



## DRAFT CENTRES POLICY—QUESTIONS AND ANSWERS

April 2009

### OVERVIEW

The Department of Planning has released a draft Centres Policy to help guide planning for retail and commercial development in New South Wales.

Key features of the draft Policy include:

- The draft Centres Policy aims to ensure the supply of available retail and commercial land in new and existing centres always accommodates the market's demand, thereby promoting competition through allowing new entrants into the market.
- In doing so, it supports the retail and commercial sectors, which in 2007 contributed 41 per cent to the State's economic growth and almost half of all employment in New South Wales.
- It also forms an important response to studies by the Australian Competition and Consumer Commission (ACCC) and the Productivity Commission, which recommended that all levels of government consider ways in which planning and zoning laws can help promote competition.
- The draft Policy consolidates the Government's position into one document, providing a clear policy framework and outlines how this approach is to be implemented on the ground.
- By discouraging the uncontrolled sprawl of isolated and car-dependent retail facilities, it promotes the creation of vibrant centres.
- This approach will also avoid the massive costs associated with a more decentralised model.
- A continuation of robust assessment criteria for rezonings and new developments, including an assessment of environmental impacts, traffic impacts, and urban design issues.

### QUESTIONS AND ANSWERS

**Q. Why has the draft Centres Policy been written?**

A. The existing Policy is spread across a number of documents and has been incrementally amended over a number of years. The Government has consolidated the Policy into one document, within a clear policy framework that outlines how this approach is to be implemented on the ground.

Further, there has been a significant amount of debate about the Policy fuelled by reports from the Australian Competition and Consumer Commission and the Productivity Commission, which argued that all levels of Government should consider how planning and zoning laws impact upon competition.

**Q. Will it replace existing NSW Government policies in regard to centres? What are these existing policies?**

A. Yes. Once implemented, the draft Centres Policy will be the overriding policy with regard to retail and commercial development.

The current Centres Policy is set out across a number of documents, including:

- 'The Right Place for Business and Services'—the planning policy component of the Integrating Land Use and Transport policy package
- the Metropolitan Strategy *City of cities: a plan for Sydney's future*
- draft subregional strategies
- the Standard Instrument for local environmental plans.

**Q. What are some of the new tools/approaches introduced by the draft Policy which will be used to plan for new and existing centres?**

A. The draft Policy sets out a number of new tools/approaches:

- Regional and subregional floorspace supply and demand assessments (FSDAs) will be undertaken by the Department in partnership with local councils to determine the current supply and likely future demand for retail and commercial floorspace and provide a robust basis on which to plan for new development.
- These FSDAs, when complete, will be used for the development of minimum floorspace targets for each region or subregion and each council area.
- The Department and councils will continue to regularly monitor the supply of regional and subregional retail and commercial floorspace to ensure supply keeps pace with market demand.
- As part of a more flexible approach to zoning in centres to deliver greater choice and convenience for consumers, councils will need to identify areas of land in existing and new centres that can be zoned to allow for appropriately-located retail and commercial uses.
- In doing so, councils should ensure that the design of centres appropriately considers their public, civic and sustainability values, as well as their economic role. In particular, the design should consider:
  - **public amenity** – promoting high quality urban design with a dynamic mix of land uses and attractive public spaces
  - **public access** – providing direct pedestrian and cycling network access, close co-ordination with public transport and other infrastructure and ensuring safe and appropriate levels of traffic
  - **urban context** – considering local character, requiring design excellence and a suitable mix of building types
  - **sustainability** – requiring flexible and sustainable building design that incorporates efficient use and re-use of energy, water and natural light.
- Within this more flexible approach, a **Net Community Benefit Test** would need to be undertaken by the proponent and accepted by the Department of Planning before any approval could be given for a proposal that is inconsistent with the currently-permitted use in a zone. This test would include consideration of factors such as:
  - Will the proposal facilitate a permanent employment-generating activity?
  - Is the existing public infrastructure capable of servicing the proposed site?
  - Will the proposal result in changes to the car distances travelled by customers, employees and suppliers?
  - Will the proposal be compatible/complementary with surrounding land uses?

**Q. Should the exhibited document be used by councils or other public authorities when formulating new draft environmental planning instruments and in development assessment?**

A. Councils should not use the draft Centres Policy when formulating new draft environmental planning instruments and in development assessment. At this stage the Department of Planning wants to ensure that the policy is right and is therefore seeking feedback on the principles and policy framework. A decision on how to implement it (e.g. Directions, amendments to the Standard Instrument, a Planning

Circular, State environmental planning policy) will be taken as part of finalising the Policy.

The Department of Planning wants to ensure the planning system supports competition in NSW. Therefore, before the Centres Policy is finalised, Councils are encouraged to think how they can support competition as part of their strategic planning.

**Q. Does it retain the NSW Government's long-standing policy to encourage new retail development in centres?**

A. Yes. The draft Centres Policy sets out that retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.

It also sets out that the planning system should be flexible to enable centres to grow and new centres to form.

**Q. How does the Policy ensure development of new centres is done in a sustainable way?**

A. The Policy sets out that expansion of existing centres and the identification of new centres should have the capacity to contribute to environmental outcomes. Further, in designing centres and buildings, the draft Policy states that sustainability issues such as energy and water efficiency should be considered.

As with any other developments, the Development Assessment process for retail and commercial developments will assess their ability to meet environmental objectives.

**Q. How will the Policy support existing centres?**

A. The draft Centres Policy encourages all centres to provide opportunities for a range of retail and commercial development to enable them to continue to prosper.

It sets out that all centres should be allowed to grow, and new centres form, and that opportunities should be provided in all centres to allow new businesses to open.

**Q. How has the Policy been developed, i.e. what stakeholders have been consulted?**

A. In developing the draft Policy, the Department has sought input and feedback from a range of stakeholders including: Property Council of Australia, Shopping Centre Council of Australia, Bulky Goods Retailers Association, Urban Taskforce NSW, Planning Institute of Australia (NSW), Local Government and Shires Associations, NSW Business Chamber, Woolworths, Coles, ALDI, Supabarn and Costco.

**Q. How will the Policy, if adopted, be implemented? Does it require supporting legislation or statutory instruments?**

A. At this stage the Department of Planning is keen to ensure that the policy is right and is therefore seeking feedback on the principles and policy framework. A decision on how to implement it (e.g. Directions, amendments to the Standard Instrument, a Planning Circular, State environmental planning policy) will be taken as part of finalising the Policy.

**Q. How do I comment on the draft Centres Policy? What are the specific consultation issues of interest to the NSW Government?**

A. You are invited to make comments on the draft Centres Policy, including the issues raised in the draft Policy and any other issues which could assist in providing a planning framework which would support a strong, adaptable retail and commercial sector for the benefit of NSW. Submissions are requested by 11 May 2009.

Submissions may be sent to:

Email: [innovation@planning.nsw.gov.au](mailto:innovation@planning.nsw.gov.au)

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