

Briefing Notes for Joint Regional Panel to be held 20 November 2013.

ISSUES FOR WOOLWORTHS PLANNING PROPOSAL

This is a supplementary report to the Council Officer's report dated 21 May 2012 and the previous submission to the Joint Regional Planning Panel dated 1 March 2013 which provided details of Council's consideration of the Planning Proposal for a Woolworths supermarket in the East Chatswood industrial area. Those reports assessed the Proposal according to the Guidelines issued by the Department of Planning and Infrastructure, and set out the reasons supporting Council's decision. Copies of these reports have been provided to the Joint Regional Planning Panel.

A summary of the issues of concern that prevented Council from supporting the proposal is outlined below for further consideration by the Joint Regional Planning Panel.

1. The Planning Proposal does not satisfy the strategic assessment criteria to justify a rezoning of industrial land under the Draft Metropolitan Strategy for Sydney to 2031 for the reasons outlined in consideration of the checklist below:

- *Is the proposed rezoning consistent with state and/or Council strategies on the future role of industrial lands?*

No it is not. The relevant strategic plans include the following:

- i. Willoughby City Strategy 2013-2029
- ii. Metropolitan Plan for Sydney 2036
- iii. Draft Inner North Sub Regional Strategy
- iv. Draft Metropolitan Strategy for Sydney to 2031
- v. Employment Lands Development Program (ELDP)- Report 5- Inner North Subregion (May 2011)
- vi. Section 117 Direction 1.1 Business and Industrial zones
- vii. Section 117 Direction 3.4 Integrating Land Use and Transport.
- viii. Draft Centres Policy

These documents argue for the support and retention of strategically important employment lands and they support a hierarchy of existing centres located close to public transport as being integral to the provision of economic growth and employment.

The East Chatswood Industrial area is identified as Category 1 industrial land "to be retained for industrial purposes" under the draft Inner North Sub Regional Strategy.

It states "in view of the continued demand for Employment Lands, conversion of existing Employment Lands within the subregion should be highly restricted and existing precincts (Artarmon, Lane Cove West, East Chatswood, Gore Cove, West Ryde, Gladesville and former ADI site) should be retained ."

The East Chatswood industrial area provides important land for non- retail employment and local services.

The Department of Planning and Infrastructure's merit assessment report agrees that the proposal has questionable strategic merit within the current metropolitan, regional and local planning framework.

- *Is the site near or within direct access to key economic infrastructure?*

Yes it is. In terms of economic infrastructure, Eastern Valley Way provides access to the northern suburbs and the southern suburbs via the City and Boundary St provides access to the Pacific Highway and the M2. The site is well located to support industry clusters both within the East Chatswood industrial area and neighbouring employment centres such as Chatswood, St Leonards, Ryde and North Sydney.

- *Is the site contributing to a significant industry cluster?*

The site has been vacant since being bought by Woolworths three years ago. It was previously a car service centre. There are a number of car service centres in the area which provide for the surrounding local government areas.

- *How would the proposed rezoning impact the industrial land stocks in the subregion and the ability to meet future demand for industrial land activity?*

While the loss of industrial land may represent a relatively small amount (0.44ha) of the 26ha Light Industrial zoned land in East Chatswood, the proposed supermarket would remove a large site- 4,377sqm of industrial land. The site is a large single land holding. The size of the land gives greater potential for an industrial hub to be created or for a legitimate bulky goods development. The approval of a supermarket on the site is likely to set a precedent for other non- conforming retail proposals in the East Chatswood industrial area and a further decline in the stock of industrial land over time.

Land values in northern Sydney are relatively high, hence there will be few opportunities to increase the amount of employment land in the future and some sites on the North Shore particularly those in Burns Bay Rd and Epping Rd in Lane Cove will be lost to residential over time.

- *How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?*

The proposal will transfer jobs as it will reduce the retail employment growth in Chatswood and other local centres that if not for the proposal, would have increased their employment to meet the increasing local demand.

The outcome is therefore **a job neutral** prospect for the subregion for retail employment. SGS Economics and Planning also highlights the fact that full line supermarkets are more efficient than smaller format grocers (or even the previous generation of supermarkets) that they may replace or whose income they may erode. SGS maintains that full line supermarkets can typically drive down the need for labour while maintaining or increasing revenues.

Depending on the nature of the employment use (whether high tech, wholesaling, bulky goods or services) an activity permitted in the IN2 zone could generate around 50-100 jobs.

Allowing general retail in the East Chatswood industrial area would reduce the ability of existing commercial centres such as Chatswood (regional centre) and St Leonards (a specialist centre) both with excellent public transport facilities and associated facilities to achieve their jobs targets set down in the draft metropolitan strategy for Sydney 2031.

There may also be loss of jobs in existing centres, particularly the smaller nearby centres of High St and Penshurst St which may be unable to compete with a large scale supermarket such as Woolworths.

Long term planning goals are not just about achieving job targets but encouraging the types of jobs and services that can sustain East Chatswood as employment land (as defined by the Employment Lands Development Program), serving the region.

- *Is there a compelling argument that the industrial land cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to support new forms of industrial lands such as high tech or creative industries?*

There is no compelling argument. The site is well located and serviced for industrial use. The site is large enough to establish its own industry cluster. Whilst there are vacancies in the area there is demand for small warehouse/office units which would be an ideal concept for the subject site. There are many high tech/creative industries in the area and the opportunity for new start-up businesses.

The existing IN2 Light Industrial zone also allows a wide range of flexible uses including bulky goods retailing which would also be appropriate for the site.

- *Is the site critical to meeting the need for land for an alternative purpose identified in other NSW government endorsed planning strategies?*

No it is not. There is a wide range of business zoned land in the City that can accommodate a supermarket, however this would require location within a large retail centre such as Westfield or Chatswood Chase, site amalgamation or redevelopment (eg Mandarin Centre) which is more expensive than buying cheaper industrial land. This is a feature of inner city commercial centres that other competitive large supermarket retailers must also deal with.

2. There is sufficient land zoned commercial in the City to accommodate a supermarket. The Planning Proposal does not satisfy the Draft Centres Policy

Council does not agree with the Department of Planning and Infrastructure's merit assessment that the Planning Proposal satisfies the principles of the Draft Centres Policy.

The subject site is located "out of centre". Accordingly, the Proponent has to demonstrate that there are no suitable "within centre" or "edge of centre sites."

One of the Proponent's primary justifications for the proposal deals with the availability of land that is of suitable size and suitable zoning for the proposal, which is generic to the entire lower north shore. There is no supply of new land in the region, and all new development will be in the form of redevelopment of existing land.

Woolworths has imposed its own requirement for a 3,950 sqm supermarket.

This limits the potential availability of sites without amalgamation and consolidation of existing commercial zoned land. Council has advised of a number of potential sites in the Chatswood CBD including in existing centres such as Chatswood Chase and Westfield where other supermarket companies such as Coles and Aldi are located.

Woolworths has not given any detail as to whether these centres have been approached.

The Royal North Shore Hospital site in St Leonards is considered to be a suitable site for a supermarket as it would service the nearby high density residential growth area of St Leonards. This is recognised in the retail component of the approved concept plan for the Royal North Shore Hospital development site.

Recent discussions by Council Officers with the owners of the Mandarin Centre in Albert Ave, Chatswood zoned B3 Commercial Core indicates that there is potential for a Woolworths store to be incorporated in a redevelopment of that site. A planning proposal recently submitted proposes a supermarket development.

Council has also suggested that Woolworths consider alternative design concepts to a large scale supermarket so that it can be located in one of the City's existing business centres. However, Woolworths' **desire to achieve an unfair advantage** by providing a supermarket at the scale and location proposed has restricted its willingness to consider more expensive alternative options in existing centres.

Furthermore, the Woolworths analysis gives no detail of any consideration of potential supermarket sites located outside the Willoughby LGA that are within the defined Main Trade Area, for example, in the Ku-ring- gai or Warringah Council Local Government Areas.

3. A full scale supermarket is not required in order to "renew and revitalise" the area.

The Proponent argues that modern high tech workers expect better amenity than provided in East Chatswood at the present time and that a full scale supermarket will make the area more attractive for these types of businesses to locate in East Chatswood and rejuvenate.

The existing Light Industrial zoning in the new WLEP 2012, already allows for a range of uses that can improve the amenity of the area and support the daily needs of workers – Neighbourhood shops, Pubs and Takeaway food and drink premises.

The Proponent states that the supermarket is consistent with Objective 15 of the draft Metro Strategy which states that *"Retailing in industrial zones can occur when it is ancillary to the main industrial use, goods are produced on site or where retailing has industrial- scale impacts, as per the standard instrument definition of "industrial retail outlet"*. A supermarket of 3,950sqm is not ancillary as the goods are not produced on site and it is not an industrial retail outlet.

East Chatswood is not the same as Green Square and Danks St in Sydney City as claimed by the Proponent. It is not an area that has been identified as being appropriate for increased housing density, retail and office use in any local or state strategic planning strategy being poorly serviced by public transport.

There is low growth potential in the primary and secondary areas of the main trade area (MTA) as defined in the Proponent's Economic Analysis. In fact, there was an average of only 37 new dwellings over the last three years and only 15 new dwellings in the primary sector according to the Proponent's Economic impact report.

Unlike Green Square, residents neighbouring East Chatswood are close to existing local retail centres such as High St and Penshurst St and of course, Chatswood, Castlecrag and Northbridge which provide grocery and liquor services.

The Proponent's argument that a Woolworths supermarket will support the redevelopment of the industrial area supports Council's concern that it will lead to the creation of a new commercial centre in East Chatswood. This is clearly set out in the Proponent's report by AEC group who argue that adding a supermarket would encourage larger commercial developments with very high proportions of office space.

There is no definition of a supermarket in the Standard Instrument. The proposal will only refer to “shops” which could allow any type of shop and not just a supermarket.

In summary, a supermarket will be the catalyst for the fundamental change to the character of the East Chatswood industrial area and the creation of a new centre outside the existing centres hierarchy that is not supported by growth in housing density and public transport.

4. The East Chatswood Industrial area provides important local services and employment and should retain its status as “strategic industrial land”.

Willoughby Council strongly supports a flexible approach to industrial and Employment Land to facilitate growth and prosperity and disagrees with the Proponent’s view that the type of activities in East Chatswood indicates that it is no longer an industrial area and that a retail use like a supermarket is needed to rejuvenate it.

A high proportion of warehouse/office, showroom, service industries, bulky goods and community uses does not mean that the area is no longer “industrial.”

As well, in East Chatswood an additional type of industry has evolved that is, “KNOWLEDGE INDUSTRY”.

Many of the uses currently operating in East Chatswood are typical of today’s “knowledge industry” comprising a large office component for research and development, computer design and high technology. They are still manufacturing or making a product as was the case with traditional industrial uses.

Small Warehouse/factory/office uses are dominant and suit a light industrial employment area such as East Chatswood. They are better located in the industrial area compared to a commercial centre as they often require a loading dock and a large amount of storage space for products.

The area also provides the opportunity for new small start up businesses.

Clusters

There are loose clusters of uses in East Chatswood such as print and media related industries, film and television related uses, import distributors, medical related companies and firms involved in the sustainability industry. However, computer and IT related industries continue to be dominant.

Notwithstanding the growth of high technology industry, the East Chatswood area still maintains traditional based industrial uses which serve local “niche” manufacturing. A good example of this is Accura Engineering and Excel laser cutting in Smith St which specialises in supplying “one off” components for products made in Australia (Ryde) for the mining industry. There are also companies involved in plastic products manufacture, carpet production (Cavalier carpets) and North Shore Timber is an obvious example of a traditional industrial use located in the area.

Local Service Industries

East Chatswood provides services for the local area such as plumbing, electrical and automotive repairs.

At least 14 businesses related to the automotive industry ranging from panel beaters, auto repairs, spare parts and car sales are located in East Chatswood. These are important businesses servicing the local north shore area and beyond.

There has recently been a growth in the number of storage facilities offering a range of space for rent or purchase in East Chatswood which reflects the needs of residents and businesses today, particularly as more people opt for apartment living.

Companies such as those involved in kitchen and bathroom renovation are located in East Chatswood, sometimes requiring space for showroom and factory. These are well suited to the light industrial area rather than a commercial centre zone.

Companies involved in food manufacture such as production of gourmet coffee beans (Gabriel Coffee), Bowen Bakery, catering companies such as Salad Servers are also well located in the East Chatswood area and manufacture a product.

Bulky Goods and Community uses

Uses that require a large building format like bulky goods retailing and community uses such as churches and gymnasiums are well suited to the industrial area and are in demand.

A review of the businesses operating in the area indicates that they comply with the spirit and objectives of the Light Industrial IN2 zone of WLEP 2012. (see Attachment 1)

The Proponent has submitted a land use survey dated July 2011 stating that there are around 83 vacancies out of around 400 units in the East Chatswood industrial area. Council officers have undertaken a survey and noted that the vacancies have decreased since that time particularly with the full leasing of the Council's 20 unit warehouse /office development in 21-25 Gibbes St. It is acknowledged that there are vacancies particularly within larger buildings however, there is also demand for smaller warehouse/office units and it is likely that over time the larger complexes will redevelop.

The vacancy level has improved since Council introduced more flexible planning controls. The information submitted by the proponent to the JRPP on the 15 November 2013 confirms this reduction in vacancy rates (survey by Location IQ) from 20.2% in 2011 to 9.5% in 2013.

The survey also states that a variety of floor space is provided in the precinct, including large and small units, new and old units, and units that provide for a range of different possible tenants in terms of access, storage, lock-up ability, exposure and loading.

Consultants, Hill PDA maintains that in relation to industrial areas, it is important to have an over- supply of properties in order to maintain reasonable rents and enable opportunity for start- up businesses.

It is Council's concern that the addition of a large supermarket has the potential to increase the price of land and rents in the industrial area, making it even more difficult for local services and smaller industrial uses to locate in the area.

5. The Planning Proposal underestimates the impact on existing centres.

Council disagrees with the assumption made in the proponent's Economic Analysis prepared by Location IQ that, as the proposal is only for a supermarket and liquor shop with no other supporting retail specialty floor space to be provided, it will serve a different market to the convenience and specialised shopping focus of traders within High St, Penshurst St and Victoria Ave.

However, the proponent's submission does not address the possible pressure for creation of another local centre in the industrial area which is likely to occur given that supermarkets tend to act as "anchors" attracting complementary retail uses nearby due to the compulsory permissibility of neighbourhood shops in the IN2 zone. An LEP cannot restrict the use only to a "supermarket and liquor shop" as under the Standard Instrument LEP the Planning Proposal would have to permit "shops" generally. This means that if the supermarket did not proceed (or commenced and ceased trading in the future), the zoning would allow a range of retail premises that are consistent with the definition of shop on the site eg a department store. This could lead to establishment of a new retail business centre on this site.

It is therefore likely that the estimate of the impact on the existing centres of between 1.3% and 10% is underestimated.

6. There is no compelling net benefit to the community from the Planning Proposal

There is unlikely to be quantifiable net additional jobs generated, other than those occurring in any case with a growing population and related expenditure.

There is not a strong argument that a supermarket will enhance consumer choice given the increasing proliferation of house brands at the expense of brand product and diversity provided by smaller competitors.

There is a large Woolworths located 3.5 km from the site at the Northbridge local centre hence, competition would not be increased at all.

A "stand alone" Woolworths would provide another alternative for shoppers who don't want to go to the Chatswood CBD however, it would also provide an unfair advantage to Woolworths over other supermarket companies who have to pay higher rents and property prices to locate in the retail areas of the City.

The Proponent's claim that the community supports the Planning Proposal has not been tested as Council has not notified or advertised the Proposal to the public because it is contrary to the fundamental metropolitan, regional and local strategic planning objectives and should not progress any further with assessment. The fact that Northbridge Progress Association (NPA) supports the proposal is not sufficient justification for the proposal – it is not the Local Progress Association for the East Chatswood area, where the supermarket is proposed. (It is likely that the NPA believes that the proposal will reduce the use of the Woolworths in Northbridge).

Woolworths consumer research findings note that the biggest concern that residents have with a proposed supermarket would be traffic issues.

7. Significant local and regional traffic issues would be generated from a supermarket on the subject site at the scale outlined in the Planning Proposal. There would be major implications to the Smith St, Eastern Valley Way and Castle Cove intersections which have not been resolved.

The Proponent states that the Roads and Maritime Services (RMS) have modelled the intersection of Eastern Valley Way and Smith St and conclude that it can cope with the amount of traffic generated by a supermarket if Eastern Valley Way is widened to allow the creation of two extended right turn bays for entering Smith St and Castle Cove Drive. A formal response (Attachment 2) from the RMS confirming this advice was only received by Council by letter dated 12 November 2013 despite Council Officers requesting an updated response to traffic concerns from December 2011 to September 2013 via formal letters, emails etc.

The proposed widening of Eastern Valley Way would require the acquisition by the RMS of a 3.5m strip of steep open space land owned by Council on the north eastern side of Eastern Valley Way to allow the work to take place. Council has not been approached about this proposal by the RMS or the Proponent. The land owned by Council is community land currently zoned RE1 Public Recreation and is subject to a Foreshore Building Line. Should the land be rezoned, it would need to be reclassified to operational land. Alternatively should the land be resumed by the RMS it would be subject to “just terms” compensation.

“In principle” support only has been obtained by the RMS for the proposed works with details of financial contributions for the work having not been finalised and no RMS commitment to construct the work or a timeframe for its construction given i.e it is unclear at this stage if the RMS would commit to completing the work in conjunction with the Woolworths Development (if it were to proceed).

In addition it is understood that the RMS has not considered the proposal in the context of the precedent that a supermarket would set for the overall industrial area and future developments when the IN2 zoned area develops to capacity under WLEP 2012. A large supermarket generates more traffic movements than the uses currently permitted in the IN2 zone.

The argument that a new supermarket may reduce traffic congestion in nearby centres such as Chatswood CBD and Northbridge supports Council’s concerns that the Proponent has underestimated the impacts on existing centres. If there is less traffic to the nearby centres then there are also less customers shopping at them.

Whilst there may be some traffic drawn away from Northbridge Plaza or Chatswood CBD as a result of the proposal there will be a corresponding increase in volumes on local roads in the vicinity of the development. Roads which are likely to come under increased pressure include Alleyne Street, Mann St, Smith Street, High Street (in particular the intersection with Victoria Avenue) and Victoria Avenue.

Residents of Alleyne Street and Mann Street have already been raising concerns with Council in regard to traffic volumes in their streets with a resident submission requesting additional traffic calming measures. While it is true that traffic volumes in those streets are currently within environmental limits for residential streets (existing peak volumes are under 200 vehicles per hour) this does not mean that development should be permitted in the area to reach the limits. The residents currently have traffic volumes comfortably within those environmental limits at most times and they reasonably expect that traffic volumes will remain at those levels in the future.

However, the changes to the planning controls approved by Council recently for the Industrial Area means that there is additional development potential (and therefore, traffic generation potential) under the current zoning that will add to the peak volumes. The proposed traffic generation from the supermarket use will increase peak hour movements on these streets over and above what is projected for the industrial area. This may then exceed the environmental limits for the residential streets. There is insufficient information available to accurately quantify these effects.

Notwithstanding the above comments, Council questions the assumption that the proposal may reduce traffic generation in Chatswood. Any redistribution in supermarket shopping traffic will soon be replaced with other drivers utilising available parking spaces in the CBD and surrounds.

The advice to the JRPP from Woolworths dated 15 November 2013 states that a different warehouse/distribution centre and retail store is now proposed on site. The distribution by a small fleet of trucks, operating 24 hours a day, 7 days a week in addition to the proposed 3,950sqm retail supermarket will have different traffic movements and impacts on the local

road system which should be subject of a traffic study. Furthermore, this new proposal has not been analysed by the RMS.

Department of Planning and Infrastructure Assessment Reports

Council believes that the statement in the DOPI report that the proposal has site specific merit is weak and Council refutes the arguments (in italics) raised by the DOPI reports as reasons to support the proposed supermarket:

- *There is an undersupply of supermarkets in the Willoughby LGA.*

Council disputes whether there is a requirement for a supermarket at the **scale (3,950sqm) and location (industrial area)** proposed by Woolworths.

The main trade area as defined in the Duanne Location IQ study submitted by the Proponent is a low residential growth area with only 37 new dwellings approved in the last three years and 15 new dwellings in the primary sector according to the report.

There are no existing or planned medium density residential areas nearby. The high residential growth area for Willoughby is actually around St Leonards and Chatswood CBD near the railway corridors.

The DOPI merit report claims that a Hill PDA Regional Employment report adds weight to support for a supermarket in the industrial area. That report highlights an undersupply of supermarkets in the SHROC region. However Willoughby City is not in that region.

Woolworths has not indicated whether it has considered suitable sites in either the Warringah (in the SHROC region) or Ku-ring-gai Council areas which are also located in the main trade area.

The DOPI report quotes a figure from its Draft Centres Policy for retail demand of 2 sqm per capita as being significant in estimating the required provision of retail space in NSW. This is easily achieved in the Willoughby LGA which has a population of 70,000 and around 190,000sqm of retail space in Chatswood alone.

Given the ample supply of retail space and Business zones in the Willoughby LGA it is reasonable for Council to promote the location of supermarkets in the existing centres, rather than in a strategically important industrial centre located outside residential growth areas of the City.

Council is undertaking an economic study to review the existing commercial and industrial precincts to understand what measures might be taken in order to facilitate the growth and sustainability of the precincts in the context of the employment targets of the draft Metropolitan Strategy to 2031. There is currently no strategic planning justification for a supermarket in the East Chatswood industrial area.

- *The subject site is suitable for redevelopment as there are constraints to establishing a full line supermarket in existing nearby centres.*

Woolworths closed down its original supermarket in Westfields, Chatswood in 2008 (it was later taken over by Aldi) which is surprising given the apparent supermarket shortage in Willoughby – there is no reference to why Woolworths left Westfields in its economic analysis although it can be assumed that it saw an opportunity for an unfair advantage over

its competitors and a cheaper option locating in an industrial area rather than meeting the expense of acquiring increased floor space within an existing shopping centre.

Rather than support a supermarket in the East Chatswood industrial area and the potential creation of a new centre, Council advocates the investigation of potential sites for new or expanded supermarkets within or adjacent to existing centres.

It is unreasonable to expect to find a site of at least 4,000sqm anywhere in the Sydney inner city suburbs such as Willoughby that suits the restrictions self-imposed by Woolworths, that is, a 3,950sqm standalone supermarket with basement parking.

That does not mean that a large format supermarket cannot be accommodated if Woolworths is prepared to consider alternative design options and site amalgamation. There are at least 11 stores in the Willoughby LGA which are over 2,500sqm in size. It is not unreasonable therefore to expect that existing retail floor space could be amalgamated to accommodate an additional full line supermarket particularly when an existing shopping centre is redeveloped. Examples of this are Coles in Chatswood Chase that increased its size in 2007 to over 3,500sqm. Similarly, the European clothing store, Zara has recently configured a store of around 2,000 sqm by redesigning existing floor space in Westfields and amalgamating existing shops.

Chatswood Chase and Westfield have the potential to increase their floor area under current zoning controls. Woolworths has not indicated whether they have been approached.

The Mandarin Centre in Albert Ave, Chatswood is a possible site which is zoned B3-Commercial Core allowing supermarkets. A planning proposal has been submitted to Council for redevelopment and includes the potential for a supermarket anchor store like Woolworths.

The Royal North Shore Hospital redevelopment site is proximate to the St Leonards CBD where there is existing and planned residential growth and is a suitable location for a supermarket. The concept plans for the site allow for such retail development.

There are other sites in the City that could accommodate smaller supermarkets and which would contribute to easing the current shortfall of supermarkets in the City.

A large format supermarket is cheaper and easier to build in the industrial area without the requirement for lot consolidation and acquisition. A large 3,950sqm standalone supermarket in the industrial area would provide an unfair competitive edge to Woolworths over other supermarket chains who have located in the existing centres as it would be an isolated site and would have high exposure to passing traffic travelling to Warringah or Ku-ring-gai Council areas along Eastern Valley Way.

- *The ability of the proposal to generate employment, provide more retail choice and reduce car trips for residents.*

Employment

The proposal will transfer jobs as it will reduce the retail employment growth in Chatswood and other local centres that if not for the proposal, would have increased their employment to meet the increasing local demand.

The outcome is therefore **a job neutral** prospect for the subregion for retail employment. SGS Economics and Planning also highlights the fact that full line supermarkets are more efficient than smaller format grocers (or even the previous generation of supermarkets) that they may replace or whose income they may erode. SGS maintains that full line

supermarkets can typically drive down the need for labour while maintaining or increasing revenues.

Depending on the nature of the employment use on the site (whether high tech, wholesaling, bulky goods or services) an activity permitted in the IN2 zone could generate around 50-100 jobs.

Allowing general retail in the East Chatswood industrial area would reduce the ability of existing commercial centres such as Chatswood (regional centre) and St Leonards (a specialist centre with excellent public transport facilities) to achieve their jobs targets set down in the Draft Metropolitan Strategy for Sydney 2031.

There may also be loss of jobs in existing local centres, particularly the smaller centres of High St and Penshurst St who may have trouble competing with a large scale supermarket such as Woolworths.

Long term planning for the region is not just about achieving job targets but importantly encouraging the types of jobs and services that can sustain East Chatswood as employment land (as defined by the Employment Lands Development Program) serving the broader subregion, including Ku-ring- gai.

Retail Choice

The proposal will not increase retail choice. A new Woolworths supermarket would provide another location for residents of where to shop however, there is already a large Woolworths at Northbridge and one approved at the Chatswood Interchange. It is arguable that the range offered by Woolworths is comparable to that offered by Coles supermarkets in Chatswood.

There is not a strong argument that a supermarket will enhance consumer choice given the increasing proliferation of house brands at the expense of brand product and diversity. The potential impact of a new Woolworths on the nearby local small supermarkets and fruit/vegetable shops will reduce retail choice.

Reduction in car trips

There is unlikely to be a reduction in car trips from the proposal as a supermarket is a car dependent activity. There may be reduced car distances for some residents although there may also be increased short trips generated between the industrial area and other existing centres should customers need to travel between destinations to purchase a range of goods or compare prices.

The East Chatswood industrial area is poorly serviced by public transport and it would be much more appropriate to locate a supermarket in either Chatswood CBD or St Leonards or in existing local centres where public transport is readily available.

- *The subject site is eminently suitable for the proposed “car –dependent, stand alone” supermarket, being a large, unconstrained site in single ownership on the edge of an industrial area*

The site is not on the edge of the industrial area, rather it is in the centre, in the prime location having frontage to Smith St, the main thoroughfare within the industrial area.

The features mentioned as making the site suitable for a supermarket also make it “ideal” for a use that is permitted in the current zoning of the site such as a small warehouse unit

development or a bulky goods retailing outlet. Council has regular enquiries from bulky goods retailers looking for large sites.

- *The amenity impacts from the proposal will be more easily managed than if the site were located in a more urbanised area.*

There is a low density residential area in the vicinity of the site and a supermarket is likely to transform the area for these residents. It is likely to generate greater activity (7 days a week and extended hours) around the site than uses currently permitted in the zone.

Traffic in the vicinity will increase particularly affecting the intersections of Smith St and Eastern Valley Way and Castle Cove Drive. Local streets such as Alleyne, Mann and High St would also be adversely impacted. A site in a more urbanised area would have better public transport links and alternative car parking facilities and hence a more manageable traffic impact. The location of a large supermarket in the industrial area will also give rise to other retail businesses (permitted as neighbourhood shops in the standard instrument LEP) hence creation of a whole new local centre with associated amenity impacts on the suburban neighbourhood.

- *The predicted increase in traffic associated with the proposal can be accommodated within the existing road network.*

The predicted increase in traffic requires road widening to create additional turning lanes on Eastern Valley Way. The widening of Eastern Valley Way would require the acquisition by the RMS of a 3.5m strip of steep open space land on the north eastern side of Eastern Valley Way to allow the work to take place. Council has not been approached about this proposal by the RMS or the proponent. The land owned by Council is currently zoned RE1 Public Recreation and is subject to a Foreshore Building Line.

It is also understood that the RMS has not considered the proposal in the context of the precedent that a supermarket would set for the overall industrial area and future developments when the IN2 zoned area develops to capacity. A supermarket generates more traffic movements than the uses currently permitted in the IN2 zone.

“In principle” support only has been indicated to the Proponent by the RMS for the proposed works with details of financial contributions for the work having not been finalised and no RMS commitment to construct the work or a timeframe for its construction given. It is unclear at this stage if the RMS would commit to completing the work in conjunction with the Woolworths Development (if it were to proceed).

- *A new supermarket may reduce traffic congestion in nearby centres such as Chatswood CBD and Northbridge.*

This argument supports Council’s concerns that the Proponent has underestimated the impacts on existing centres. If there is less traffic to the nearby centres then there are also less customers shopping at them.

Whilst there may be some supermarket traffic drawn away from Northbridge Plaza or Chatswood CBD as a result of the proposal there will be a corresponding increase in volumes on local roads in the vicinity of the development. Roads which are likely to come under increased pressure include Alleyne Street, Mann St, Smith Street, High Street (in particular the intersection with Victoria Avenue) and Victoria Avenue.

Residents of Alleyne Street and Mann Street have already been raising concerns with Council in regard to traffic volumes in their streets with a resident submission requesting additional traffic calming measures having been received only last week. While it is true that traffic volumes in those streets are currently within environmental limits for residential streets (existing peak volumes are under 200 vehicles per hour) this does not mean that development should be permitted in the area to reach the limits. The residents currently have traffic volumes comfortably within those environmental limits at most times and they reasonably expect that traffic volumes will remain at those levels in the future.

However, the changes to the planning controls approved by Council recently for the Industrial Area means that there is additional development potential (and therefore, traffic generation potential) under the current zoning that will add to the peak volumes. The proposed traffic generation from the supermarket use will increase peak hour movements on these streets over and above what is projected for the industrial area. This may then exceed the environmental limits for the residential streets. There is insufficient information available to accurately quantify these effects.

Notwithstanding the above comments, Council questions the assumption that the proposal may reduce traffic generation in Chatswood CBD. Any redistribution in supermarket shopping traffic will soon be replaced with other drivers utilising available parking spaces in the CBD and surrounds.

CONCLUSION

In conclusion the Planning Proposal should be refused for the following reasons:

1. The Planning Proposal does not satisfy the strategic assessment criteria to justify a rezoning of industrial land under the Draft Metropolitan Strategy for Sydney to 2031.
2. The Planning Proposal is inconsistent with the following relevant strategic plans:
 - i. Willoughby City Strategy
 - ii. Metropolitan Plan for Sydney 2036,
 - iii. Draft Inner North Sub Regional Strategy
 - iv. Draft Metropolitan Strategy for Sydney to 2031.
 - v. Employment Lands Development Program (ELDP)- Report 5- Inner North Subregion (May 2011)
 - vi. Section 117 Direction 1.1 Business and Industrial zones
 - vii. Section 117 Direction 3.4 Integrating Land Use and Transport.
 - viii. Draft Centres Policy
3. A supermarket will encourage the emergence of a new centre in East Chatswood, an area unsupported by any increasing housing density and outside the existing centres hierarchy, as it would create a precedent because additional retail and business uses would be attracted to the supermarket complex.
4. Significant local and regional traffic issues would be generated from a supermarket on the subject site at the scale outlined in the Planning Proposal. There would be major implications to the Smith St, Eastern Valley Way and castle Cove intersections which have not been resolved.
5. There is no compelling net benefit to the community from the Planning Proposal.

6. The new proposal of 15th November 2013 does not propose a reduction in the supermarket retail shop on site. Council has no objection to a consideration of a Development Application for a warehouse/ distribution centre on the site.