

LIVERPOOL CITY COUNCIL

DIRECTORATE REPORT

ORDINARY MEETING

29/05/2013

ITEM NO:		FILE NO:	rz-1/2013
SUBJECT:	PROPOSED AMENDMENT 31 TO LLEP 2008 - REZONING OF 1975-1985 CAMDEN VALLEY WAY, PRESTONS TO B2 - LOCAL CENTRE		
COMMUNITY STRATEGIC PLAN REFERENCE:	DECISION MAKING PROCESSES ARE TRANSPARENT AND THE COMMUNITY HAS OPPORTUNITIES TO BE INVOLVED		

EXECUTIVE SUMMARY:

Council has received an application to rezone 1975-1985 Camden Valley Way Prestons from B6 Enterprise Corridor to B2 Local Centre to facilitate the development of a full line supermarket.

The information provided by the applicant in support of the proposal is insufficient to undertake a complete assessment of the merits of the proposal. While the proposed rezoning would appear to be consistent with some state and local planning policy, insufficient information has been provided to gauge the full impact of the proposed rezoning.

It is recommended that additional information be sourced prior to proceeding with the Planning Proposal.

DETAILED REPORT:

Background

Council at its meeting on 28 November 2012, Council resolved that it:

- *Considers a planning proposal for the rezoning of the site 1975-1985 Camden Valley Way, Prestons to B2 'Local Centre'.*

On 14 January 2013 Council received an application to rezone the site from B6 Enterprise Corridor to B2 Local Centre.

The legal description of the subject land is Lot 50, DP1082416 and Lot 1, DP661177, otherwise known as 1975-1985 Camden Valley Way, Prestons.

The site is located on the northern side of Camden Valley Way on the corner of Corfield Road, as shown in Figure 1. The site covers an area of approximately 1.7 hectares and has a street frontage of approximately 124 metres to Camden Valley Way and 119 metres to Corfield Road.

The current use is a landscape supplies and garden centre; however a Development Application for a service station, carwash, fast food premises and shops was approved by Liverpool City Council on 10 May 2011 (DA-1517/2010 and DA-1517/2010/A).

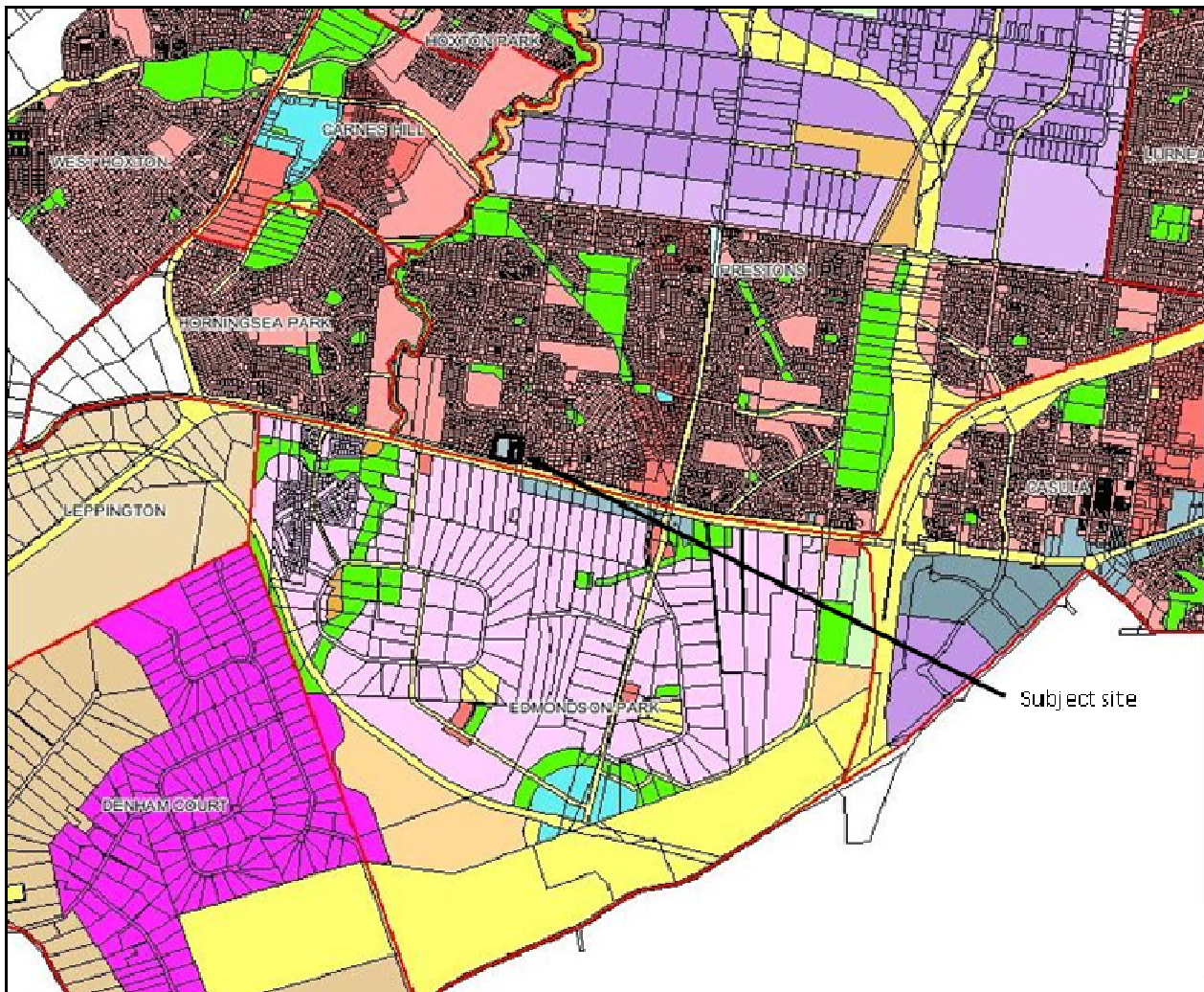


Figure 1. Site context and identification map.

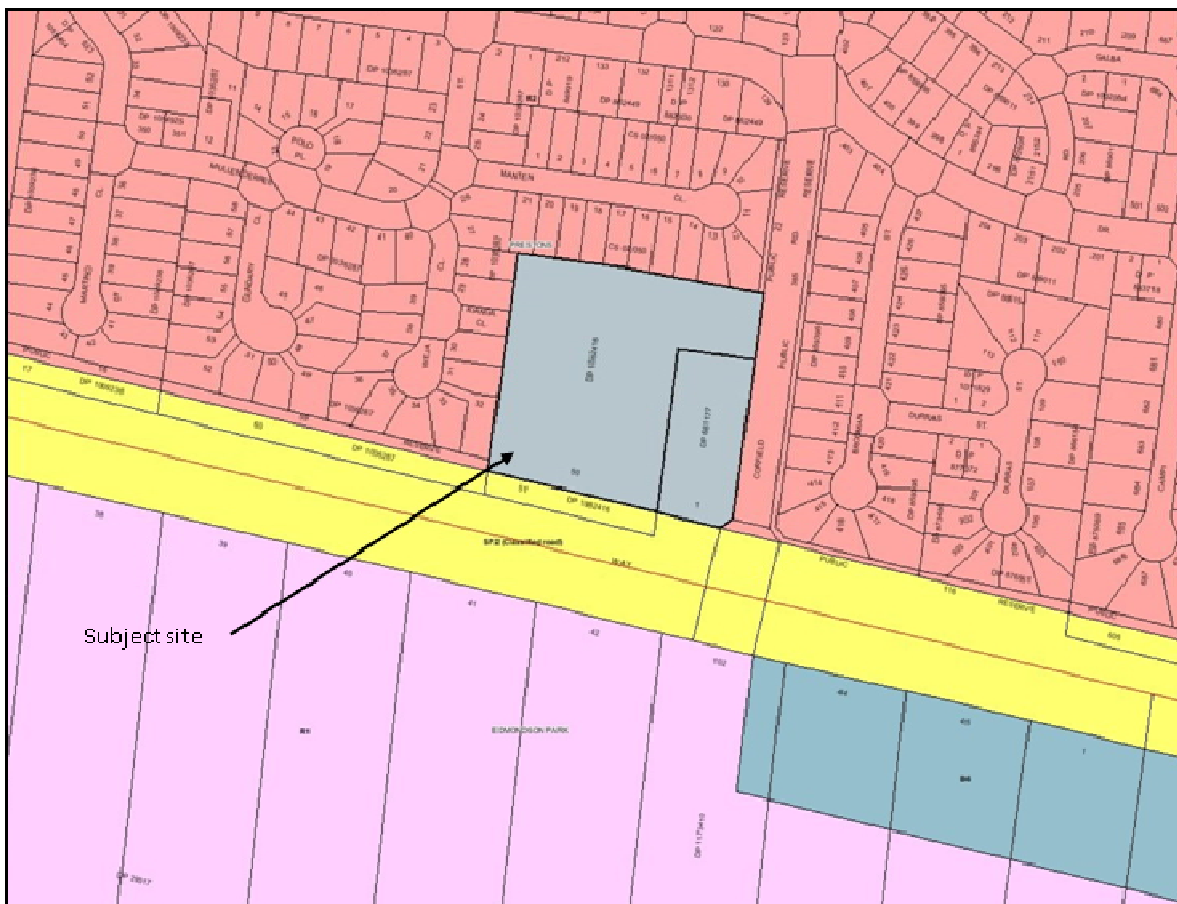
Current Zoning

The existing zoning of the site is B6 Enterprise Corridor. The Draft South West Subregional Strategy defines the intent of Enterprise Corridors as providing low-cost accommodation for a range of retail, light industrial and commercial developments that would not easily integrate into centres. It notes that the Standard LEP Template permits the restriction of retailing in Enterprise Corridors, to maintain economic strength of centres by limiting retailing of food and clothing. (Regional Strategy, p39)

The objectives of the B6 Enterprise Corridor zone as defined by the Liverpool Local Environmental Plan 2008 are as follows:

- To promote businesses along main roads and to encourage a mix of compatible uses.
- To provide a range of employment uses (including business, office, retail and light industrial uses).
- To maintain the economic strength of centres by limiting the retailing activity.
- To provide primarily for businesses along key corridors entering Liverpool city centre, major local centres or retail centres.
- To ensure residential development is limited to land where it does not undermine the viability or operation of businesses.
- To provide for residential uses, but only as part of a mixed use development.

The B6 Enterprise Corridor zoning permits development of a number of commercial, light industrial and residential uses. However Clause 7.23 restricts the maximum size of any individual retail premises to a maximum floor space of 1600sqm in the B6 Enterprise Corridor Zone.



Consistency with State and Local Planning Strategies

Metropolitan Plan for Sydney 2036

Chapter B of the Metropolitan Plan for Sydney 2036 is titled “Growing and Renewing Centres” and outlines the strategic plan for commercial and business development in the Sydney metropolitan region. Action B3.1 permits councils to determine the location of new centres through the rezoning of existing sites.

The policy states that, *“The appropriateness of locations for new centres will depend upon a range of factors including public transport access, proximity to good quality open space, primary schools, residential amenity of the area, heritage significance and adaptability of existing buildings, and market demand. Consideration should also be given to the impact of a new centre upon facilities and services in existing centres.”*

“Planning for a new centre should focus commercial development in the core of that centre around a public transport hub (which in some areas may be a high frequency bus stop), rather than being dispersed throughout the entire walking catchment of the centre,” (Metropolitan Plan p73).

The proposed site meets a number of the criteria for the location of a new centre, including public transport access and proximity to schools and the site is within walking distance of good quality open space (Prestons Park). The proposed development will also be concentrated near to existing high-frequency bus routes. The impact of the proposed centre on existing and planned nearby centres is a matter for further consideration.

Draft South West Sub Regional Strategy

The applicant has stated that the proposal is consistent with the objectives of the South West Sub Regional Strategy, particularly noting that the proposed development will “help deliver” objectives B1, B4 and B7 (Macroplan Planning Proposal p19).

Objective B1 requires that Councils *“provide places and locations for all types of economic activity and employment across the Sydney region”*. The applicant has indicated that the proposed development will provide significant employment in satisfaction of this objective. Objective B4 requires development authorities to *“concentrate activities near public transport”*. As discussed above, the site is relatively well serviced by a number of existing bus routes, providing public transport access to the centre from surrounding suburban areas to the east and west.

Objective B7 refers to the purpose of Enterprise Corridors in the overall planning regime. As the applicant’s proposal is to rezone the subject site from B6 Enterprise Corridor to B2 Local Centre, this objective is irrelevant to the proposal.

The Draft South West Regional Strategy gives councils the flexibility to plan for new local centres, in as much as they are consistent with other planning policy. The proposed development is not necessarily inconsistent with the provisions of this strategy.

Section 117 Ministerial Directions

Ministerial Direction 1.1 Business and Industrial Zones

Ministerial Direction 1.1 applies when a Council “prepares a draft LEP that affects land within an existing or proposed business or industrial zone.” Rezoning the site from B6 Enterprise Corridor to B2 Local Centre would trigger this Ministerial Direction.

The objectives of the direction are to:

- *encourage employment growth in suitable locations,*
- *protect employment land in business and industrial zones, and*
- *support the viability of identified strategic centres.*

Rezoning the site from B6 Enterprise Corridor to B2 Local Centre will not alter the ‘business’ zoning of the site and therefore satisfies requirements (a) and (b) of the direction.

With respect to the requirement to “support the viability of identified strategic centres”, the direction clarifies that an “identified strategic centre” means a centre that has been identified as a strategic centre in a regional strategy, sub-regional strategy or another strategy approved by the Director General”. The Draft South West Subregional Strategy identifies three strategic centres in the south-west subregion, being the Regional City of Liverpool; and a Major Centre at Campbelltown/Macarthur. Leppington, in the South West Growth Centre, is a Planned Major Centre.

The applicants Economic Impact Assessment considered the impact of the proposed rezoning on the Liverpool Regional City only among the strategic centres mentioned. It projects that the impact on the Liverpool Regional City will be a loss of trade of \$4.7 million in 2014/15, which would equate to a 0.7% fall. Such a small loss would not be considered significant enough to undermine the viability of the centre.

The potential impact of the proposed rezoning on other nearby centres (existing and planned) will be considered under the heading of “Impact of the proposed supermarket on private investment in existing and proposed centres” below.

Ministerial Direction 3.4 Integrating Land Use and Transport

Ministerial Direction 3.4 applies “when a council prepares a draft LEP that creates, alters or removes a zone or a provision relating to urban land, including land zoned for residential, business, industrial, village or tourist purposes.” The requirement for consistency with the direction is triggered by the proposed rezoning.

Ministerial Direction 3.4(4) stipulates that:

A draft LEP shall locate zones for urban purposes and include provisions that give effect to and are consistent with the aims, objectives and principles of:

- (a) *Improving Transport Choice – Guidelines for planning and development (DUAP 2001), and*
- (b) *The Right Place for Business and Services – Planning Policy (DUAP 2001).*

Ministerial direction 3.4(4)(b) requires Council to consider the proposal in relation to *The Right Place* policy.

With respect to the siting of trip-generating development like large supermarkets, The Right Place policy includes the following objectives that:

- *locate trip-generating development which provides important services in places that:*
 - o *help reduce reliance on cars and moderate the demand for car travel*
 - o *encourage multi-purpose trips*
 - o *encourage people to travel on public transport, walk or cycle*
 - o *provide people with equitable and efficient access*
 - o *protect and maximise community investment in centres, and in transport infrastructure and facilities*
 - o *encourage continuing private and public investment in centres, and ensure that they are well designed, managed and maintained (p3)*

The applicant has argued that the proposal is consistent with the Ministerial Direction, stating:

This proposal is traffic generating development and is served by public transport; with multiple frequent bus services passing the site daily. The site meets the suitability criteria of this policy for a number of reasons:

- *The site is sufficiently large to accommodate new development with safe and appropriate access arrangements for vehicles.*
- *The site offers a choice of transport options, including public transport.*
- *The potential floorspace is justified by demand.*
- *The change of zoning will permit a variety of compatible shops and services to support future population growth and economic investment.*
- *The development will encourage multi - purpose trips by visitors.*
- *Net employment resulting from the proposed expansion is expected to be 170 jobs.*
- *A local centre zoning at the subject site will help establish a sense of community and place for local residents. (Macroplan p16)*

With respect to the applicant's argument that the site is suitable for a supermarket according to the provisions of The Right Place policy, a number of the policy requirements appear to be met, as follows:

- The site is well serviced by a number of frequent-running bus lines, which provide access from nearby suburbs to the site, and to the Liverpool regional city and transport options. As Figure 2 illustrates above, the site is also serviced by an existing walkable catchment of low density housing on the northern side of Camden Valley Way, and proposed housing to the south in Edmondson Park. These factors combined would appear to “moderate the demand for car travel”, and potentially “encourage people to travel on public transport, walk or cycle.”
- The applicant has indicated, that in addition to a 4100 square metre supermarket, that the site will also be developed for an additional 1200 square metres of “specialty shops”, including service providers. The development of such additional destinations at the site would appear to help “encourage multi-purpose trips”, as stipulated by the policy.

- Concern has been raised by Council's Traffic and Transport department with regard to the pressure that a supermarket at the subject site would place on the proposed traffic signals at the intersection of Camden Valley Way and Corfield Road. The applicant has responded to Council's concerns asserting that the intersection will continue to operate within acceptable parameters; however, this further information has yet to be assessed by Council's Traffic and Transport department. A definitive opinion on the equitability and efficiency of access cannot be established until the new information is properly assessed by Council and the RMS.

Impact of Proposal on Existing and Planned Centres

Prestons Shopping Village

The Prestons Shopping Village, a local centre of 1500 square metre Gross Leaseable Area (GLA) zoned B2, is situated 1.6km from the subject site by road. The Prestons Shopping Village contains an IGA supermarket along with a range of food shops, a medical centre and other small retail. In their Economic Impact Assessment the applicant argues that the impact on the centre would be moderate.

The applicant anticipates that the projected loss in trading for the Prestons Shopping Village in the first year of trading of the proposed supermarket (2015/16) would be \$800,000 or 7.7% of the estimated annual trade of the centre. In support of their assessment, the applicant states that:

We expect the impacts on the Prestons Small Village to be about \$0.8 million, as we expect this centre will continue to draw strongly from within its localised trade area, serving the convenience top-up needs of the existing customer base. Only moderate impacts are expected due to the different market that this centre would serve as compared to a full-line supermarket anchored local centre, with frontage to Camden Valley Way (Macroplan EIS p54).

Nevertheless, the impacts of the proposed development were briefly considered by Hill PDA in the preparation of the Liverpool Retail Hierarchy Review. The Review indicates that "the provision of an additional centre in this location is likely to have a significant adverse impact upon the existing Prestons Small Village Centre located 1.1km to the northwest," (Hill PDA p68).

Carnes Hill Town Centre

The existing Carnes Hill town centre is located 4.6km from the subject site. It is a larger centre than that proposed at the subject site, supporting 18,300sqm of retail space. The Economic Impact Assessment provided by the applicant projects a 7.1% fall in trade at the Carnes Hill centre from the impact of the proposed development alone.

When combined with the cumulative impacts of the proposed Costco development at Crossroads, the proposed Woolworths development at Casula and other proposed retail development in the area, the projected impact on the Carnes Hill centre was a loss of 12.7%. These impacts detailed in the Economic Impact Assessment were calculated based on a Retail Turnover Density (RTD) of \$9000 per square metres.

The Liverpool Cumulative Economic Impact study established that the impact of the Orange Grove development and Costco at Casula was a loss of 4.9%, however this calculation used an RTD of \$11000 per square metres for supermarkets. This difference in methodology and calculations makes the trade impact difficult to compare and assess. Furthermore, these numbers do not include impact from Edmondson Park town centre and the proposed ALDI development on Camden Valley Way.

Casula Mall

The Casula Mall town centre is located 5.7km from the subject site. It is a larger centre than that proposed at the subject site, supporting 20,000sqm of retail. The Economic Impact Assessment provided by the applicant projects 5.7% fall in trade at the Casula Mall centre from the impact of the proposed development alone. The Liverpool Cumulative Economic Impact study concluded that the combined impact of Orange Grove and Costco at Casula on Casula Mall was 8.9%. As with Carnes Hill, the RTDs used to calculate these numbers are inconsistent between the applicants Economic Impact Assessment and the Liverpool Cumulative Economic Impact study.

Edmondson Park

The applicant states that the proposed town centre at Edmondson Park is unlikely to begin development for another 5-10 years (Macroplan EIS p22). The applicant states that, "The first stage of the Edmondson Park town centre is anticipated to be built sometime between 2016 and 2021, and this leaves a major gap in services for residents around the subject site at Prestons and in the north-western part of the SWGC," (Macroplan EIS p37). As a result, the applicant has not accounted for the impact of the proposed development on the planned Edmondson Park town centre.

Information provided by Urban Growth, the developer of Edmondson Park South, suggests that the site of the future town centre has been leased for rail construction purposes until January 2016. However, Urban Growth have confirmed that Expressions of Interest for the first stage of the town centre are to be issued in June/July 2013.

ALDI on Camden Valley Way

Furthermore Liverpool City Council has received a Development Application (DA-436/2013) for the construction of an ALDI supermarket at 1972-1976 Camden Valley Way, Edmondson Park. The ALDI site is located approximately 200 metres from the subject site, on the opposite side of Camden Valley Way. The Development Application is advertised until the 7 June 2013.

The impacts on existing centres calculated as a percentage loss of trade in the Liverpool Cumulative Economic Impact study and the Economic Impact assessment provided by the applicant use different RTDs which makes comparison extremely difficult.

It is recommended that the Economic Impact Assessment be updated to reflect the economic impact of the proposed development on the development of the planned Edmondson Park Town Centre, based on an updated timetable for its development being provided by Urban Growth. Furthermore, it is also recommended that a peer review of the applicant's Economic Impact Assessment be sought to validate and confirm the calculations of the impact on the various other existing and planned centres and developments, given the inconsistency between the RTD figures used by Macroplan and Hill PDA, prior to any public exhibition of the proposal.

The *Right Place Policy* also requires that proposals for spot rezonings meet the criteria of the Net Community Benefit Test. The criteria for the Net Community Benefit Test are defined as follows:

- *the degree to which the policy and its objectives can be satisfied*
- *the proposed level of accessibility to the catchment of the development by public transport, walking and cycling*
- *the likely effect on trip patterns, travel demand and car use*
- *the likely impact on the economic performance and viability of existing centres (including the confidence of future investment in centres and the likely effects of any oversupply in commercial or office space on centres — see section B of the explanatory notes)*
- *the amount of use of public infrastructure and facilities in centres, and the direct and indirect cost of the proposal to the public sector*
- *the practicality of alternative locations which may better achieve the outcomes the policy is seeking*
- *the ability of the proposal to adapt its format or design to more likely secure a site within or adjoining a centre or in a better location.*

The applicant has provided advice that the proposal meets the Net Community Benefit Test criteria in that:

- The proposed rezoning will lead to a reduction in vehicle kilometres travelled due to the provision of a full-line supermarket in the trade area
- The proposed development would utilise existing roads and public transport routes (infrastructure)

The potential impact of the proposed rezoning on nearby centres requires further clarification, as explained above. The accessibility of the site is subject to assessment by Council's Traffic and Transport department as discussed above.

A more detailed Net Community Benefit Test in accordance with the Draft Centres Policy (April 2009) can be found in Attachment 1.

Finally, the applicant has not provided evidence that the proposed development could not be located in an alternative location within an existing centre. It is recommended that a sequential test, demonstrating site suitability, should be provided prior to any public exhibition of the proposal.

(iv) Draft Centres Policy 2009

The Draft Centres Policy 2009 remains a consultation draft and is not government policy. Nevertheless, it is a guideline which must be considered in the making/amendment of Local Environmental Plans.

With respect to the application for the rezoning of land to form a new local centre, Principle 2 of the Draft Centres Policy, "Centres should be able to grow and new centres form", outlines the following considerations for the formation of new centres:

Therefore the planning system should be flexible enough to enable all centres to grow and new centres to form, and to provide for a mix of uses including medium and high density residential uses.

This may mean that some lower-order centres might expand and take on greater importance at the expense of others, or new centres may form and compete with more established centres.

Strategic plans should ensure that the supply of land for retail and commercial development accommodates demand in all existing and new centres. This means that residential, business and industrial land may need to be rezoned to provide for the growth in the centre (Draft Centres Policy 2009, p3).

While the Draft Centres Policy permits the establishment of new centres, Principle 4 requires that Councils ensure that “the supply of floor space accommodates market demand”. It stipulates that:

From a planning perspective, ensuring that there is sufficient suitably zoned land available will reduce barriers to entry, facilitate new entrants into markets and contribute to competition in the retail and commercial sector.

Therefore, this policy sets out that the Department of Planning will work with councils to prepare studies to examine the current supply of and future demand for floorspace in different retail and commercial sectors to ensure that the supply of available floorspace in centres always accommodates the market demand. This approach should help to ensure there is a greater choice of sites for business, ensure land prices are not artificially inflated and reduce the market power of landlords (Draft Centres Policy 2009, p4).

While the Draft Centres Policy therefore permits and encourages the development of new centres to provide additional retail floorspace where required by the market, it recommends that Councils “prepare studies” to assess whether the supply of retail floor space is deficient. This will be discussed below in the Retail Centres Hierarchy Review section of this report.

(v) Draft Activity Centres Policy 2010

The Draft Activity Centres Policy remains a draft and is not government policy. Nevertheless it is a guideline which is frequently referenced in the making/amendment of Local Environmental Plans.

The policy provides a summary of key considerations for spot rezonings as follows:

- (a) The Sequential Test is to be applied when assessing edge-of-centre or out-of-centre proposals to ascertain whether the development can be located in existing or new activity centres*
- (b) When there is not sufficient zoned land available to meet projected demand there will be a presumption in favour of rezoning more land to meet the demand.*
- (c) Councils to consider the Site Suitability Criteria when assessing merits of proposed rezoning proposals*
- (d) When a planning proposal is submitted to the Department of Planning which makes strategic changes to a planned or existing activity centre, an assessment*

should be made of the proposal as part of the LEP 'Gateway' process. If the rezoning proposal is permitted through the Gateway, the process will be commenced to amend the LEP to permit the use on the site. If the zoning is changed to permit the use, the development proposal will be assessed on its merits (Draft Activity Centres Policy 2010, p9).

The applicant has not provided a sequential test, as suggested for out-of-centre proposals, as stipulated in (a) above. Without the benefit of this analysis it is impossible to judge whether the development may be located in an existing or planned centre in preference to the rezoning of the subject site. As noted in point (i) above, should Council support the proposed rezoning, it is recommended that the applicant should prepare a sequential test to be provided prior to any public exhibition of the proposal.

The site suitability criteria outlines eight considerations that should be applied to spot rezoning proposals as follows:

The site suitability criteria are:

- (a) Strategy consistent: is the proposed use of the site consistent with or implementing the relevant regional, sub-regional or local strategy?*
- (b) Infrastructure: capacity to support future demands, e.g. traffic capacity, sewerage and water services.
If not, are arrangements in place for these to be provided?*
- (c) Access considerations:
(i) Good public transport and road access for employees, customers and suppliers
(ii) Good pedestrian access
If not, are arrangements in place for these to be provided?*
- (d) Urban design opportunities: potential to:
(i) integrate with surrounding land uses;
(ii) increase the amenity of the local area.*
- (e) Competing land issues – impact on
(i) housing supply and affordability
(ii) industrial land supply
(iii) on choice and competition in the locality
For instance, does the proposal affect delivery of other targets or objectives for the area – for example if the land is currently residential and is proposed to be changed to commercial, would this affect achieving dwelling targets.*
- (f) Proximity to labour markets and associated housing (jobs closer to home)
(iv) for workers with required skills
(v) for management*
- (g) Environmental considerations
(i) hazards, such as flooding, bushfire, or coastal, contaminated land
(ii) opportunities to contribute positively to environmental outcomes*
- (h) Public benefit considerations
(i) provides a broader public benefit from being located at the alternative site.*

Priority should be given to sites which perform best against the criteria. It is not necessary for a proposal to meet all the criteria in order to be supported. The relative weight to be attached to performance against the criteria will depend upon the issues raised by the case. In many instances it may be possible to address the criteria by amendments made to a proposal.

For example, provision may be made to make up shortcomings in infrastructure provision whereas there may a key regional strategy aim to deliver new development of the type proposed to help accommodate projected growth (Draft Activity Centres Policy, p8).

While the applicant has addressed a number of the issues raised in the Site Suitability Test in their Planning Proposal and Economic Impact Assessment submitted with the application to rezone the subject site, they have not submitted a Site Suitability Test. It is therefore recommended that should Council support the proposed rezoning, that the applicant should prepare a Site Suitability Test to be provided as part of a broader Sequential Test prior to any public exhibition of the proposal.

(vi) Liverpool Retail Centres Hierarchy Review

The Liverpool Retail Hierarchy Review ("the Review") prepared by Hill PDA was adopted by Council at its meeting on 28 November 2012. The Review was prepared in the form of a study of the existing and planned retail floor space in Liverpool LGA.

Chapter 7 of the Review projects that:

Liverpool LGA is undersupplied by some 20,500sqm of retail floorspace in 2011. Department and discount department stores accounted for the largest proportion of this undersupply at 8,071sqm (or 40% of total floorspace undersupply). (p54)

Chapter 8 of the Review, Accommodating Growth, projects that the greatest part of the undersupply of supermarket floor space will exist in that part of the Liverpool LGA which is west of the M7. It also notes that the Cecil Hills/ Green Valley area also exhibits strong growth in demand for additional supermarket facilities. (p56)

It is noteworthy that the Review does not predict significant need for additional supermarket facilities in the Prestons area. In its summary of the submissions made to the Review by third parties, it specifically notes the proposal to rezone land at 1975-1985 Camden Valley Way, Prestons, and argues that:

Proposed expansions at Carnes Hill and Middleton Grange will satisfy demand for retail space in the Liverpool LGA area west of the M7 in the short to medium term. As such there is no need for an additional supermarket based centre in this location in the foreseeable future.

Furthermore, the provision of an additional centre in this location is likely to have a significant adverse impact upon the existing Prestons Small Village Centre located 1.1km to the northwest. We would advise Council not to rezone this land in accordance with the submission in the short term. (p66)

The applicant takes issue with the recommendations of the Review, particularly the Review's reliance on an assumed retail turnover density (RTD) for supermarkets of \$11,000 per square metre. The applicant argues that:

In regards to supermarket retailing, Hill PDA estimate a market gap in 2011 of about 6,500 sq.m across the Liverpool LGA. The delivery of a 4,100 sq.m supermarket at the subject site would merely capture the forecast growth in this market gap to 2016 and there would still be an under-supply in excess of 6,000 sq.m if no other supermarkets are provided within the LGA.

However this is a conservative position, as we consider the Hill PDA retail review may underestimate the size of the undersupply of supermarket floorspace, quite significantly. Hill PDA applies a supermarket turnover density of \$11,000 per sq.m increasing in real terms by 0.65% per annum, to determine the floorspace demand for this type of retail provision. This level of retail turnover would constitute a highly successful supermarket turnover level of performance. Applied as an average, such a level is extraordinarily high, and serves to understate the appropriate level of provision to meet the needs of local residents.

When assessing the appropriate level of provision for a particular broad region, such as an LGA, a more suitable threshold that covers likely trading performance for smaller local centre supermarkets would be more appropriate. An RTD closer to \$9,000 per sq.m would be more applicable, and even this would represent a strong trading position for any supermarket. (p17)

The applicant goes on to say that:

Even if an RTD of \$9,500 per s.qm is applied then, using Hill PDA's own estimates of available expenditure, this would equate to an additional 8,500 s.qm of supermarket demand within the LGA, i.e. over and above their estimate, or more than two 4,100 s.qm supermarkets, as at 2012 (p18).

In additional modelling provided to Council Hill PDA defend the use of an assumed retail turnover density of \$11,000 per square metre. In defence of the \$11,000 figure, they state that:

Woolworths Annual Report 2011 page 86. Woolworths at the beginning of the 2010-11 FY had 823 supermarkets in Australia with an average floor area of 2,676sqm (Footnotes state that it includes Dan Murphy stores but excludes BWS stores and petrol outlets). Sales per square metre = \$15,895/sqm which was a 9% increase from 2007 (\$14,571/sqm).

ABS Retail Survey in 1998-99 had supermarkets trading at an average of \$7,666/sqm across Australia. To June 2011 CPI growth has been 45.8%. Hence based on 2011 dollars average sales were \$11,176/sqm.

Hill PDA's justification for the use of an assumed turnover density of \$11,000/sqm would therefore appear to be reasonable and well-supported. Without being able to rely on the assumed turnover density of \$9500/sqm, the applicant's argument that an undersupply of 8500sqm of retail floor space exists in the Liverpool LGA is unproven.

The applicant also takes issue with the Review's consideration of the subject site reproduced above, arguing that the proposed expansion of the existing Carnes Hill town centre would not appreciably increase the amount of retail floor space in the LGA, that the

planned Middleton Grange town centre, situated a further 2-3km north of Carnes Hill would not significantly impact the localised demand, and that the proposed rezoning would not significantly impact the existing Prestons local centre as it is largely a convenience-based shopping centre.

The proposed rezoning is therefore not consistent with the findings of the Liverpool Retail Centres Hierarchy Review as adopted by Council on 28 November 2012. It is recommended that the Economic Impact Assessment prepared by Macroplan be peer reviewed prior to proceeding with the Planning Proposal.

CONCLUSION

Information provided by the applicant in support of the proposal to rezone 1975-1985 Camden Valley Way Prestons from B6 Enterprise Corridor to B2 Local Centre is insufficient to undertake a complete assessment of the merits of the proposal. While the proposed rezoning would appear to be consistent with some state and local planning policy, insufficient information has been provided to gauge the full impact of the proposed rezoning particularly in relation to impact on existing and planned centres. The use of different base numbers (RTDs) to calculate trade levels and impacts between the Liverpool Retail Centres Hierarchy 2012/Liverpool Cumulative Economic Impact Study prepared by Hill PDA and the Economic Impact Assessment prepared by Macroplan mean that the conclusions reached cannot be supported or verified.

Should the proposed rezoning receive the support of Council and be forwarded to the Department of Planning and Infrastructure and receive a Gateway determination, it is proposed that additional evidence of the likely impacts of the proposed rezoning (in accordance with the recommendations of this report) be sourced prior to public authority consultation and public exhibition being undertaken.

However, in the interest of caution and certainty, it is recommended that the applicant provide an updated Economic Impact Assessment to include more details of their model to allow the calculations to be verified, to include the impact of the proposal on the Edmondson Park Town Centre and the proposed ALDI supermarket on Camden Valley Way.

Further it is recommended that the applicant provide a sequential test demonstrating site suitability and a peer review of the Economic Impact Assessment provided by the applicant be undertaken.

FINANCIAL IMPLICATIONS:

There are no financial implications to Council from the approval of this report.

RECOMMENDATION:

That Council:

1. Requires the applicant to provide an updated Economic Impact Assessment that reflects the economic impact of the proposed development on the planned Edmondson Park Town Centre, based on a timetable for its development being provided by Urban Growth and the proposed ALDI supermarket on Camden Valley Way.
2. Requires the applicant to provide a sequential test demonstrating site suitability as outlined in The Right Place for Business and Services – Planning Policy.
3. Undertakes a peer review of the applicants updated Economic Impact Assessment.

SIGNED BY:

Matthew Daniel
Executive Director

Attachment: Planning Proposal



Planning Proposal

Draft Liverpool LEP 2008 Amendment No. 31

1975 to 1985 Camden Valley Way, Prestons

***Rezoning from B6 Enterprise Corridor to B2
Local Centre***

May 2013

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Background and Site identification

The current use is a landscape supplies and garden centre; however a Development Application for a service station, carwash, fast food premises and shops was approved by Liverpool City Council on 10 May 2011 (DA-1517/2010 and DA-1517/2010/A).

The potential rezoning of the subject site was considered as a submission to the Liverpool Retail Hierarchy Review 2012, which was recently adopted by Council. The recommendations of the Review did not support the rezoning of the site.

Council resolved on the 28th November 2012 to consider a planning proposal for the subject site.

The application to rezone the site and accompanying documentation was lodged with Council on 14 January 2013.

The legal description of the subject land is Lot 50, DP1082416 and Lot 1, DP661177, otherwise known as 1975-1985 Camden Valley Way, Prestons.

The site is located on the northern side of Camden Valley Way on the corner of Corfield Road, as shown in Figure 1. The site covers an area of approximately 1.7 hectares and has a street frontage of approximately 124 metres to Camden Valley Way and 119 metres to Corfield Road.

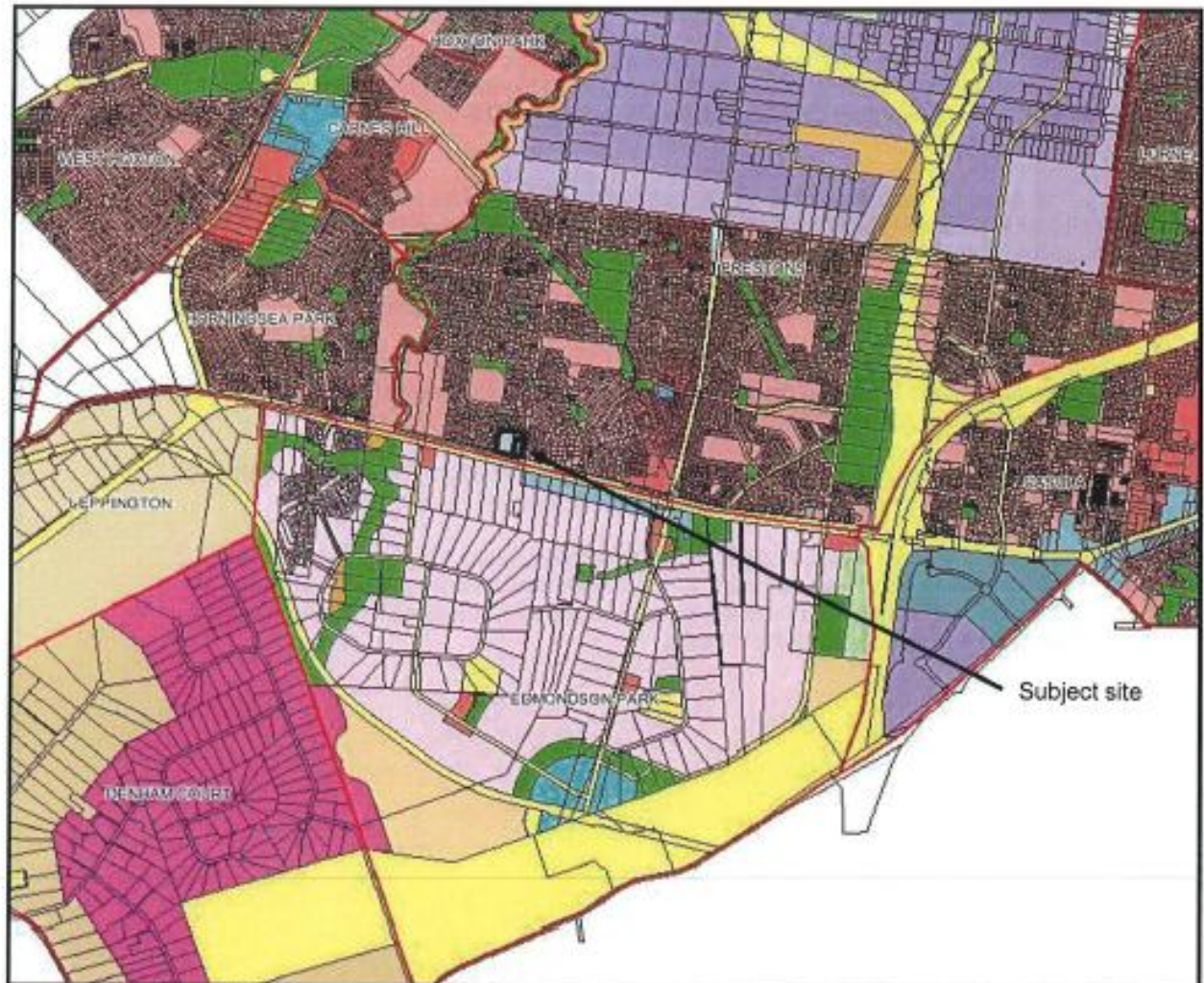


Figure 1. Site context and identification map.

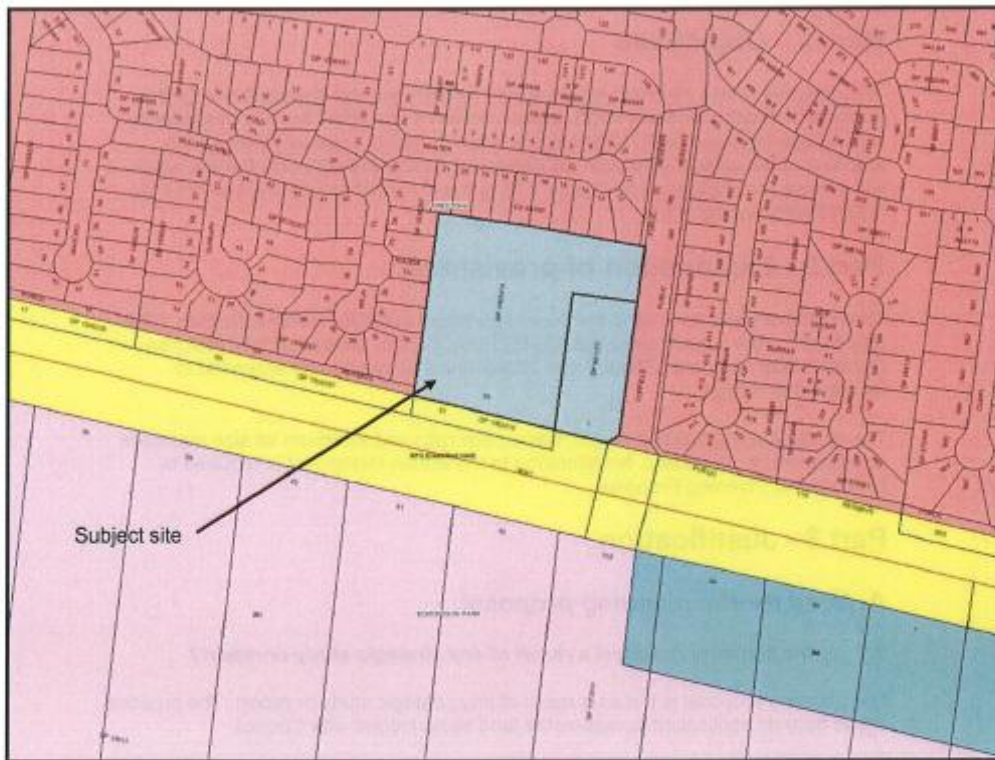


Figure 2. Zoomed in view of the subject site.

Part 1 – Objectives

The objective of this planning proposal is to facilitate the development of a full line supermarket (approximately 4100 square metres) and a small amount of speciality retail shops (approximately 1200 square metres). This is proposed through the rezoning of the subject land from B6 Enterprise Corridor to B2 Local Centre, which will remove the application of Clause 7.23 of the Liverpool Local Environment Plan (LEP) 2008 from the land.

Part 2 - Explanation of provisions

The proposal seeks to amend the current Liverpool Local Environmental Plan 2008 map to show the subject site zoned as B2 Local Centre, instead of B6 Enterprise Corridor. Map numbers LZN-008 and LZN-C09 will be need to be amended to facilitate this change.

The corresponding building height, floor space ratio and minimum lot size maps are not proposed to be altered. No alteration to the written instrument is required to facilitate this Planning Proposal.

Part 3 - Justification

A. Need for the planning proposal

3.1 *Is the planning proposal a result of any strategic study or report?*

The planning proposal is not as a result of any strategic study or report. The proposal arises from an application to rezone the land being lodged with Council.

3.2 *Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?*

The planning proposal is the best means of achieving the intended outcome.

The applicant is seeking to construct and operate a full line supermarket on the site, with some specialty retail shops.

Shops are currently permissible in the B6 Enterprise Corridor however Clause 7.23 of the Liverpool Local Environmental Plan limits the size of any retail premises to 1600 square metres of floor space. This is intended to ensure the following compulsory zone objective of the B6 zone is met:

"To maintain the economic strength of centres by limiting the retailing activity".

The intended outcome could be achieved by retaining the B6 Enterprise Corridor zone and inserting a Schedule 1 clause to provide an exemption to Clause 7.23 for the subject land, however this would reduce the strength of Clause 7.23 and create an undesirable precedent of variations to the clause.

Council is satisfied that the proposed rezoning the site from B6 Enterprise Corridor to B2 Local Centre would be the best means of facilitating the intended outcome.

3.3 *Is there a net community benefit?*

The Net Community Benefit Test (table below) has been used to assess the merits of the planning proposal using the evaluation criteria set out in the Draft Centres Policy (April 2009).

Table 1 Net Community Benefit Test (Draft Centres Policy (April 2009)) Evaluation Criteria and Response

Net Community Benefit Test Evaluation Criteria	Response
Will the LEP be compatible with agreed State and regional strategic direction for development in the area (e.g. land release, strategic corridors, development within 800m of a transit node)?	The applicant states that <i>"the proposed supermarket remains suited to its catchment in a location sense. The impact of the additional floorspace that is now sought is seen as a positive contribution to the locality, providing shoppers with a greater supermarket shopping range and the benefits of price competition that the additional service will bring."</i> The applicant fails to answer the question asked in the evaluation criteria. The site is not specifically included in any identified strategy within a State or regional strategic direction. However the planning principles adopted in the Metropolitan Strategy, Draft Subregional Strategy, Integrating Land Use and Transport policy and the Draft Centres Policy all favour strengthening and expanding centres to accommodate market demand before creating a new centre or supporting out of centre retailing activity. Retail development outside of centres or the creation of new centres should only be facilitated when there is demonstrated market need and the new centre will not undermine the viability of the existing or planned centres. The draft amendment to the LEP proposes to enable an unlimited amount of retail floor space to be permissible in an out of centre location. The proposal is therefore incompatible with the above-mentioned plans and policies. Furthermore the proposal is inconsistent with the Liverpool Retail Hierarchy Review 2012. The Review concludes that there is generally sufficient land zoned for retail purposes in the Liverpool LGA to accommodate the expected growth. The proposals assessment against the Review is provided in Section 3.5.
Is the LEP located in a global/regional city, strategic centre or corridor nominated within	No.

Net Community Benefit Test Evaluation Criteria	Response
the Metropolitan Strategy or other regional/subregional strategy?	The draft amendment to the LEP is located within the Local Government Area of the Regional City of Liverpool. However the subject site is located within the suburb of Prestons, approximately 6 kilometres from the Liverpool Regional City. The subject site is not located in a strategic centre or corridor nominated in the Metropolitan Strategy or draft subregional strategy.
Is the LEP likely to create a precedent; or create or change the expectations of the landowner or other landholders?	The applicant argues that "the process of a focused assessment of site potential through a planning proposal is consistent with planning law and practice. There is no substantive ground therefore to view the current process as potentially precedent-setting or unlawful in a planning sense." However, support for this proposal may indicate support for out of centre retailing generally, as well as support for the reduction in B6 Enterprise Corridor zoned land in favour of B2 – Local Centre zoning.
Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?	The applicant has provided an Economic Impact Assessment that analyses the cumulative impacts of other planning proposals and recently adopted amendments to the Liverpool LEP 2008. These proposals include a rezoning to facilitate a supermarket at 607-611 Hume Highway, Casula and the recently approved Costco development at Beech Road, Casula The applicant disputes the retail turnover density (RTD) applied in the Liverpool Retail Hierarchy Review 2012. In doing so, and using a different RTD in their calculations, their conclusions are incompatible with the adopted Retail Hierarchy Review and make assessment of the Economic Impact Assessment against the Review unable to be undertaken.
Will the LEP facilitate a permanent employment generating activity or result in a	For this reason the Economic Impact Assessment does not provide adequate information to undertake assessment against this criterion. It is recommended that a peer review of the Economic Impact Assessment be undertaken to consider the cumulative impact of all the preceding proposals as well as this proposal. The existing use of the site is employment generating, as are the uses approved on the site under DA-1517/2010. The draft amendment to the LEP will continue employment generating

Net Community Benefit Test Evaluation Criteria	Response
loss of employment lands?	activity on the site.
Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	No.
Is the existing public infrastructure (roads, rail, and utilities) capable of servicing the proposed site?	The subject site is currently zoned and proposed to be zoned for business purposes. Public Infrastructure The proposed development will make use of existing infrastructure services.
Is there good pedestrian and cycling access?	Public Transport There are several bus services that run on Camden Valley Way that will service the site.
Is public transport currently available or is there infrastructure capacity to support future public transport?	Cycling and Pedestrian Access There is moderate cycling and pedestrian access to the site. The site is cut off from the residential catchment to the east and north by way of the residential subdivision in this location. Residents from the east can access the site on foot by crossing Corfield Road. Residents from the south (Edmondson Park) can access the site on foot via the signalised pedestrian crossing across Camden Valley Way.
Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?	The proposed rezoning and development of a full-line supermarket is expected to result in a no increase vehicle kilometres travelled, and will more likely result in a slight reduction in overall vehicle kilometres travelled, given its location on a busy thoroughfare, allowing for supermarket visits to be coupled with other trips.
Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?	Road safety will be assessed by the RMS following a Gateway determination. Camden Valley Way has recently been upgraded. There is little impact on this upgrade from the rezoning of the land, however the potential Development Application for a supermarket development on the site may impact on the new road. This impact will not be known until details of the Development Application are provided. This is a matter for the RMS. In relation to Edmondson Park, the applicant argues that "the proposed rezoning will have a negligible impact on this rail infrastructure, which will support other planned local and major centres at planned railway stations. The development will not impact upon the overall net

Net Community Benefit Test Evaluation Criteria	Response
	usage of the planned rail system." However in Council's view, the impact on the establishment and success of the Edmondson Park Town Centre, associated with the train station, is expected to be significant. The government has spent substantial funds planning for and constructing the South West Rail Link, which includes the Edmondson Park train station. Undermining the establishment of a new centre in this location, where rail infrastructure is being provided, is undermining the success of the new smart growth precinct/transit oriented development and the public transport infrastructure in the locality. The applicant has failed to demonstrate that this proposal will have an acceptable level of impact on the establishment of the Edmondson Park Town Centre. A peer review of the Economic Impact Assessment shall include further investigation and analysis of the impact of the proposal on the Edmondson Park Town Centre.
Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?	No. The subject site has been used for landscape supply sales for some years. There are no specific environmental factors to be considered on the site.
Will the LEP be compatible / complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	The proposed development will be somewhat beneficial in terms of amenity, acting as a buffer between Camden Valley Way and adjacent residential zoned land. However, the impact generated by the potential uses themselves may have an adverse impact on the residential properties in terms of noise, odour and light spill. These issues would need to be dealt with in more detail through the DA process. The public domain will improve minimally should the development be well designed and landscaped. The existing B6 Enterprise Corridor Zone applying to the subject site permits a range of retail
Will the proposal increase choice and	

Net Community Benefit Test Evaluation Criteria	Response
competition by increasing the number of retail and commercial premises operating in the area?	and commercial premises. The site is capable of developing in this manner if the planning proposal does not proceed. The level of potential choice and competition is not substantially changed by this planning proposal, although it is acknowledged that the proposal intends to facilitate a new supermarket.
If a stand-alone proposal and not a centre does the proposal have the potential to develop into a centre in the future?	The applicant states that "it is not anticipated at this stage that the site would develop into a separate 'centre' of significance. The proposed local centre zoning is appropriate for the type of offer and is justifiable on the basis of unmet retail need in the trade catchment." It could be argued that the development of the site in accordance with the concept plans provided would constitute a centre itself, with a supermarket and some specialty retail. However, the applicant argues in the Economic Impact Assessment that the concept development is "convenience based retail facilities". The applicant is not clear regarding whether they are establishing a new centre, or simply creating an out of centre retail development. However, given the constraints surrounding the site, such as two road frontages and residential zoned land to the north and east, it seems unlikely that the centre could expand beyond the concept put forward in the short to medium term.
What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?	The applicant has demonstrated limited public interest reasons for preparing the plan at this time. The implications of not proceeding at this time would be that the site remains zoned B6 Enterprise Corridor and either the landscape supply business continues to operate or the landowner proceeds with the existing approval for a service station, carwash, specialty retail and fast food premises.

B. Relationship to strategic planning framework

3.4 *Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?*

The Metropolitan Plan for Sydney 2036

Chapter B of the Metropolitan Plan for Sydney 2036 is titled "Growing and Renewing Centres" and outlines the strategic plan for commercial and business development in the Sydney metropolitan region. Action B3.¹ permits councils to determine the location of new centres through the rezoning of existing sites.

The policy states that, *"The appropriateness of locations for new centres will depend upon a range of factors including public transport access, proximity to good quality open space, primary schools, residential amenity of the area, heritage significance and adaptability of existing buildings, and market demand. Consideration should also be given to the impact of a new centre upon facilities and services in existing centres."*

"Planning for a new centre should focus commercial development in the core of that centre around a public transport hub (which in some areas may be a high frequency bus stop), rather than being dispersed throughout the entire walking catchment of the centre," (Metropolitan Plan p73).

The Metropolitan Plan identifies the key elements of the centres policy for metropolitan Sydney as including:

- *concentrating activity in accessible centres*
- *managing out-of-centre development to maximise the economic and social advantages of clustered activity*
- *making provision for the growth and urban renewal of existing centres*
- *planning for new centres to emerge in appropriate locations*
- *influencing the distribution and scale of land uses to improve transport choice and boost active transport and public transport use*
- *concentrating commercial activity and job destinations in centres to achieve agglomeration, productivity benefits and improve workforce access* (p60)

The planning proposal is intended to facilitate a 4100 square metre supermarket in an out of centre location. This is inconsistent with the State centres policy as articulated in the Metropolitan Plan. The proposed development will not be located in an existing centre and is not advantageously located with respect to public transport.

The Metropolitan Plan also defines the role and purpose of corridors, specifically Enterprise Corridors as follows:

*...[U]se of a B6 Enterprise Corridor Zone should be limited to areas of very high traffic volumes and where it is appropriate to allow a flexibility of land uses to enable productive use of the road corridor.
... The amount of retailing to be permitted in the B6 Zone should be set locally.* (p61)

The restriction on the floor space of individual retail premises located on land zoned B6 Enterprise Corridor to 1600sqm by clause 7.23 of the LLEP 2008 therefore

complies with the Metropolitan Plan in that it specifically encourages the amount of retailing in the Enterprise Corridor zone to be set locally.

The Metropolitan Plan also outlines a number of Objectives and Actions. Objective B3 – To Plan for New Centres and Instigate a Program for High Quality Urban Renewal in Existing Centres Serviced by Public Transport incorporates Action B3.1 – Plan for new centres in existing urban areas and Greenfield release areas, which states in part that:

*The Department of Planning and councils will use Subregional Strategies, local strategic planning and LEPs to carefully identify opportunities for new centres in existing urban areas that are **distant from existing centres**. This will assist in the urban renewal of places **not currently within the walking catchments of existing centres**.* (p73 - emphasis added)

The proposed site meets a number of the criteria for the location of a new centre, including public transport access and proximity to schools and the site is within walking distance of good quality open space (Prestons Park). The proposed development will also be concentrated near to existing high-frequency bus routes. The impact of the proposed centre on existing and planned nearby centres is a matter for further consideration.

It is noted that a Draft Metropolitan Strategy for Sydney to 2031 was released for comment in March 2013. Due to time constraints an assessment against this draft plan has not been provided, however it is noted that Objective 2 of the strategy is "Strengthen and grow Sydney's centres".

The Draft South West Sub Regional Strategy

The Draft South West Sub Regional Strategy ("the regional strategy") applies the general strategy of the Metropolitan Plan to the south west sub region (including the Liverpool LGA). The regional strategy defines the role of Enterprise Corridors as providing low-cost accommodation for a range of retail, light industrial and commercial developments that would not easily integrate into centres. It notes that the Standard LEP Template permits the restriction of retailing in Enterprise Corridors, *to maintain economic strength of centres by limiting retailing of food and clothing.* (p39)

Objective B4.1 of the regional strategy requires Council to "concentrate retail activity in centres, business development zones and enterprise corridors." (p67)

Action SWB4.1.1 states that:

Retail will generally be located in commercial core and mixed use zones in centres... The inclusion of measures to prevent retail activities in other areas will provide certainty for investors in office and retail in centres and ensure that ad-hoc 'out of centre' development does not have additional cost impacts for Government and the community. (p67)

The regional strategy therefore supports the restrictions imposed by the LLEP 2008 on retail in an Enterprise Corridor (i.e. 'an out of centre' location).

Integrating Land Use and Transport - The Right Place for Business and Services

The aims of 'the right place' policy are:

This policy aims to encourage a network of vibrant, accessible mixed use centres which are closely aligned with and accessible by public transport, walking and cycling.

Responsive planning, consistent decision making and good design and management are needed to ensure that:

- *there are development opportunities in centres for businesses and services*
- *community investment in infrastructure is protected*
- *investor confidence in centres is maintained.*

The planning objectives of the policy are to:

- *locate trip-generating development which provides important services in places that:*
- *help reduce reliance on cars and moderate the demand for car travel*
- *encourage multi-purpose trips*
- *encourage people to travel on public transport, walk or cycle*
- *provide people with equitable and efficient access*
- *minimise dispersed trip-generating development that can only be accessed by cars*
- *ensure that a network of viable, mixed use centres closely aligned with the public transport system accommodates and creates opportunities for business growth and service delivery*
- *protect and maximise community investment in centres, and in transport infrastructure and facilities*
- *encourage continuing private and public investment in centres, and ensure that they are well designed, managed and maintained*
- *foster growth, competition, innovation and investment confidence in centres, especially in the retail and entertainment sectors, through consistent and responsive decision making.*

The applicant states that:

'This proposal is traffic generating development and is served by public transport; with multiple frequent bus services passing the site daily. The site meets the suitability criteria of this policy for a number of reasons:

The site is sufficiently large to accommodate new development with safe and appropriate access arrangements for vehicles.

- *The site offers a choice of transport options, including public transport.*
- *The potential floorspace is justified by demand.*
- *The change of zoning will permit a variety of compatible shops and services to support future population growth and economic investment.*
- *The development will encourage multi - purpose trips by visitors.*
- *Net employment resulting from the proposed expansion is expected to be 170 jobs.*
- *A local centre zoning at the subject site will help establish a sense of community and place for local residents.'*

However, upon assessing the proposal against the relevant sections of the policy, the proposal rarely achieves the policy intention.

The policy discusses locations having a mix of land uses and states that development on isolated, standalone sites is generally not acceptable. This proposal

provides a very limited mix of land uses. Furthermore the proposal seeks to facilitate development in an isolated location on a standalone site.

Furthermore, the policy recommends that a proposal conform to the local strategy, in this instance being the Liverpool Retail Centres Hierarchy Review 2012. The proposal does not conform to the local strategy. The local strategy considered a supermarket in this location as part of the submissions made and specifically states that it should not be supported, due to impact on the Prestons neighbourhood centre and the impact on the development of future already zoned centres.

In relation to retail development it is noted that shops that serve more than a neighbourhood catchment should be located in centres. It is expected that a full line supermarket in this location will serve passing traffic, and a larger catchment than the immediate neighbourhood.

Furthermore a single retail tenancy should not comprise the whole centre. New market entrants and competitions should be supported. By locating competitors in a centre you facilitate comparison and direct competition. The concept plans provided do not show the possibility of any competition for the supermarket within the site. The other tenancies on the site are very small and would offer very little choice within the one location.

Finally, the creation of unnecessary retail centres should be avoided. This proposal argues in some instances that this is the creation of a new centre. However the area is already well serviced by Carnes Hill, Prestons neighbourhood centre, and in the future the ALDI supermarket on Camden Valley Way and the transit oriented centre at Edmondson Park.

The policy also discusses the size, status and function of centres and that these elements should correspond to the level of accessibility by various means of transport. The subject site has poor pedestrian accessibility, moderate access to bus services (although these services also provide access to Carnes Hill and Liverpool) however it is anticipated that the vast majority of the customers will access the site by car.

A centre should not be commercially threatened by a new retail proposal. This proposal threatens the viability of the existing Prestons neighbourhood centre, the proposed ALDI on Camden Valley Way and the establishment of the Edmondson Park town centre.

The policy provides a 'decision tree' to assist in determining whether a proposal complies with the policy. The decision tree asks:

Is there a relevant strategy? Yes – the Liverpool Retail Hierarchy Review 2012

Does the proposal comply with the strategy? – No, the Review does not support the proposal.

Does the proposal:

- Have suitable site access? - The site has suitable site access.
- Protect community investment and viability of existing and planned centres? – No, the proposal threatens the existing Prestons neighbourhood centre, the proposed ALDI development on Camden Valley Way and the establishment of the Edmondson Park Town Centre.

- Protect the role and function of major urban centres? - Nil
- Is it the best alternative and available to meet the aims of the rezoning and objectives and advice of the policy? – No, the proposal does not meet the aims and objectives of the policy.

Is there a significant net community benefit? – The next community benefit test does not demonstrate net community benefit.

Can the adverse impacts be mitigated? –No, the adverse impacts of the proposal are primarily the detrimental effect it will have on the viability of the nearby existing and planned centres. This can only be mitigated by limiting the floorspace of retail outside of existing and planned centres, as is the current situation with the B6 zoning of the site.

Therefore, the proposal does not meet the aims and objectives of the policy.

Draft Competition SEPP

As stated in the documentation provided by the applicant, this draft SEPP relates to determining Development Applications, not planning proposals. Therefore no assessment of the proposal against this SEPP is provided.

Draft Centres Policy 2009

The Draft Centres Policy (2009) is based on six planning principles:

1. *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.*
2. *The planning system should be flexible enough to enable centres to grow and new centres to form.*
3. *The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.*
4. *The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.*
5. *The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.*
6. *Retail and commercial development should be well designed to ensure they contribute to the amenity, accessibility, urban context and sustainability of centres.*

The applicant's response to this policy is as follows:

"The Draft Activity Centres Policy places emphasis on the need to ensure development is assessed on its merits, taking into consideration costs and benefits to economic, social and environmental conditions, and whether the scale and design of the development is in keeping with or will improve the character of the local area.

The draft policy identifies functional considerations including easy access, sufficient, well located parking and appropriate infrastructure and facilities for delivery vehicles. This Planning Proposal will support a future development application for a full line supermarket and specialist retailing and services.

In advance of a future development application, this planning proposal has taken all of these matters into consideration and promotes a range of compatible uses and services that will benefit the area in terms of shopper convenience, reduced travel times, on-site parking and loading, local employment; integrated with public transport and close to current and future labour markets.

This planning proposal meets the principles of the Draft Activity Centres Policy as demonstrated in the accompanying Economic Impact Assessment."

The following is an extract from the Economic Impact Assessment:

"In July 2010, the NSW Government released a state-wide proposed policy which removes artificial barriers on competition between retail (and commercial) businesses. The policy is still draft and is intended to allow genuine competition between retail businesses, and potentially place downward pressure on prices.

The aims of this Policy are:

- To promote economic growth and competition, and*
- To remove anti-competitive barriers in environmental planning and assessment.*

The key points from this document are that:

- Commercial viability of a proposed development is not a matter to be taken into consideration by the consent authority.*
- The impacts of a proposed commercial development on the commercial viability of other commercial developments are not a matter for the consent authority. Although the extent to which the impacts may affect the overall adequacy of facilities and services available to the local community may be taken into consideration (having regard for the proposed development).*
- No restrictions on the number of a particular type of retail premises in any commercial development, although regard can be given to the scale of a proposed development.*
- No restrictions on the proximity of a particular type of retail premises to another retail premises of that type.*

The most notable changes from this policy are the removal of potential restrictions on the quantum of a particular type of store within a defined centre and also the removal of potential restrictions on proximity to a similar retail store type. The intentions of this policy are to restrict existing retailers from 'preventing' suitable market competition within centres and operating under somewhat monopolistic conditions.

The draft SEPP should still enable appropriate planning to consider the effects of new retail developments upon the current and planned centres hierarchy and whether or not a particular development results in net benefits to the community. As such, this economic impact assessment has been prepared for the purposes of ensuring that the consent authority is satisfied that there is a net community benefit from the proposed development (i.e. negative impacts are outweighed by positive impacts)."

In reviewing the six principles of the Draft Centres Policy, it is noted that the policy reinforces support for centres planning and the role of the planning system in regulating the location and scale of retail development.

Under the current zoning of the site, the applicant is permitted to develop up to 1600 square metres of retail floorspace. This restriction is Council utilizing the planning system regulating the location and scale of retail development. Large scale retail development is more appropriate in higher order centres, such as the existing Carnes Hill or the planned town centre Edmondson Park.

3.5 Is the planning proposal consistent with the local council's Community Strategic Plan, or other local strategic plan?

Draft for Public Exhibition – Growing Liverpool 2023

Liverpool's draft Community Strategic Plan, Growing Liverpool 2023 provides 7 key directions for Liverpool.

Direction 1: Vibrant Prosperous City
 Direction 2: Liveable Safe City
 Direction 3: Healthy Inclusive City
 Direction 4: Proud Engaged City
 Direction 5: Natural Sustainable City
 Direction 6: Accessible Connected City
 Direction 7: Leading Proactive Council

Councils Community Strategic Plan provides broad objectives for the Liverpool local government area. The proposal is not inconsistent with the plan.

Liverpool Retail Hierarchy Review (2012)

The Liverpool Retail Hierarchy Review prepared by Hill PDA was adopted by Council at its meeting on the 28 November 2012.

Chapter 7 (on page 56) of the Review states that:

Liverpool LGA is undersupplied by some 20,500sqm of retail floorspace in 2011. Department and discount department stores accounted for the largest proportion of this undersupply at 8,071sqm (or 40% of total floorspace undersupply). The remainder of this undersupply was accounted for by supermarkets (6,500sqm undersupply), specialty stores (3,400sqm) and bulky goods stores (2,600sqm).

Chapter 8 of the Review, Accommodating Growth, projects that the greatest part of the undersupply of supermarket floor space will exist in that part of the Liverpool LGA which is west of the M7. It also notes that the Cecil Hills/ Green Valley area also exhibits strong growth in demand for additional supermarket facilities. (p56)

It is noteworthy that the Review does not predict significant need for additional supermarket facilities in the Prestons area. In its summary of the submissions made to the Review by third parties, it specifically notes the proposal to rezone land at 1975-1985 Camden Valley Way, Prestons, and argues that:

"Proposed expansions at Carnes Hill and Middleton Grange will satisfy demand for retail space in the Liverpool LGA area west of the M7 in the short to medium term. As such there is no need for an additional supermarket based centre in this location in the foreseeable future.

Furthermore, the provision of an additional centre in this location is likely to have a significant adverse impact upon the existing Prestons Small Village Centre located

1.1km to the northwest. We would advise Council not to rezone this land in accordance with the submission in the short term."(p66)

The applicant takes issue with the recommendations of the Review, particularly the Review's reliance on an assumed retail turnover density (RTD) for supermarkets of \$11,000 per square metre. The applicant argues that:

"We consider the Hill PDA retail review may underestimate the size of the undersupply of supermarket floorspace, quite significantly. Hill PDA applies a supermarket turnover density of \$11,000 per sq.m increasing in real terms by 0.65% per annum, to determine the floorspace demand for this type of retail provision. This level of retail turnover would constitute a highly successful supermarket turnover level of performance. Applied as an average, such a level is extraordinarily high, and serves to understate the appropriate level of provision to meet the needs of local residents.

When assessing the appropriate level of provision for a particular broad region, such as an LGA, a more suitable threshold that covers likely trading performance for smaller local centre supermarkets would be more appropriate. An RTD closer to \$9,000 per sq.m would be more applicable, and even this would represent a strong trading position for any supermarket."(p17)

The applicant goes on to say that:

"Even if an RTD of \$9,500 per s.qm is applied then, using Hill PDA's own estimates of available expenditure, this would equate to an additional 8,500 s.qm of supermarket demand within the LGA, i.e. over and above their estimate, or more than two 4,100 s.qm supermarkets, as at 2012"(p18).

In additional modelling provided to Council Hill PDA defend the use of an assumed retail turnover density of \$11,000 per square metre. In defence of the \$11,000 figure, they state that:

"Woolworths Annual Report 2011 page 86. Woolworths at the beginning of the 2010-11 FY had 823 supermarkets in Australia with an average floor area of 2,676sqm (Footnotes state that it includes Dan Murphy stores but excludes BWS stores and petrol outlets). Sales per square metre = \$15,895/sqm which was a 9% increase from 2007 (\$14,571/sqm).

ABS Retail Survey in 1998-99 had supermarkets trading at an average of \$7,666/sqm across Australia. To June 2011 CPI growth has been 45.8%. Hence based on 2011 dollars average sales were \$11,176/sqm."

Hill PDA's justification for the use of an assumed turnover density of \$11,000/sqm is reasonable and well-supported. Without being able to rely on the assumed turnover density of \$9500/sqm, the applicant's argument that an undersupply of 8500sqm of retail floor space exists in the Liverpool LGA is unproven.

The applicant also takes issue with the Review's consideration of the subject site reproduced above, arguing that the proposed expansion of the existing Carnes Hill town centre would not appreciably increase the amount of retail floor space in the LGA, that the planned Middleton Grange town centre, situated a further 2-3km north of Carnes Hill would not significantly impact the localised demand, and that the proposed rezoning would not significantly impact the existing Prestons local centre as it is largely a convenience-based shopping centre. No mention of the impact of the

proposal on the establishment of the Edmondson Park Town Centre has been provided. Further, the applicant does not consider the ALDI supermarket on Camden Valley Way.

The proposed rezoning is therefore inconsistent with the findings of the Liverpool Retail Centres Hierarchy Review as adopted by Council on 28 November 2012.

The Economic Impact Assessment prepared by Macroplan and the adopted Liverpool Retail Hierarchy Review 2012 utilise different RTDs to calculate the trading impacts of proposals on one another. This makes comparison and analysis of the Economic Impact Assessment in relation to the Retail Hierarchy Review 2012 virtually impossible. Should a Gateway determination be issued, it is recommended that prior to public authority consultation and public exhibition, a peer review be undertaken of the Economic Impact Assessment prepared by Macroplan. This will enable Council and the public the ability to assess the document against the Liverpool Retail Hierarchy Review 2012, as the methodologies for calculating the economic impact will be validated.

3.6 Is the planning proposal consistent with the applicable state environmental planning policies?

Various State Environmental Planning Policies are relevant to the subject site. The requirements of each of these are summarised below.

Table 5 Consistency with State Environmental Planning Policies (SEPPs)

SEPP	Consistency
SEPP (Exempt and Complying Development Codes) 2008	The Planning Proposal does not recommend any amendments to Part 3, Schedule 2 or Schedule 3 of the LEP affecting exempt and complying development provisions.
SEPP (Infrastructure) 2007	The site triggers the controls relating to development fronting a classified road, as the site has frontage along Camden Valley Way. The determination of a development application must have regard for vehicular access to be provided on another road other than the classified road and that the operation, safety and efficiency of the classified road is not adversely affected. The Planning Proposal must have consideration for the future proposed intent of the site.
SEPP No. 33 – Hazardous and Offensive Development	SEPP No. 33 ensures the provision of hazardous and offensive development is subject to measures which reduce the impact of the development. All development for land uses consisting of hazardous or offensive industry (identified as heavy industries) is currently prohibited on the land. These uses shall continue to be prohibited in the proposed Zone B2 – Local Centre zone.
SEPP No. 55 – Remediation of Land	For the purposes of this Planning Proposal the site has undergone a preliminary contamination investigation.

3.7 Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

Table 6 Consideration of Section 117 Directions

Section 117 Direction	Consistency / Response
EMPLOYMENT AND RESOURCES	
1.1 Business and Industrial Zones	The Planning Proposal facilitates a rezoning from one business zone to another. The amount of business zoned land is unchanged. .
3. Housing, Infrastructure and Urban Development	
3.4 Integrating Land Use and Transport	The Planning Proposal facilitates a rezoning from one business zone to another. The amount of business zoned land is unchanged. The site is also supported by nearby bus stops which provide connections throughout Liverpool.
5. Regional Planning	
5.8 Second Sydney Airport: Badgerys Creek	The Planning Proposal will not hinder the development of the second Sydney airport at Badgerys Creek.
6. Local Plan Making	
6.1 Approval and Referral Requirements	The Planning Proposal is consistent with this Section 117 Direction and does not impose any additional referral mechanisms.
7. Metropolitan Planning	
7.1 Implementation of the Metropolitan Plan for Sydney 2036	The Planning Proposal addresses some of the Metropolitan Plan 2036. Such as: • A growing population – increasing demand for services, retail, etc. • More jobs closer to home –providing jobs in locations that are close to existing and expected residential areas and are in close proximity to public transport services. • More sustainable Sydney – containing Sydney's urban footprint. However, the Planning Proposal fails to meet the objectives in Chapter B as this proposal intends to establish an out of centre retail development without appropriately demonstrating why the development cannot be accommodated in existing or planned centres.

C. Environmental, social and economic impact

3.8 Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?

No critical habitat or threatened species populations or ecological communities or their habitats will be adversely affected as a result of the proposal.

The site is an existing landscape supply business with no potential flora or fauna habitat.

3.9 Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

The applicant has not identified any other likely environmental impacts as a result of the planning proposal.

3.10 How has the planning proposal adequately addressed any social and economic effects?

The social impacts of the planning proposal have not been identified by the applicant. The expected social impacts will be likely to align with the economic impacts. The detrimental economic impact of the proposal on the existing centres in the area, particularly the Prestons neighbourhood centre, will result in declining trade which will see the closure of shops and businesses in this centre.

Furthermore, there may be social impacts in Edmondson Park, where development of the transit oriented town centre is undermined by out of centre, adhoc retail developments.

The economic impacts of the development have been discussed elsewhere in this Planning Proposal. It is concluded that given the difference in RTD and methodology between the Economic Impact Assessment and the Liverpool Retail Hierarchy Review 2012, adequate assessment and consideration of the economic impacts cannot be undertaken at this time. It is recommended that a peer review of the Economic Impact Assessment be undertaken prior to public authority consultation and public exhibition of the planning proposal.

D. State and Commonwealth interests

3.11 Is there adequate public infrastructure for the planning proposal?

The assessment of public infrastructure having specific reference to utilities, roads, waste management and recycling services, and essential services is a relevant matter.

At this stage the following infrastructure will be impacted:

Table 7 Public Infrastructure

Infrastructure	Availability	Comment
Utilities	Subject to public authority consultation.	The site is currently serviced with water, sewerage and power services. The adequacy of the existing services to cater for the proposed land use will be discussed with the relevant power authority, or as directed through the Gateway Determination.
Roads	Good road access is available.	The site has frontage to Camden Valley Way and Corfield Road. Finalisation of the access options will be subject to consultation with Liverpool Council

		and the RMS.
Waste management and recycling services	Available to the site	Waste management and recycling services will be determined as the planning proposal progresses and more specifically at DA stage.
Public Transport	Good public transport services are available	Given the nature of the proposed development, it is considered likely that most employees would drive to the site, and future clients would either drive to the site or make use of the local bus services. Adequate parking will be provided on site, subject to a DA.

3.12 What are the views of State and Commonwealth Public Authorities consulted in accordance with the gateway determination, and have they resulted in any variations to the planning proposal?

Consultation with State and Commonwealth Public Authorities will occur following a Gateway determination.

Part 4 - Community Consultation

The requirements for community consultation will be stipulated by the Gateway determination.