encourage emerging businesses .....	26
6.5 Centres reinvigoration report .....	26
6.6 Necessary research should be performed .....	26
7. Improving housing choice .....	26
8. State Infrastructure Strategy .....	27
9. Employment lands.....	27
10. Strengthening centres management.....	28
11. Housing targets.....	29
12. Monitoring of future housing and employment supply .....	29
13. Flooding and coastal hazards .....	29
14. Inner North.....	30
14.1 Development assessment in North Sydney.....	30
14.2 Business development zones.....	30
14.3 Infrastructure.....	30
14.4 Employment lands.....	31
14.5 Increased residential densities.....	31
15. North-East .....	31
15.1 Development capability of non-urban land .....	32
15.2 Seniors living.....	32
15.3 Parks and public places.....	32
16. Contacts .....	32
Appendix: Demand for retail floor space.....	34

The **NSW Urban Taskforce** is an industry organisation representing the development sector. Founded in 1999, the NSW Urban Taskforce represents companies involved in planning and development of the urban environment. Current members of the NSW Urban Taskforce include some of Australia's most prominent developers, construction companies, major infrastructure providers, planners, architects, financiers and lawyers involved in urban development.

## Executive summary

The Department of Planning (DoP) has identified ten subregions within the metropolitan area of Sydney – grouping together local government areas with similar issues. Subregional planning is considered by the NSW Government as being essential for implementation of its Metropolitan Strategy. The subregional plans are supposed to focus the broad planning objectives set for Sydney down to a local level. These objectives are then to be implemented through standard instrument local environmental plans.

This submission addresses the first three of ten subregional strategies to be prepared by the DoP.

The NSW Urban Taskforce is of the view that the North-East, Inner North and East subregional strategies are inadequate and fail to meet the objectives set out for them in the Metropolitan Strategy.

In particular, the subregional strategies fail to pay any significant attention to the retail needs of Sydney over the next 25 years. Our submission shows that the metropolitan strategy area will need an additional **four million square metres** of occupied retail space by 2031 - **a 50 per cent increase over current levels**.

Where retail is mentioned in the draft strategies, it is usually in the context of preventing it or capping it. Such is the case in the local centres, where the prescriptive hierarchy proposed will strangle the growth of vibrant retail communities. The limitation of “villages” to one “small” supermarket and banning supermarkets in “small villages” and neighbourhood centres is outdated 1950s planning and clearly does not cater for modern consumer demands. In this respect the subregional strategies are inconsistent with the Metropolitan Strategy, released by the NSW Government in 2005.

Enterprise zones are proposed for a wide range of areas – but the retail of food and clothing is specifically prohibited – increasing the number of single purpose car trips and unnecessarily contributing to traffic congestion.

Only the strategic centres are free from *express* rules limiting retail growth. But any plan that tries to provide for all of Sydney's retail growth in the strategic centres is doomed to failure. Perhaps that's why, even in the strategic centres, the draft strategies only provide for a tiny proportion of Sydney's needs over the next 25 years.

This submission shows the North-East, Inner North and East will need **another 893,000 square metres of shopfront space over the next 25 years**, including 51 new supermarkets. Yet all three draft strategies, taken together, only promise 100,000 square metres of additional shop-front space – and only in Chatswood and Bondi Junction. These subregional strategies only plan for 11 per cent of what the community will need.

In any event, the strategic centres are to be burdened with new rules that have the potential to cripple their capacity to support retail growth in the future. The foreshadowed metropolitan parking policy threatens to impose a command and control approach on parking in and around strategic centres.

This will limit the value of strategic centres for any form of retail where the use of a car is considered desirable by the community (bulky goods, large family grocery purchases, etc).

The NSW Urban Taskforce finds itself genuinely mystified as to what the Department of Planning's vision for retail is. To re-cap, new retail is

- (for food and clothing) largely banned in enterprise zones;
- expressly limited and discouraged in local centres; and
- implicitly discouraged in strategic centres.

The NSW Urban Taskforce asks for the following actions to be carried out:

1. Each subregional strategy should incorporate a subregional and local government area target for shopfront space alongside the targets for dwellings and employment capacity (see section 2.2).
2. The unilateral and unjustified adoption of particular boundaries for a limited number of villages and small villages is inappropriate at the subregional planning level. This should more properly be undertaken at a local environment plan level (see section 3.3).
3. Expansion of retail and other shopfront activity in any of the local centres and enterprise corridors should actually be encouraged by the subregional strategies (see section 3.4).
4. The Department of Planning should not try and change people's driving and shopping habits by brute force of regulatory power. Instead the Department should encourage the growth of retail across the strategic centres, local centres and enterprise corridors (see section 3.4).
5. All four categories in the local centres hierarchy should simply be regarded as "local centres" (see section 3.5).
6. The Department of Planning should consider the NSW Urban Taskforce comments in Table 2, including the following:
  - The implicit limitation on the number of supermarkets to be found in a town centre should be removed.
  - The language limiting a town centre to only one single shopping mall, and a "small" one at that, should be removed.
  - The presence of more than one supermarket in a "village" should not be discouraged.
  - Supermarkets in a "village" should not be limited to "small" ones only.
  - Subregional strategies should not cap the number of retail shops in "villages", "small villages" or "neighbourhood centres".
  - There should be no prohibition on supermarkets in "small villages".
  - The limit on the number of shops in a neighbourhood centre should be removed.
  - The word "small" in reference to a group of shops should be removed from the definition of "neighbourhood centres".
  - The reduction in the radius of a neighbourhood centre from that set out in the Metropolitan Strategy has not been justified and is not supported.
7. The retailing of food and clothing should be permitted in the proposed enterprise corridors (see section 3.5).
8. Subregional strategies should not set employment capacity targets for centres. Such targets should only be set at a subregional and local government area level (see section 4.1).

9. Dwelling targets at a centres level would be overly prescriptive and may prevent innovation and change in the housing market in response to consumer demand (see section 4.2).
10. The role of the centres needs greater clarity. In particular:
  - o Language which, in itself, increases the risk of making particular kinds of investments should be removed. Such language should only appear when the government has made a clear decision to discourage a given kind of investment – in which case the decision should be clearly articulated and justified.
  - o Sweeping statements that limit or prohibit growth in a centre should not appear casually in a subregional strategy. Either such statements should appear as a result of a deliberate policy decision, be well researched and justified, or they should not appear at all.
  - o The role of retail and services as a major contributor to employment in the centres should be recognised.
  - o There should be no provisions that confer a privileged status on incumbent retail facilities at the expense of potential future competitors.
  - o A clear mechanism needs to be included to make sure centres are permitted to grow and be upgraded in any hierarchy over the next twenty-five years.
 (see section 5).
11. All studies and research necessary to inform the draft LEPs should be undertaken as a matter of priority. Some flexibility may therefore be needed in the future application of the subregional strategies (see section 6.6).
12. There needs to be a clearly identified mechanism to compel councils to increase densities in centres and to guide them as to appropriate densities to be achieved (section 7).
13. The subregional strategies are not robust enough to justify the imposition of any developer levies or contributions (see section 8 and section 10).
14. It is essential that industry is consulted on the issues raised in section 9 (employment lands).
15. The subregional strategies need to make clear that the short to medium housing targets should not viewed as an upper limit. In particular the subregional strategies should not discourage housing options in circumstances where an identified demand exists even if a short term target has been met (see section 11).
16. It is essential that there be strong industry involvement in the preparation of any assessment program to be used by councils: analysing the capacity, economic feasibility and take up rates at a cadastre level for existing and proposed residential development; and projecting demand for and supply of commercial, industrial and residential uses (see section 12).
17. The Department of Planning needs to play a greater role in supervising the setting of planning flood levels and coastal hazard zones by local councils (see section 13).
18. The functions of the Central Sydney Planning Committee should be extended to apply to major developments and development applications in North Sydney, so that there is co-ordination of the planning and development of Global Sydney (see section 14.1).
19. The specific issues raised for the Inner North and North East subregional strategies should be addressed (see sections 14-15).

In making the above changes to the draft subregional strategies there is a need for the Department of Planning to undertake targeted further consultation with industry groups and local government.

## 1. Introduction

There are some essential things in life: shelter and sustenance. In the modern world our shelter is provided by our homes. While tens of thousands of years ago human work often would have involved gathering food and making clothes ourselves, today, we divide the process of getting sustenance into paid work and shopping.

This submission is titled *Getting Life's Essentials: Planning for where we will live, work and shop over the next three decades*. This title has not been chosen lightly. We are aware that some will dismiss our inclusion of "shopping" in with the concepts of "living" and "working" as one of life's essentials. Unfortunately, it appears to us that the authors of the North East, East and Inner North draft subregional strategies may be among this group.

The word "shopping", to some, has frivolous connotations. But in truth, the great bulk of the shopping most households carry out on a weekly basis is essential to our continued well being. In 2003–04, households spent an average of \$153 per week on food and non-alcoholic beverages. This represented 17 per cent of total average household goods and services expenditure.<sup>1</sup> Also important to households was the \$35 per week on average they spent on clothing and footwear; the \$52 a week spent on household furnishings and equipment; and the \$17 they spent on personal care items.<sup>2</sup>

Access to retail services, along with shelter and paid work, is an essential ingredient in modern society. It is therefore, with some surprise, and some disappointment, that the NSW Urban Taskforce notes the lack of provision for retail services in each of the three subregional strategies that have been exhibited so far.

*City of Cities: A Plan for Sydney's Future* ("the Metropolitan Strategy") sensibly lists five key elements whose growth needs to be planned for between now and 2031. This was: homes (640,000 more), jobs (500,000 more, industrial land (7,500 extra hectares), commercial floor space (an additional 6.8 million square metres) and retail space (a further 3.7 million square metres).<sup>3</sup>

While the subregional strategies at least say something about targets for the first four of these five elements, there is virtually nothing said about the fifth element.

Each of the subregional strategies clearly shows what portion of the total dwellings and employment targets the subregional is to account for. For example, the East subregional strategy tells us that dwellings will rise from 122,000 to 142,000 between 2004 and 2031.<sup>4</sup> Similarly, employment capacity will rise from 130,000 in 2001 to 155,000 in 2031.<sup>5</sup> However there is no corresponding sub-regional or local government goal for retail capacity in any of the three sub-regional strategies. It is as if residents and workers of the future will no longer need to buy things.

There is the occasional mention of retail and even, in some limited instances, mentions of particular targets in a scattering of centres. The targets mentioned fall woefully short of the retail needs of Sydney as assessed by respected property economics and urban planning consultancy, Hill PDA for the NSW Urban Taskforce. However, they even fall dramatically short of the retail target set by the Department of Planning's own Metropolitan Strategy.

This submission has been prepared in response to three draft Subregional Strategies for the Inner North, East, and North East Regions of the Sydney Metropolitan area placed on public exhibition by the NSW Department of Planning (DoP) seeking public comment.

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<sup>1</sup> Australian Bureau of Statistics, 4102.0 - *Australian Social Trends* (2006).

<sup>2</sup> Ibid.

<sup>3</sup> Department of Planning - NSW, *City of Cities: A Plan For Sydney's Future* (2005) 7.

<sup>4</sup> Department of Planning - NSW, *East Subregion: Draft Subregional Strategy* (2007) 5.

<sup>5</sup> Ibid.

The submission seeks to identify issues specific to each of the three subregions and will separately identify issues common to the three draft strategies. A major focus of this submission is the failure of the sub-regional strategies to adequately plan for the growth of retail services – essential if the population, homes and employment of Sydney is to grow in the way projected in the Metropolitan Strategy.

## 2. Retail growth

The Metropolitan Strategy says that Sydney will need an additional 3.7 million square metres of retail space from 2004 to 2031.<sup>6</sup> However, this figure appears to include the Central Coast, which is the subject of a separate regional strategy. No information is provided in the Metropolitan Strategy as to how this 3.7 million square metre projection was calculated or how it will be implemented.

Industry was able to draw some comfort from assurances contained in the strategy that “[s]ubregional planning is proposed as an intermediate step in translating the Metropolitan Strategy into strategies for each grouping of local government areas and the many communities of Sydney.”<sup>7</sup> We were told that these subregions had been defined because they “relate to particular transport routes, natural features, patterns of employment and retail activity that are important factors ...”<sup>8</sup>

### 2.1 What is in the subregional strategies

The NSW Urban Taskforce had some faith that more information would be provided about this retail target in the subregional strategies. In particular we had hoped that retail targets would be set by subregional and local government area, giving local councils the necessary guidance to “use subregional planning to develop strategies for towns, villages and neighbourhood centres.”<sup>9</sup>

However, none of the three subregional strategies publically exhibited so far provide any overarching vision for retail services in the subregion. This contrasts sharply with the overarching vision for housing and employment. Subregional strategies clearly state what portion of the total dwellings and employment targets the subregional is to account for.

The East subregional strategy tells us that dwellings will rise from 122,000 to 142,000 between 2004 and 2031.<sup>10</sup> Similarly, employment capacity will rise from 130,000 in 2001 to 155,000 in 2031.<sup>11</sup> The Inner North Strategy tells us that home numbers will rise from 129,000 to 159,000; employment capacity will rise from 228,000 to 288,000.<sup>12</sup> The North East subregional strategy plans for an increase in dwellings from 90,000 to 107,300 and an increase in employment from 83,000 to 102,500.<sup>13</sup>

While there is no overall vision for retail articulated in any of the three sub-regional strategies, there is some sporadic and haphazard projections given in the specific provisions applicable to the strategic and town centres. Table 1 details the specific projections for retail growth given for each of the strategic and town centres named in the sub-regional strategies.

The table shows that only an additional 40,000 square metres of retail space has been specifically provided for in the Inner North subregion, and this appears only to be because Willoughby Council already had these plans underway when the drafts strategy was prepared.

The table also shows that a projection of up to 60,000 square metres of retail space is made for the East.

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<sup>6</sup> Department of Planning - NSW, *City of Cities: A Plan For Sydney's Future* (2005) 7.

<sup>7</sup> Ibid 64.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid 65.

<sup>10</sup> Department of Planning - NSW, *East Subregion: Draft Subregional Strategy* (2007) 5.

<sup>11</sup> Ibid.

<sup>12</sup> Department of Planning - NSW, *Inner North Subregion: Draft Subregional Strategy* (2007) 5.

<sup>13</sup> Department of Planning - NSW, *North East Subregion: Draft Subregional Strategy* (2007) 5.

Regretfully, no projections are made at all for additional retail in the North East subregion, despite the plans for an extra 17,300 dwellings and 19,500 workers.

**Table 1:** Projections for retail growth given for each of the strategic and town centres named in the sub-regional strategies.

Sub-regional strategy	Strategic or town centre	Growth target/projection
North East	Dee Why	None. In fact the possibility of retail growth is not even acknowledged, even as the need for growth if office space is supported.
	Brookvale	None. Apparently "the centre will remain the retail hub of the subregion through Warringah Mall [emphasis added]."
	Manly	None.
	Mona Vale	None.
<b>North East - Total</b>		<b>Nil</b>
Inner North	North Sydney	None.
	St Leonards	None.
	Macquarie Park	None. While there is mention of a further 900,000 square metres of commercial/office floor space, no increased retail is foreshadowed.
	Chatswood	A target of an additional 40,000 square metres of retail is identified.
	Neutral Bay	None.
	Eastwood	None.
	Ryde	None.
<b>Inner North - Total</b>		<b>40,000m<sup>2</sup></b>
East	Bondi Junction	A "possible" rise 60,000 square metres in retail is projected.
	Randwick Education and Health	None. While there is mention of a further 75,000 square metres for a medical research precinct, no projection for retail is made.
	Sydney Airport and Environs	There is mention of a further 240,000 square metres for office space, a business park, hotels, car rental, leisure development and retail outlets. However the subregional strategy says that this expansion is "considered inappropriate by the State Government". <sup>14</sup>
	Port Botany and Environs	None.
	Bondi Beach	None.
	Double Bay/Edgecliff	None.
	Maroubra Junction	None.
	Eastgardens	None.
	Randwick	None. It is observed that the centre has "limited capacity for growth".
	Mascot Station	None. While there is discussion of increased dwellings, commercial and warehousing, there is no mention of new retail.
Eastlakes	None.	
<b>East - Total</b>		<b>60,000m<sup>2</sup></b>
<b>Grand Total</b>		<b>100,000m<sup>2</sup></b>

<sup>14</sup> Department of Planning - NSW, *East Subregion: Draft Subregional Strategy (2007)* 47.

## 2.2 What should be in the subregional strategies

The NSW Urban Taskforce believes the adequate provision of retail services in our communities is a key ingredient to social and economic well being for Sydney households in the decades to come.

The ease, cost and availability of retail shopping can have a dramatic effect on our everyday lifestyle. For example, the modern supermarket allows many people to complete a large volume of shopping in a single trip each week. The costs of items purchased are relatively low, the choice is wide and the hours of opening are convenient.

Without the ready availability of modern supermarkets, a much greater share of retail purchases would have to be undertaken in convenience stores – effectively returning to the days of the 1950s corner shop. Shop and small strip retailing as found in the suburbs of Canberra developed in the 1950s. While this may sound pleasant to those with fond memories of the 1950s, we can't escape the fact that in the 21<sup>st</sup> century men and women are very time poor. The modern pressures of raising a family mean that many do not have the time to make multiple small scale shopping trips to a convenience store each week in lieu of a single large shopping trip to a supermarket. This trend has been clearly reinforced via the decline in the demand for 1950s style corner shops.

The NSW Urban Taskforce welcomes the fact that the Metropolitan Strategy identified retail space as one of five key elements whose growth is to be planned for between now and 2031.<sup>15</sup> However there was no guidance of in the Metropolitan Strategy as to how the 3.7 million square metres of additional retail floor space for the metropolitan region and the Central Coast was calculated. Even more alarmingly, there is no similar target for either sub-regions as a whole or individual local government areas in the sub-regional strategies. Just how are local councils to be given guidance on adequately providing for retail space without such targets?

Alarmingly given a lack of a clear requirement for additional retail space, the trend of 'residential creep' (i.e. meeting the increased residential demand by converting employment lands to residential lands) will inevitably not increase retail provision but reduce it.

For this reason the NSW Urban Taskforce commissioned respected property economics and urban planning consultancy, Hill PDA to calculate the additional retail space that Sydney will need if the population goals predicted by the NSW Government are to be met.

Hill PDA examined our need for supermarkets, convenience stores, small mixed businesses, speciality food stores, department stores (including discount department stores), bulky goods retailers (including electrical appliances, furniture, floor coverings, hardware, sports and camping stores) and personal services (including beauty salons, photo processing, optometrists, video hire, laundries and dry cleaning).

They concluded that currently, for every person in our community an average 2.1 square metres of retail space is needed. They forecast this to rise to 2.5 square metres in 2031 due to rising incomes and living standards.<sup>16</sup> This is a continuation of existing trends – the current per capita figure of 2.1 square metres per person is an increase from 1.8 square metres 15 years ago. Actual requirements for different sub-regions and local government areas will vary because of differences in income levels.

**On this basis the Sydney metropolitan area will need an additional four million square metres of occupied retail space by 2031.** This figure excludes the Central Coast. Currently supply in Sydney is eight million square metres – so we're talking about a 50 per cent increase over the next twenty-five years.

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<sup>15</sup> Department of Planning - NSW, *City of Cities: A Plan For Sydney's Future* (2005) 7.

<sup>16</sup> This floor space provision is still low by global standards. In the United States and the United Kingdom the rate exceeds four square metres per person.

This projection suggests that the 3.7 million square metres (which included the Central Coast) projected in the metropolitan strategy was insufficient to meet the needs of Sydney households.

Furthermore, Hill PDA found that provision also needed to be made for non-retail commercial services. In large indoor shopping centres between 5 to 10 per cent of specialities are non-retail and include such uses as medical services, travel agents, banks, internet, professional photography and other miscellaneous services. In older strip retail centres such uses typically occupy between 15 per cent and 35 per cent of shops and also include real estate agents.

Hill PDA advises that this means an additional 12.5 per cent of total retail space is needed for these non-retail commercial services. This means a further 500,000 square metres of space will be required by 2031 – **a total of 4.5 million square metres of shopfront space**. The appendix provides technical information as to how this figure and the figures in table 2 below were calculated.

Table 2 shows Hill PDA's projections for growth in demand for retail and shopfront floor space for the three sub-regions from 2006 to 2031.

It shows that the Inner North will need an additional 315,000 square metres of retail space – which (once non-retail commercial services are taken into account) means a further 354,000 square metres of total shopfront floor space. Compare this with the miserly additional 40,000 square metres provided for in the Inner North draft subregional strategy (see table 1). The sub-regional strategy falls short by 314,000 square metres. The explicit provision for shopfront space meets a mere 13 per cent of the community's predicted needs.

Table 2 shows that the East will need 258,000 square metres of additional shopfront space by 2031, including 229,000 of occupied retail space. However, the East sub-regional strategy does not make any unambiguous numerical commitment to additional retail space (see table 1). There is a "possible" additional 60,000 square metres of retail for Bondi Junction. There is also a reference to Sydney Airport and Environs: a projection of 240,000 square metres for office space, a business park, hotels, car rental, leisure development and retail outlets, which comes with the rider that this expansion is considered inappropriate by the State Government.

Even if the State Government were to reverse its position on Sydney Airport, a large portion of the projected 240,000 square metres would not be devoted to retail space.

As table 2 shows the North East will require an additional 250,000 square metres of retail floor space (280,000 of total shopfront floor space) – while the subregional strategy (as per table 1) promises nothing at all.

In total the strategies give State backing to up to **100,000 square metres** in additional shopfront space. This increase is limited to two locations only – Chatswood and Bondi Junction. However as the Hill PDA analysis shows, **893,000 square metres** will be required. **This is only 11 per cent of what the community will need** - a massive 792,000 square metres deficit.

Each subregional strategy should incorporate a subregional and local government area target for shopfront space alongside the targets for dwellings and employment capacity.

**Table 2:** Growth in demand for shopfront floor space for the three sub-regions from 2006 to 2031

Sub-region	Local government area	Population 2006 <sup>1</sup>	Population 2031 <sup>2</sup>	Additional supermarket floor space required <sup>3</sup>	Average number of additional no. supermarkets required <sup>4</sup>	Other additional retail floor space required <sup>5</sup>	Total additional occupied retail floor space	Total additional shopfront space
North East	Pittwater	54,157	82,702	18,721	7	95,673	114,394	128,693
	Warringah	133,837	142,089	14,800	6	75,632	90,432	101,736
	Manly	37,110	44,365	6,840	3	37,608	44,448	50,004
	<b>Total</b>	<b>225,104</b>	<b>269,156</b>	<b>40,361</b>	<b>16</b>	<b>208,913</b>	<b>249,274</b>	<b>280,433</b>
Inner North	Lane Cove	30,427	34,133	4,420	2	24,304	28,724	32,315
	North Sydney	58,257	75,493	15,305	6	84,156	99,461	111,894
	Ryde	96,948	111,782	14,793	6	69,909	84,702	95,290
	Willoughby	63,605	72,176	9,132	4	50,213	59,345	66,763
	Hunters Hill	13,241	17,339	3,108	1	15,881	18,989	21,363
	Mosman	26,236	28,622	3,660	1	20,123	23,783	26,756
	<b>Total</b>	<b>288,714</b>	<b>339,545</b>	<b>50,418</b>	<b>20</b>	<b>264,586</b>	<b>315,004</b>	<b>354,381</b>
East	Botany Bay	35,993	42,500	5,520	2	21,843	27,363	30,783
	Randwick	119,884	136,617	17,719	7	83,733	101,452	114,134
	Waverly	60,715	67,322	8,126	3	44,683	52,809	59,410
	Wollahra	50,161	55,618	7,300	3	40,141	47,441	53,371
	<b>Total</b>	<b>266,753</b>	<b>302,057</b>	<b>38,665</b>	<b>15</b>	<b>190,400</b>	<b>229,065</b>	<b>257,698</b>
Total		780,571	910,758	129,444	51	663,899	793,343	892,511

<sup>1</sup> Australian Bureau of Statistics, 2006 Census Data.

<sup>2</sup> Department of Infrastructure, *Planning and Natural Resources Transport and Population Data Centre, 2001-2031 New South Wales Statistical Local Area Population Projections 2001 – 2031* (2004).

<sup>3</sup> Includes floor space for convenience stores and small mixed business stores.

<sup>4</sup> Assumes an average supermarket size of 2,500m<sup>2</sup>.

<sup>5</sup> Consisting of speciality food stores, restaurants and take aways, department stores (including discount department stores), bulky goods (including electrical appliances, furniture, floor coverings, hardware, sports and camping stores), personal services and other retail.

### 3. Local centres hierarchy

#### 3.1 Explicit restrictions on retail

The Metropolitan Strategy proposed a hierarchy for "smaller centres and places".<sup>17</sup> The draft sub-regional strategies use an amended hierarchy for "local centres".<sup>18</sup> The hierarchies are described in table 3, together with a NSW Urban Taskforce perspective on each of the changes.

<sup>17</sup> Ibid 31.

Significantly, as table 3, shows, the NSW Urban Taskforce is deeply concerned that the hierarchy serves to limit the growth of retail in our communities. All of the local centre classifications heavily fence in the capacity for retail services in the local centres to grow in line with community need.

For example, town centres have only one "small" shopping mall, and just one to two supermarkets. Villages may only have a single "small" supermarket. Small villages cannot have any supermarkets at all. This ban was not included in the Metropolitan Strategy released by the NSW Government in 2005.

Neighbourhood centres are only permitted five shops – and the radius for a neighbourhood centre has been cut back to as low as 150 metres (it was 200 metres in the Metropolitan Strategy).

The NSW Urban Taskforce asks why is there an obsession with "small" retail facilities in this planning document? It's possible that some planners dislike larger shopping malls and supermarkets. However, sometimes large retail outlets are required to give customers the range and choice that they demand. Sometimes they are the most efficient and cost effective way to meet the needs of a large number of local households. If there is to be a move away from large retail outlets, it should be because consumers vote with their feet, not because of the regulatory decrees of the Department of Planning.

The danger of using a word such as "small" to describe a supermarket in a planning document is that it is an inherently subjective term. Consumers demand value and choice in their daily shopping needs. For this reason, the modern Australian concept of a "small" supermarket is up to 2,500 square metres. Councils are already using the term "small" to limit supermarket size to 1000 square metres (Waverley Council for instance). While the NSW Urban Taskforce opposes any attempt, at a subregional level, to dictate the size of supermarkets, if a government decision has been made to limit the size of supermarkets in a particular area, the limitation needs to be expressed in square metres, rather than ambiguous terms such as "small".

The decline of a number of 1950s style strips is due largely to the lack of a supermarket 'anchor' to the strip providing the daily convenience shop demanded by today's consumer. Smaller local centres (such as many of the centres regarded as "small villages" in the draft strategies) will need supermarkets of up 2,500 square metres to provide the necessary anchoring for their local retail shops. Without such anchoring, local shops in these centres may find it increasingly difficult to maintain their relevance to local consumers.

In the financial year 2006/07 the average size of new supermarkets opened in Australia by the majors (Coles and Woolworths) was 3038 square metres. Clearly Australia's leading retailers, through their extensive and comprehensive consumer research aim to provide supermarkets that meet the modern consumer expectations. Therefore the concept of 'daily shopping' at small supermarkets of less than 2,500 square metres in size is outdated, unrealistic, does not meet consumers desires and should be abandoned.

The NSW Urban Taskforce asks why has so much effort been invested in capping retail expansion in the local centres? And when taken together with the failure to provide for any retail expansion in the strategic centres (with the exception of Bondi Junction and Chatswood) where exactly is the 893,000 square metres of additional retail space, which includes 51 new supermarkets, going to be built?

If the answer is simply to be "the strategic centres" (despite the lack of explicit provision), then the NSW Urban Taskforce submits this is unrealistic, undesirable and impracticable.

In the East there are only five strategic centres, Randwick, Bondi Junction, Eastgardens, Port Botany and the Airport. If you accept the centres hierarchy at face value residents for the next 30 years of the entire Eastern Suburbs will ultimately need to descend on these four places if they want access to

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<sup>18</sup> Department of Planning- NSW, *East Subregion: Draft Subregional Strategy* (2007) 139; Department of Planning- NSW, *Inner North Subregion: Draft Subregional Strategy* (2007) 139; Department of Planning- NSW, *North-East Subregion: Draft Subregional Strategy* (2007) 128.

anything other than a “small” supermarket, “small” shopping mall, or if they want to meet anything more than mere “daily” shopping needs. This is despite an additional 20,000 homes and a further 25,000 workers in the region!

We project that the East will need another 15 supermarkets to meet the projected population growth – limiting these facilities to strategic centres is recipe for over-centralisation, congestion and would probably price the supermarkets out of existence. The scarcity of land in and around the current five strategic centres means this will not be achieved.

The same can be said for the Inner North, where another 20 supermarkets will be required by 2031. These can't all be built in North Sydney, St Leonards, Macquarie Park and Chatswood. Likewise a plan that requires the 16 new supermarkets required in the North East to be built in Brookvale and Dee Why should be rejected outright.

Under these conditions, the NSW Urban Taskforce believes the concept of a supermarket will become uneconomic. The land acquisition costs in those strategic centres will be prohibitive, and instead consumers will be forced – whether they like it or not – to undertake the bulk of their grocery shopping in a series of trips every couple of days at convenience stores.

**Table 3:** Metropolitan Strategy local centres hierarchy versus draft subregional strategy local centres hierarchy

Local centre type	Metropolitan Strategy – released in 2005	Draft subregional strategies – released in 2007	NSW Urban Taskforce comment
Town centre	Larger group of shops with one or two supermarkets, sometimes a small shopping mall, some community facilities such as a local library, a medical centre and a variety of specialist shops.	The limitation to one-or-two supermarkets has been weakened ever so slightly by saying that “generally” town centres will have one or two supermarkets.	<p>The implicit limitation on the number of supermarkets to be found in a town centre should be removed.</p> <p>Similarly the language limiting a town centre to only one single shopping mall, and a “small” one at that, should also be removed.</p> <p>If these changes are not made then some of the centres designated as town centres in the draft strategy should be designated as either major centres or future major centres to provide for the necessary retail growth.</p>
		Town centres are now acknowledged as a focus for a large residential population and must strive for a highly liveable atmosphere.	This change is supported.

Local centre type	Metropolitan Strategy – released in 2005	Draft subregional strategies – released in 2007	NSW Urban Taskforce comment
Villages	A strip of shops for daily shopping and typically includes a small supermarket, butcher, hairdresser, restaurants and take away food shops.	Villages now must also have between 10 and 50 retail spaces.	<p>This definition overlooks the fact that most, if not all of the locations designated as villages (e.g. Crows Nest, Hillsdale) are used in different ways by different households.</p> <p>Some will be dependent on the centre for the daily shopping needs, while others will use it only for their weekly shopping needs. A “village” needs to cater for both.</p> <p>This means the presence of more than one supermarket should not be discouraged. Supermarkets in a village should not be limited in size to “small” ones only.</p> <p>Additionally limiting the “villages” to only 50 shops may be extremely problematic – many of the “villages” will already have more than 50 shops right now (e.g. Spit Junction). Limiting the number of retail shops in villages will make the task of proving for future retail needs of the growing population much harder.</p> <p>If these changes are not made then some of the centres designated as villages in the draft strategy should be designated as either town centres or future town centres to provide for the necessary retail growth.</p>
	The extent of a village centre is approximately a 400-600 metre radius.	The extent of a village centre is approximately a 600 metre radius.	This change is supported.

Local centre type	Metropolitan Strategy – released in 2005	Draft subregional strategies – released in 2007	NSW Urban Taskforce comment
Small Villages	This category did not exist in the Metropolitan Strategy.	<p>A cluster of shops for daily shopping. It has more shops than a neighbourhood centre but does not have a supermarket. It has an approximate radius of 400 metres.</p> <p>It has between 5 and 30 shops.</p>	<p>This definition overlooks the fact that some of the locations designated as small villages (e.g. Frenchs Forest, Vaucluse) are used in different ways by different households.</p> <p>Some will be dependent on the centre for the daily shopping needs, while others will use also for their weekly shopping needs. A “small village” – if this category is to continue - needs to cater for both.</p> <p>This means there should be no prohibition on supermarkets.</p> <p>Furthermore limiting the “small villages” to only 30 shops will make the task of proving for future retail needs of the growing population much harder.</p> <p>This category was not in the Metropolitan Strategy and should be deleted from the subregional hierarchy. Its introduction makes it very difficult to plan for retail growth in easily accessible locations for local communities. Centres classified as “small villages” should, in fact, have been classified as “villages”.</p>

Local centre type	Metropolitan Strategy – released in 2005	Draft subregional strategies – released in 2007	NSW Urban Taskforce comment
Neighbourhood Centres	<p>A small group of shops you can walk to and buy items such as milk and the newspaper. Examples are any street with a corner shop or a small group of up to 10 shops.</p> <p>Neighbourhood centres should have a public transport focal point to link it with other centres.</p>	<p>The definition of a “small group” of shops that was included in the Metropolitan Strategy has been changed from 1-10, to 1-5.</p>	<p>The reference to a “small” group of shops is potentially confusing. The reduction in the number of shops permitted in neighbourhood centres is inappropriate and unjustified.</p> <p>Limiting neighbourhood centres to only 5 shops will make the task of proving for future retail needs of the growing population much harder. Even the Metropolitan Strategy’s limit of the size of the neighbourhood centres to 10 shops was undesirable.</p> <p>It is sufficient to say that a neighbourhood centre is a group of shops that you can walk to and buy items such as milk and the newspaper.</p>
	<p>The extent of a neighbourhood centre is approximately a 200 metre radius.</p>	<p>A neighbourhood centre has an approximate 150 metre to 200 metre radius.</p>	<p>The reduction in the radius of a neighbourhood centre from that set out in the Metropolitan Strategy has not been justified and is not supported.</p>

### 3.2 Application of the hierarchy

This flawed nature of the restrictions on retail inherent in the hierarchy can be illustrated by examining how the hierarchy has been applied to the reality of everyday communities in the North East, Inner North and East.

**Table 4:** Proposed “villages” that currently have more than the mandated one supermarket.

Sub-regional strategy	Village	No. of supermarkets	Names of supermarkets
North East	Avalon	2	Franklins, Food for Less
	Balgowlah	2	Franklins, Food For Less
Inner North	Crows Nest	2	Franklins, Woolworths
East	Hillsdale	2	Franklins, Woolworths
	Paddington, Oxford Street	2	IGA. There is also a Woolworths on Glenmore Road - a one minute walk from Oxford Street
<b>No. of excess supermarkets</b>		<b>5</b>	

Table 4 shows that at least five of the proposed “villages” already have two supermarkets, which is, in itself, inconsistent with the definition of a village. This is by no means an exhaustive examination. There may be other inconsistencies of a similar kind with other “villages”.

Is the designation of these centres as mere villages an error? In which case they (and any other “village” that currently has more than one supermarket or more than 50 shops) should in fact, be town centres.

Alternatively was the inclusion deliberate? In which case, the authors of the subregional strategies would appear to be saying it is undesirable for these localities to continue to have two supermarkets. This creates uncertainties about the future of those supermarkets should their owners want to upgrade and re-develop them in the future. This uncertainty should be removed.

**Table 5:** Proposed “small villages” that currently have a supermarket not permitted by the proposed Department of Planning classification.

Sub-regional strategy	Small village	No. of Supermarkets	Names of supermarket(s)
North East	Frenchs Forest	1	Woolworths
Inner North	Boronia Park	1	Woolworths Metro
	Coxs Rd, North Ryde	1	Franklins
	Putney	1	IGA
	Willoughby	1	IGA
East	Vaucluse & Old South Head Road	1	Franklins
<b>No. of excess supermarkets</b>		<b>6</b>	

Table 5 shows that at least six of the proposed “small villages” already have a supermarket, which is again inconsistent with the definition of a “small village”. This is by no means an exhaustive examination. There may be other inconsistencies of a similar kind with other “small villages”.

Perhaps the designation of these centres as small villages is an error? Should they (and any other “small village” that currently has a supermarket or more than 30 shops) should in fact, be “villages”? Or, again, was the inclusion deliberate? If it was then this is tantamount to a statement that it is undesirable for these localities to continue to have a supermarket. Again this creates uncertainties about the future of those supermarkets should their owners want to upgrade and re-develop them in the future. This uncertainty should be removed.

The NSW Urban Taskforce poses the question: Has anyone told the local communities concerned that they should not have any supermarket? Or in the case of the “villages” that they should only have one local supermarket?

### 3.3 Over-definition of local centres

The sub-regional strategies are intended to be an intermediate step between the broad-brush goals of the Metropolitan Strategy and the nuts and bolts of the local environment plan preparation process. As other parts of the submission suggest, there is some doubt as to whether the subregional strategies achieve this.

By and large the subregional strategies make no substantive attempt to define the current and future boundaries of centres, particular local centres. If there had been such an attempt, the subregional planning process may have been more constructive.

However, in a rather haphazard way, in respect of a small number of villages and small villages, the boundaries of these centres have been restricted to certain streets. This has been done without any context, explanation or explicitly stated rationale. It may have been an appropriate exercise if a consistent approach had been taken to all centres, and a proper analysis presented and discussed as to why particular boundaries for particular centres should be adopted. However, in the absence of such a methodology, the NSW Urban Taskforce believes the unilateral and unjustified adoption of particular boundaries for a limited number of villages and small villages is inappropriate at the subregional planning level. This should more properly be undertaken at a local environment plan level.

### 3.4 Transport implications

Expansion of retail and other shopfront activity in any of the local centres and enterprise corridors should actually be encouraged by the subregional strategies. It makes good planning sense.

By allowing weekly shopping needs to be met from areas classified as local villages or small villages, you reduce the need for people to drive to a strategic centre. That is, you are allowing the residents of, say, Wollstonecraft to complete their weekly shop at Crows Nest, instead of forcing them to drive to Chatswood.

This is a better policy outcome. There is reduced use of the car (less kilometres travelled, less time on the road). The trip is more local, so there is a greater chance that some trips will be carried out by foot. The opportunity for using public transport is there.

Similarly, by permitting food and clothing to be retailed in enterprise corridors (such as sections of Victoria Road, the Pacific Highway, Anzac Parade and Gardeners Road) cars are encouraged to remain on major arterial roads that are already equipped to support them and multi-purpose trips are encouraged (given the capacity for other retail to be located in enterprise zones).

If you don't allow people to complete the full range of shopping in their local area, they will be forced to travel – usually by car – to the nearest strategic centre.

This approach of allowing retail growth in the full range of centres is consistent with the approach taken in the North West and South West growth centres where retail is encouraged in 400 metre “walkable neighbourhoods”.

The draft subregional strategies would tend to suggest that the Department of Planning has realised that by limiting retail growth in the local centres, there will be a much greater pressure on the roads to and from the strategic centre. But rather than addressing this by encouraging development in the local centres, the Department of Planning flags a new regulatory straightjacket for shoppers and business operators.

Each of the three subregional strategies raises promises to implement a “metropolitan parking policy”.<sup>19</sup> This policy “will guide the supply and management of parking to support the use of sustainable transport to Strategic Centres.”<sup>20</sup>

This would appear to suggest a command and control approach is about to be deployed to manage road congestion in and around strategic centres. Any plan to force shoppers to use public transport when they visit a strategic centre, by dramatically reducing the available parking in that centre, will have severe repercussions for the lifestyles of Sydney households for years to come. If the supply of parking for new retail in strategic centres is heavily constrained parking will become scarce – and therefore very expensive. A sharp increase in the cost of parking in strategic centres will have a disproportionate impact on the elderly, people with disabilities and residents of areas not readily accessible to public transport.

The impact of the limitations on parking in strategic centres will also hit families hard. In Sydney it is customary for many families to complete one large shopping trip on a weekly basis. This will frequently involve significant expenditure on groceries, with a large number of shopping bags to transport home. This way of life will not be possible if car parking in retail hubs becomes scarce and expensive. Families will have to either pay the higher costs, or make several smaller shopping trips each week, instead of a single large trip. For time poor parents – these days often both holding down a job each – this will be a difficult burden to bear.

Again, the NSW Urban Taskforce submits that the Department of Planning should not try and change people's habits by brute force of regulatory power. Instead the Department should encourage the growth of retail across the strategic and local centres, as well as the enterprise corridors.

### 3.5 Simplifying the hierarchy

The current hierarchy is overly prescriptive and limiting. The current typology lacks the necessary flexibility to accommodate consumer demand and meet the evolving needs of surrounding residential precincts. But even if the descriptors are simplified, and made less prescriptive, the fact that there are four different classifications of local centres, in itself risks creating an unnecessarily rigid strait-jacket on the growth of Sydney's local communities. Additionally, enterprise corridors are defined so as to prevent the growth of food and clothing retail within their areas.

The NSW Urban Taskforce queries the need for separate classifications for any of the local centres. Our favoured position would be for all four categories to be simply regarded as “local centres”. We believe the retailing of food and clothing should be permitted in the proposed enterprise corridors (such as sections of Victoria Road, the Pacific Highway, Anzac Parade and Gardeners Road).

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<sup>19</sup> Department of Planning- NSW, *East Subregion: Draft Subregional Strategy* (2007) 80; Department of Planning- NSW, *Inner North Subregion: Draft Subregional Strategy* (2007) 80; Department of Planning- NSW, *North-East Subregion: Draft Subregional Strategy* (2007) 69.

<sup>20</sup> Ibid.

## 4. Micromanaging local economies through targets

### 4.1 Employment targets

The employment capacity targets for the East subregion contained within Table 4 do not correlate to the employment capacity targets set for the four nominated strategic centres. This discrepancy is not explained. The discussion would indicate that there is only capacity for the generation of 200 jobs outside of the four strategic centres over the next 25 years.

The employment figures for St Leonards, North Sydney, Macquarie Park and Chatswood in total add up to 39,600, accounting for two thirds of the overall employment capacity for the Inner North of 60,000.

No employment targets are given at a strategic centre level in the North East subregional strategy.

It is difficult for anyone, including government agencies, to accurately predict the shape of the labour force in ten years, let alone, twenty or thirty years. This doesn't mean that projections shouldn't be made at a subregional or local government area basis. But they shouldn't be seen as something handed down on a tablet of stone. It is possible that some or all of the employment growth projected for the strategic centres may not be economically feasible.

Including strategic centre employment targets in the subregional strategies may be used to prevent expansion of employment in centres other than the strategic centres. There may ultimately be a shortfall in one of the strategic centres or an expansion of a smaller centre may be economically viable and achieve the objectives of the Metropolitan Strategy (in terms of achieving housing, employment and/or retail targets).

The approach taken, in this respect, in the North East subregional strategy (i.e. employment capacity targets at a subregional and local government area basis only) should be adopted for the East and Inner North subregional strategies.

Councils in preparing their Principal LEPs should make provision for employment opportunities in centres other than the strategic centres. Action EA 1.1 should be amended to accommodate the delivery of employment land outside of the strategic centres.

### 4.2 Dwelling targets

The subregional strategies do contain dwelling targets for subregions and local government areas, but not for centres and corridors. This approach is supported.

The NSW Urban Taskforce thinks it is necessary for targets to be set at a local government level. However dwelling targets at a centres level would be overly prescriptive and may prevent innovation and change in the housing market in response to consumer demand. It is difficult for anyone, including government agencies, to accurately predict the development of the housing market over the coming years.

## 5. Future role of the centres

The Metropolitan Strategy says that the subregional strategies are intended to provide “clarity on the future roles of centres”.<sup>21</sup> However the subregional strategies fail to do this in some key respects.

Firstly, they do not (with the exception of Bondi Junction and Chatswood) provide any guidance on how the strategic centres will accommodate their share of the additional 893,000 square metres of shop-front space that will be required between now and 2031.

Secondly, the text associated with the strategic and town centres focuses heavily on the current state of these centres, rather than where these centres will be heading over the next five, ten, fifteen or thirty years. For example, the text on Eastwood describes the town centre as it exists today without saying anything about what will happen to it in the future.<sup>22</sup> Of the nine sentences on North Sydney – part of Global Sydney – only two are about the future and they say nothing about the future boundaries or the future of retail or residential in this vital hub.<sup>23</sup> These are not isolated examples - the same can be said for almost every entry on strategic and town centres in the three documents.

Thirdly, much of the language is vague and unhelpful. For example, in the section on Sydney Airport and Environs a projection of up to 240,000 square metres of retail space is made– but this projection comes courtesy of the Sydney Airport Master Plan which apparently is “considered inappropriate by the State Government”.<sup>24</sup> It is therefore very unclear what status this projection has in the subregional strategy. This kind of language gives no certainty when making significant investment decisions in the East subregion.

Fourthly, there are sweeping statements that will have profound implications for the future included in the document, with little justification or explanation for their inclusion. For example, Randwick town centre is said to have a “limited capacity for growth being constrained by heritage considerations.”<sup>25</sup> This statement is not backed up by any supporting material and is disputed by the NSW Urban Taskforce. It effectively means that Randwick – despite being a town centre – is exempted from the task of helping accommodate the needs of its growing resident population over the next 25 years.

Fifthly, the role of retail as a major contributor to employment in the centres seems to be completely overlooked in all three subregional strategies. For example, in relation to Eastlakes, it is said that “[e]mployment growth is limited due to its prime retail and service functions”.<sup>26</sup> The retail and service industries are major generators of employment in Sydney’s economy. If it is the case that Eastlakes is limited to these sectors, that, in itself, is no reason that there cannot be significant employment growth as the retail and services sectors expand with population growth.

Sixthly, there are provisions that confer a privileged status on incumbent retail facilities at the expense of potential future competitors. For example, the North East strategy says of Brookvale: “the centre will remain the retail hub of the subregion through Warringah Mall.”<sup>27</sup> It may well be reasonable for the subregional strategy to declare that Brookvale will be the retail hub of the subregion. However, it is utterly inappropriate for the Department of Planning to elevate Warringah Mall to such a privileged status. The language used effectively exhorts future statutory plans to safeguard Warringah Mall from any future competitors. The households of Sydney and small businesses of Sydney are best served by competition between the owners of present and future retail malls. The planning system should not allow itself to become a means of preventing that much need contribution.

Finally, with some limited exceptions, no clear mechanism is given on how centres will grow and be upgraded in the hierarchy over the next thirty years. The only new town centre flagged in all three

<sup>21</sup> Department of Planning- NSW, *City of Cities: A Plan For Sydney's Future* (2005) 64.

<sup>22</sup> Department of Planning- NSW, *Inner North Subregion: Draft Subregional Strategy* (2007) 51.

<sup>23</sup> Ibid 42.

<sup>24</sup> Department of Planning- NSW, *East Subregion: Draft Subregional Strategy* (2007) 47.

<sup>25</sup> Ibid 53.

<sup>26</sup> Ibid 52.

<sup>27</sup> Department of Planning- NSW, *North East Subregion: Draft Subregional Strategy* (2007) 37.

documents is Mascot Station. Otherwise the classification of the various different kinds of centres appears to be based largely on the current condition of the centres (although as tables 4 and 5 show, there is some down zoning in terms of retail capability).

There is a brief acknowledgement in the definition of neighbourhood centres, that there may be new neighbourhood centres in the future – but no such acknowledgement for small villages, villages, town centres or strategic centres. The hard, and potentially controversial work, of determining exactly which centres should be designated as future “villages”, future town centres and future major centres has been avoided. Even if the Department of Planning is reluctant to identify more future centres upfront in these subregional strategies, each of the subregional strategies must (if the concept of a prescriptive hierarchy is to be kept) clearly state that the local environmental planning process must identify centres for upgrading, and establish timeframes for when this is likely to occur.

It is also worth noting that the Metropolitan Strategy promises that the subregional strategies provide guidance on the “staging and prioritisation of renewal”.<sup>28</sup> Frankly, in our review of the three subregional strategies we could find very little clear guidance on this subject.

It is too late in the day to expect that subregional strategies to be re-written to provide all the necessary clarity on the future roles of centres. If such a course of action were taken, the subregional strategies would need to be publically re-exhibited in draft form. This would cause unreasonable delays to the local environmental planning process. For this reason the NSW Urban Taskforce does not request a return to “square-one” and instead seeks the following:

- Language which, in itself, increases the risk of making particular kinds of investments should be removed. Such language should only appear when the government has made a clear decision to discourage a given kind of investment – in which case the decision should be clearly articulated and justified.
- Sweeping statements that limit or prohibit growth in a centre should not appear casually in a subregional strategy. Either such statements should appear as a result of a deliberate policy decision, be well researched and justified, or they should not appear at all.
- The role of retail and services as a major contributor to employment in the centres should be recognised.
- There should be no provisions that confer a privileged status on incumbent retail facilities at the expense of potential future competitors.
- A clear mechanism needs to be included to make sure centres are permitted to grow and be upgraded in any hierarchy over the next twenty-five years.

## 6. Absence of the necessary studies and planning

The draft subregional strategies as exhibited identify that “Subregional planning is an intermediate step in translating the Metropolitan Strategy to a local level...The draft Subregional Strategies act as a broad framework for the long-term development of the area, guiding government investment and linking local and state planning issues. They also provide the detail required to guide the preparation of Principal Local Environmental Plans...”

However, the necessary research has not been carried out to make these subregional strategies sufficiently robust to meaningfully inform local planning. Instead most of the hard work is being left to an unspecified time in the future.

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<sup>28</sup> Department of Planning - NSW, *City of Cities: A Plan For Sydney's Future* (2005) 64.

## 6.1 Integrated land use and transport planning

A key direction for the subregional strategies is to encourage the use of, and improve access to, public transport. This direction is supported and should be encouraged. However, in the inner north subregion before this direction can be implemented and before any draft LEP can be prepared for each of the six local government areas within the subregion it is first necessary for the State Government and each council to undertake an integrated land use and transport planning "...to ensure that opportunities to benefit from infrastructure investment are realised."

The integrated land use and transport planning is also a key element required to inform the draft LEPs and arguably should have been undertaken prior to the preparation of the subregional strategy so that the directions formulated are robust and capable of implementation.

The potential exists for conflict to arise between the outcome of the integrated land use and transport planning and the draft strategy.

This potential for future conflict is again highlighted by the Action B4 which calls for the concentration of commercial activities near public transport. Yet the integrated land use and transport study and market analysis which would determine the appropriate locations to concentrate such activity and to locate business development zones and enterprise corridors is being left to another day. Further, the subregional strategies identify that any decisions on where the retail and commercial activity should be undertaken, and the form of that activity, will be determined by yet to be prepared centre design guidelines, guidelines for the application of Business Development and Enterprise Corridor zones.

The draft strategies call on councils to prepare LEPs which reflect the subregional structure plan through identifying sufficient area of appropriate zones for retail activity. However the subregional strategies have not been prepared: in the absence of integrated land use and transport planning; without a clear picture of market demand for the type and quantum and location of commercial and retail floor space; and without a clear picture of available vacant land and floor space within and across local government areas.

## 6.2 Strategic centres

The key direction for the Inner North Subregion calls for the strengthening of the Global Economic Corridor because competition for commercial investment, economic cycles and demand for residential development has encouraged state and local government to promote the commercial role of the corridor. Promotion of the corridor is happening without the completion of several key studies concerning Strategic Centres, and Integrated land use and transport studies.

## 6.3 Use of old industrial areas

With the changing nature of industrial activity across Sydney, the draft strategies identify the need to identify opportunities to renew and intensify alternative employment/industrial activity within older Industrial precincts. Guidance to councils as to how and where the renewal and intensification should occur and the identification of Economic Renewal Investigation areas are essential to inform the preparation of programmed draft LEPs. Yet these issues and measures on how to manage the interface issues between industrial/commercial land uses and residential land uses are to be dealt with in the future by the ELDP and ELMAC. These guidelines and considerations need to be accelerated, as they are essential to inform the LEP preparation.

## 6.4 Encourage emerging businesses

The NSW Urban Taskforce welcomes government incentives, which will encourage the establishment of emerging businesses. The nature of these incentives is not detailed in the draft strategies. However, if the incentives involve the capping of tenancy rentals in a fashion similar to that utilised under *State Environmental Planning Policy No. 10 Retention of Low Cost Rental Accommodation* then this would not be supported. Such a mechanism would simply be creating an artificial rental market and would discourage the revitalisation of outdated developments.

## 6.5 Centres reinvigoration report

The draft strategies identify that the state government is committed to producing a detailed Centres Reinvigoration Report, which will identify opportunities and constraints for Strategic Centres across Sydney. This report is a key to making decisions on land uses and zonings under new draft LEP and would, for example, determine whether Dee Why and Brookvale should be a strategic centre, the role each locality would take, the nature of any enterprise corridor that would link the localities and the relationship between employment and residential land uses. This report would ideally have been prepared prior to the preparation of the draft strategies.

## 6.6 Necessary research should be performed

It is not practicable for the subregional strategies to be placed on hold while the necessary research, described above, is carried out.

If such a course of action were taken, the subregional strategies would need to be publically re-exhibited in draft form again. This would cause unreasonable delays to the local environmental planning process.

For this reason the NSW Urban Taskforce simply requests all studies and research necessary to inform the draft LEPs should be undertaken as a matter of priority. Some flexibility may therefore be needed in the future application of the subregional strategies.

## **7. Improving housing choice**

Key Directions for each of the subregions is to provide for a broad range of housing choice over the next 25 years and to facilitate people "aging in place". The NSW Urban Taskforce supports this objective. However there is no clear direction provided within the subregional strategies as to:

- how a broad range of housing choice will be facilitated under the subregional strategy; or
- how this will be implemented through the draft LEPs by individual councils or the state government.

Councils are called on to consider opportunities for new housing forms in areas of high public transport access and amenity. Yet there is no mechanism to compel the councils to increase densities in centres. Nor are councils given guidance as to appropriate densities to be achieved. The strategy objective is a statement which is:

- not supported by market analysis to give it direction and certainty;
- nor a statutory framework to give it effect.

## 8. State Infrastructure Strategy

The draft subregional strategies state that “[t]he State Infrastructure Strategy informs the Subregional Strategies with regard to planned infrastructure upgrades” yet the draft strategies are silent on whether these infrastructure upgrades are part of state government budgeted works or are to be funded in part or full by developer contributions and special levies.

Many of the identified infrastructure projects:

- are required to address existing system deficiencies;
- are to replace aging infrastructure; or
- will directly benefit existing residential and employment based land uses and users.

The draft strategies do not clearly identify what local and state infrastructure will be needed to support the targeted increase in residential accommodation and employment land uses.

The draft strategies state that subregional strategies will provide long-term planning to inform future infrastructure investment decisions and reviews of the State Infrastructure Strategy. However, there is no analysis or breakdown of:

- who will fund the future regional infrastructure;
- the capacity, life span and condition of existing local and state infrastructure;
- the critical infrastructure required to implement the draft strategies; or
- the timeframes for the provision of infrastructure.

Action A1.6 calls for the State Government to “...work with local government to identify infrastructure and servicing needs for Employment Lands and develop more effective policy setting and funding mechanisms for Government and the private sector.” This statement would seem to indicate that infrastructure beyond that provided for under the State Infrastructure Strategy will be required to support employment lands. However no clarity is given as to the nature of that infrastructure, its cost and who will pay for it as yet.

The potential exists that developers seeking to provide future employment opportunities will be called upon to upgrade existing deficiencies within existing infrastructure. Additionally there is a risk that new employment generating developments will be burdened with the cost of providing non essential infrastructure. Ultimately such policies will mean *less* development and therefore *less* employment generation. The subregional strategies are not robust enough to justify the imposition of any developer levies or contributions.

## 9. Employment lands

The Action Plan for Sydney’s Employment Lands (“the Action Plan”) released March 2007 was built upon the conclusions of the Employment Lands Taskforce and incorporated a breakdown of the existing stock of employment land. This breakdown identified land zoned for not only Industrial and employment land purposes but also land zoned for neighbourhood centres, primary retail zones which allow all uses, business zones which support retail and commercial activities for residential purposes.

The Action Plan clearly considered that land zoned for retail and neighbourhood business purposes i.e. small strip shopping centres were employment lands. However, the subregional strategies have identified “Employment Land precincts” and categorised the function of each precinct. The categories include Freight and Logistics, Local Industry, Manufacturing (Heavy or Light), Utilities/Urban Services and Business/Office Parks but does not include a category to cover commercial and retail business activities and locations which are recognised in the Action Plan as Employment Land uses.

Employment lands are more than industrial sites or Business Parks. They include land zoned as:

- 3(c) “neighbourhood business” in Lane Cove;
- 3B “local business” in Randwick;
- 3(a3) “business secondary” in Waverley;
- “localities” such as the Collaroy Village in Warringah; and
- 3(e) “restricted office” in Willoughby.

The subregional strategies fail to recognise the employment opportunities available in the commercial and retail localities within each of the sub regions. They seek to simply categorise such land as a form of commercial centre. No consideration has been given to investigating or considering the “commercially” zoned land as having potential for expansion to accommodate a wider range of employment uses or alternative uses even though the Action Plan identifies the land as being Employment Land.

The establishment of the Employment Land Development Program and Employment Lands Task Force should be accelerated. The employment opportunities of commercially zoned land as identified above should be investigated and the potential for these localities and centres to expand and accommodate a wider range of employment should be considered.

The draft strategies call on councils to provide for the intensification and more efficient use of existing employment lands. How this challenge is to be achieved is unclear. If higher order employment uses are to be established to facilitate this intensification and more efficient use of land then it will require councils to substantially review the range of uses and applicable development controls. Consultation with industry to gain an understanding of market demands for floor space types, particularly emerging uses, is a key to the revitalisation of employment land and the achievement of the employment targets. The targets will not be met if growth is targeted in areas not considered viable in the market.

## 10. Strengthening centres management

Action B3.2 calls on state and local government to “...consider a series of mechanisms to increase investment into centres and improve management.” Such mechanisms will include undertaking of public domain improvements, investigating formal funding mechanisms, identification of Business Improvement Districts, levying of special rates on property owners and the investigation of funding and management options for the provision of infrastructure.

Many of these mechanisms appear to be relying upon funding from the private sector developers and landowners yet there is limited details regarding:

- the benefits to be achieved from the funding;
- the quantum of the funding to be sought; or
- the proposals new or existing which are to be implemented to strengthen the identified centres.

There appears to be no analysis as to why opportunities to strengthen centres focus only on the strategic centres when opportunities may exist now or in the future to expand and revitalise other smaller centres.

The imposition of as yet to be quantified special rates, levies and contributions will have an impact on the viability of future projects. It is not possible with so many unknown factors to determine the impact of project viability of developing within the centres.

The levies, contributions and rates should not be seen as a funding opportunity for a wish list of studies, public improvement programs and infrastructure upgrades within the centres and the broader subregion.

Coordination between state and local government is essential in considering any contribution proposals together with an input from industry groups as to the impact of such contributions on project feasibility. Again, we say that the subregional strategies are not robust enough to justify the imposition of any developer levies or contributions.

## 11. Housing targets

The Metropolitan Strategy set draft housing targets for each of the 10 subregions. These targets, when averaged across the projected 25-year life span of each of the subregional strategies, would result in on average a lower rate of residential development than has been experienced over the last 10 years. Yet the draft strategies call on councils through their draft LEPs to plan for greater range of housing forms - especially in the centres - and to improve housing choice.

These targets have been set in the absence of analysis of market demand for housing types, availability of land or redevelopment sites or the capacity of the market to take up additional housing if provided.

Sydney is in the midst of both a housing shortage and an affordability crisis yet conservative targets have been set for the provision of future housing in serviced urban areas. Councils and the state government need to be more responsive to immediate housing needs and capable of responding faster than a review every five years after 2013 when the initial housing targets will have been met.

It is important that the short to medium housing targets are not viewed by councils as an upper limit and the strategy used to reject sustainable housing options in circumstances where an identified demand exists, yet a short term target has been met.

## 12. Monitoring of future housing and employment supply

Action C1.4 identifies that the MDP is preparing an assessment program to be used by councils which will analyse:

- the capacity, economic feasibility and take up rates at a cadastre level for existing and proposed residential development; and
- information that will project demand for and supply of commercial, industrial and residential uses.

It is essential that there be strong industry involvement in this process, with regard to demand, take up rates and economic feasibility issues, otherwise the process will fall down.

## 13. Flooding and coastal hazards

The NSW Urban Taskforce recognises the need to protect people and property from flooding and coastal hazards. However, the inconsistent and at time excessively conservative approach taken by councils to the setting of flood planning levels or identification of coastal hazards will continue to unnecessarily quarantine land which is capable of risk free development.

The Department of Planning needs to play a greater role in over-viewing the setting of planning flood levels and coastal hazard zones by local councils.

## 14. Inner North

This section of the submission will identify issues specific to the Inner North subregion.

### 14.1 Development assessment in North Sydney

The Metropolitan Strategy cast Sydney and North Sydney as the harbour cities at the heart of Global Sydney. These cities are targeted under the Metropolitan Strategy as the focus for world class business, tourism, cultural, health, education and entertainment activities.

The draft subregional strategy acknowledges that North Sydney:

- forms the northern part of Global Sydney;
- is Sydney's second largest office market; and
- is a key harbour and foreshore location for businesses, residents and tourists.

The importance of North Sydney should not be underestimated. It is home to a significant residential population as well as its recognised recreational and cultural facilities.

Planning for North Sydney should mirror that of the other half of the Global City - the central business district of the City of Sydney.

The Central Sydney Planning Committee (CSPC) presently exercises the functions of City of Sydney Council in relation to the determination of applications for major developments (the estimated cost of which exceeds \$50 million) and development applications seeking to vary a development standard under State Environmental Planning Policy No. 1 (unless delegated to Council to determine).

The functions of the CSPC should logically be extended to apply to major developments and development applications in North Sydney so that there is co-ordination of the planning and development of Global Sydney. The extension of the role of the CSPC to North Sydney would not detract from the role North Sydney Council has in implementing the draft subregional strategy generally.

### 14.2 Business development zones

The draft strategy states that "Business Development Zones aim to encourage a range of employment uses which can support Strategic Centres."

However, the draft strategy does not identify specific locations for such zones, but rather leaves this to be possibly identified when the draft LEP for a council is prepared. There is no mechanism within the subregional strategy or elsewhere to require any or all of the Inner North Councils to investigate and identify and new Business Development zones.

### 14.3 Infrastructure

The draft subregional strategy states that "[t]he economic future of the Inner North Subregion will be influenced by the completion of a number of transport infrastructure projects..." One of the projects being relied upon is the North West – Harbour – South West Rail Link.

If this project is a key element to the economic growth of the subregion and it is delayed - what impact will the delay or non-provision of this rail line have on the economic growth of the subregion? What is plan B? The discussion in action D1.1.1 indicates that the timing of this and other infrastructure projects is

the subject of continued detailed planning, financial and economic studies. The provision of this critical infrastructure appears far from certain.

#### 14.4 Employment lands

The focus for action in relation to employment lands (A1 and B1) is to achieve employment targets within the strategic employment centres of Chatswood, Macquarie Park, North Sydney and St Leonards. This approach fails to recognise the opportunities for local and regional employment in other locations outside of the Global Economic Corridor.

The strategy must enable opportunities to be explored for expansion of employment opportunities outside of the strategic centres and Global Economic Corridor if it can be demonstrated that there is a market demand and it meets the broad objectives of the Metropolitan Strategy. It should be possible for LEPs to be prepared or amended to accommodate employment growth and change outside of the strategic centres, if sustainable opportunities arise in the short or long term.

The subregional strategy should not be used as a tool by councils to prevent the expansion or evolution of a commercial or industrial centre outside of the strategic centres if:

- a proposal presents as a good planning outcome;
- is supported by robust market analysis;
- is sustainable; and
- assists in achieving the employment targets for the subregion.

Consultation with industry groups is vital in understanding market demands and trends, which should guide or facilitate future planning and land zoning under LEPs.

Co-ordination and consultation between state and local government and industry groups is essential to the identification and assessment of employment land/employment land precincts. This consultation is important to identify opportunities for expansion of or alternative uses in centres (based on market trends) and the delivery of services and infrastructure required to support the employment lands, which will guide future land zonings under the future LEPs.

#### 14.5 Increased residential densities

The NSW Urban Taskforce supports higher residential densities close to centres.

Increases in residential densities should not be limited to the strategic centres of Chatswood and St Leonards as suggested by the discussion in section B2.1 of the draft strategy.

There are opportunities to accommodate increased densities around “small villages” and neighbourhood centres which will add to the revitalisation of those areas. This is particularly important when they are located on strategic bus corridors or existing bus routes. These routes provide excellent service and link strategic areas such as Chatswood, North Sydney and the City.

This would be consistent with the objectives of action C1.3, namely to accommodate new housing in existing urban areas taking advantage of existing services such as shops and public transport and so reduce development pressures on other parts of Sydney.

### **15. North-East**

This section of the submission will identify issues specific to the North-East Subregion.

### 15.1 Development capability of non-urban land

There appears no basis for the statement in Action C1.1.2 that “[t]here is no necessity for the development of non-urban lands (not already identified on the MDP) to meet dwelling targets for the North East Subregion to 2031.” These lands may be capable of accommodating residential or employment land opportunities in the period to 2031 and should not be viewed only as being a future land bank post 2031.

The proposed strategy review process should be open to the opportunities of future urban expansion if it can be demonstrated that demand for such development exists, it is sustainable development and it would satisfy the objectives of the metropolitan strategy.

### 15.2 Seniors living

Age profile projections for the North East subregion have indicated that the proportion of the population aged over 65 years will increase significantly by 2031. However, the draft strategy does not provide strategic direction as to the manner in which an appropriate mix of housing can be provided to meet the future needs of this section of the community. The exhibited draft amendments to SEPP Seniors Living will not provide this strategic direction.

While action G1.2 of the draft strategies requires new Principal LEPs to reflect LGA dwelling and employment capacity targets it is unclear how the housing needs for older people and people with a disability will be accommodated under the LEPs. In regions such as the North East there is predicted to be a significant increase in persons aged over 55 and 65 years in the next 25 years. For this reason greater certainty is required to ensure that senior’s housing needs are met.

### 15.3 Parks and public places

The draft subregional strategy says provision of local open space in the subregion is lower than across the Sydney Region. This assessment however does not appear to take into consideration access to the bushland open space that surrounds and intersects the region. Nor does it consider the access to beaches, waterways and regional open space facilities, as well as a range of sportsgrounds.

An alternative to the provision local open space is the enhancement of civic spaces within centres, especially where there is proposed to be increased employment and residential development opportunity. The cost of any enhancement work needs to be reasonable and relate to the scale of proposed development.

## **16. Contacts**

Should you require further information or clarification, please do not hesitate to contact the NSW Urban Taskforce about any aspect of this submission:

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## Appendix: Demand for retail floor space

Hill PDA apportioned total spend into the retail store types based on various sources including Australian Bureau of Statistics (ABS) *Household Expenditure Survey 2003-04* and *ABS Retail Survey 1998-99*. Slight differences in apportioning are due to variations in income levels. Higher income households for example spend a higher proportion of their total expenditure in restaurants and less in supermarkets by comparison to lower income households.

Demand for retail space is around 2.1 square metres per capita. In the 2031 forecast this increases to 2.5 square metres per capita. This is due to growing affluence and an assumption that the retail industry will respond to this growth of affluence. Since 1991 real (above the consumer price index) expenditure per capita has increased at around 1.9 per cent per annum (based on ABS retail trade figures). This growth has been accommodated partially by an increase in retail floor space (from 1.8 square metres to around 2.1 square metres over the past 15 years – or 1 per cent per annum) and partially by an increase in real average turnover levels.

This floor space provision is still low by global standards. In the United States and the United Kingdom the rate exceeds 4 square metres per person.

For the purpose of this forecast, Hill PDA allowed around 1.5 per cent per annum growth in real expenditure per capita of which half of this growth (0.75% per annum) is required to be met by an increase in retail floor space demand per person.

The analysis concluded that Sydney SD (excluding Central Coast) will require a further four million square metres of occupied retail space by 2031, which is equivalent to 4.5 million square metres of shopfront space.

The demand figures are estimated from expenditure generated by households in those LGAs. It does refer to expenditure captured within those LGAs. Obviously there is expenditure that crosses LGA boundaries. Large regional centres, such as Chatswood for example, captures expenditure from Kuring-gai, North Sydney and Lane Cove households. A considerable amount of expenditure from Kuring-gai escapes the LGA to Hornsby, Chatswood and Macquarie Centre.

No figures on supply are provided. The figure of 2.1sqm of retail space per capita in 2006 is based on approximate average turnover levels (and hence the total floor space figure should be an approximation of actual supply). However LGAs and sub-regions may be affected by oversupply (below average turnover levels) or undersupply (above average turnover levels).

The modelling does not accommodate local adjustments resulting from expenditure generated from tourism and workers. Demand for retail space in the Sydney CBD, for example, would be stronger due to workers and tourism expenditure.

Total expenditure was sourced from Marketinfo 2006 data and converted to a per capita rate. Per capita expenditure by LGA varies due to a number of socio-demographic differences – particularly household income levels.