

# **STATE PLANNING POLICY 4.2 ACTIVITY CENTRES**

## **ISSUES PAPER**

*AUGUST 2020*

## 1. INTRODUCTION

On 31 May 2016 the WAPC resolved to review *State Planning Policy 4.2 Activity Centres for Perth and Peel* (SPP 4.2). The review sought to ensure that the policy is current, relevant and implementable. The intention was to conduct a targeted review, focussed on implementation of the policy and provide a succinct policy that aligns with modern State Planning Policies.

Since May 2016, further research and workshops with stakeholders from consultants, industry, local government, and Department of Planning, Lands and Heritage (Department) were conducted to further define the key issues related to the policy to inform the review. A summary of these key issues and proposed actions was noted by the WAPC on 23 August 2017.

From late 2017, the progression of the review of SPP 4.2 was interrupted as other government priorities were progressed, most notably, *Perth and Peel @ 3.5 Million*, the *Design WA* policy suite and METRONET. Since early 2019 however, limited resources have been devoted to the continued review of the policy and a draft SPP 4.2 and Implementation Guidelines has been prepared for consent to formally advertise for public comment.

This document:

- outlines the process of review of SPP 4.2 to date, which has included:
  - technical consultancies
  - desktop research
  - analysis of equivalent policies in other jurisdictions; and
  - stakeholder consultation
- details recommended amendments to the policy and associated materials.

The key objectives of the review and amendment of SPP 4.2 are to:

- conduct a targeted review of SPP 4.2 focussing on implementation issues identified through stakeholder consultation
- simplify and streamline the policy

- align the policy to current SPPs, particularly the *Design WA* policy suite.
- expand the scope of SPP 4.2 to areas outside of Perth and Peel.

It should be noted that a review of the activity centre hierarchy was not included as part of this review.

## 2. BACKGROUND

Activity centres within cities and towns are a focus for enterprises, services, shopping, employment and social interaction. They are where people meet, relax, work and often live. Usually well-served by transport networks, they range in size and intensity of use from local shopping centres to traditional town centres to strategic metropolitan centres or regional centres. An activity centre generally has higher intensity uses at its central core with smaller street blocks and a higher density of streets and lots. The structure of activity centres should allow for higher intensity development, street frontage exposure for display and pedestrian access to facilities.

The purpose of an activity centre policy is to establish the State Planning Framework which enable centres to meet these objectives across local governments. Across Australia and globally, centres policies typically achieve this by establishing centre hierarchies, actively managing those hierarchies through tools such as strategic planning, centre planning and determining use and development applications, and managing retail proposals via Retail Sustainability Assessments (or similar tools). Multiple states across Australia also provide design guidance to assist local governments and proponents in delivering vibrant centres where people and businesses want to locate.

### 3. KEY ISSUES

A number of issues have been raised by stakeholders over the years.

#### A. PRECINCT AND NEIGHBOURHOOD DESIGN POLICIES AND SPP 4.2

It is intended that the Precinct Design and Neighbourhood Design (previously Liveable Neighbourhoods) policies will provide the design related policy provisions and requirements for activity centres in greenfield and infill locations. To reflect this, SPP 4.2 has been reviewed to exclude the Model Centre Framework (MCF) and provisions related to the design of centres.

#### B. STATEWIDE APPLICATION OF THE POLICY

The WAPC requested investigation of the policy's applicability to the entire state. In response to this, work has been undertaken to determine the most appropriate application of the policy across all regions of the State to ensure that the policy measures applied are appropriate to context. This includes:

- review of the existing SPP 4.2 and *Greater Bunbury Activity Centres Policy* hierarchies and comparison with the State Planning Strategy and Regional Planning and Infrastructure Frameworks for each region
- consultation with the regional divisions of DPLH to determine appropriate classifications and measures within the regions
- review of other regulatory approaches and measures for regional activity centres
- assessment of options for incorporating other regions of the State within SPP 4.2.

Through this work, the following key issues were identified:

- activity centre hierarchies are currently defined across multiple WAPC documents, including SPP 4.2, the Activity Centres for Greater Bunbury Policy, the State Planning Strategy and eight Regional Planning and Infrastructure Frameworks

- there is significant variation in population catchments and concentration, and economic and employment conditions across the different regions
- the appropriateness of applying the existing activity centre SPP4.2 hierarchy classifications, performance measures and policy requirements beyond the Perth, Peel, Greater Bunbury areas therefore need to be considered within the context of each region and applied accordingly
- need to protect primacy of regional centres
- need to protect infrastructure investment and maximise use of infrastructure.

#### **Recommendation:**

***Based on assessment of the issues and in consultation with the regional teams, it is recommended that SPP 4.2 is amended to include the Greater Bunbury Region Scheme Area. The policy would apply to the Metropolitan (Perth), Peel and Greater Bunbury Region Schemes. The objectives and measures of this policy may be applied in other areas outside the abovementioned regions, as applicable, guiding the preparation and review of local planning proposals.***

***It is important to note that the Greater Bunbury Activity Centre policy, which has been largely based on SPP 4.2 will be replaced by the revised activity centre policy upon gazettal.***

## C. BULKY GOODS RETAIL/LARGE FORMAT RETAIL

Bulky goods retail is a retail format type that has not traditionally fit within typical retail centres. Bulky goods retail refers to the merchandising of cumbersome items, i.e. white goods. The goods are usually sold from warehouse style buildings in industrial areas with large floor plates conducive to purchase and immediate transportation by car. This type of retail format is increasing in popularity due to its ability to provide for lower priced goods for consumption and is moving from the sale of purely 'bulky' items to smaller scale, everyday necessities such as pharmaceuticals.

Work has been undertaken to determine the key issues and prospective solutions for the treatment of bulky goods within SPP 4.2 or other mechanism. This includes:

- Analysis of how bulky goods/large format retail proposals are currently processed within the WA planning framework.
- Analysis of gaps and issues in the treatment of bulky goods retail within SPP4.2.
- Review of other regulatory approaches and measures for bulky goods from other States and internationally.
- Identification of potential solutions to the treatment of bulky goods retail.
- Consultation with key stakeholders, including the Shopping Centre Council of Australia and the Large Format Retail Association.

Bulky goods retailing has been considered through the lens of the retail typologies impacts to activity centres and the capacity of this type of retail to meet the objectives of the policy. Based on this assessment, the following issues have been identified:

- The use typically requires large floor plates which make it difficult to locate in established centres without changing the scale of the format or requiring ownership and/or amalgamation of multiple lots to provide for the use.

- This use locates in out of centre locations resulting in a loss of people and spending within established centres and maintaining a need for private vehicle trips to access goods.
- The use is large scale, low employment density and car dependent which conflicts with the intent and objectives of SPP 4.2.
- There is pressure from the sector to provide for food and clothing retail, plus food and beverage options within bulky goods retail areas.
- In contrast, bulky goods retailing does provide opportunities within activity centre planning, as the larger floor plates provide an opportunity for 'land banking' by transitioning the bulky goods land uses to smaller scale, higher intensity uses over time. The use also provides opportunities for transitioning zones and uses with a higher external impact, such as industrial, towards more urban uses.
- Bulky goods retailing has benefitted from inconsistent land use definitions and zoning permissibility's across local government areas to be able to locate out of centre, along major regional roads and industrial areas.
- Bulky goods retailing is also not held to the same planning regulatory requirements as traditional retail. For example, bulky goods retailers are typically not subject to activity centre plan requirements or retail needs/retail sustainability assessments.
- Requests for recognition of bulky goods corridors within the centre policy.
- Bulky goods retailing is able to pass on lower prices to the customer as a result of low land acquisition and development costs.
- As with all retail formats, the sector is significantly evolving and subject to disruption by online providers. The final impacts of this technological change on the retail industry and its associated land use impacts remains an unknown.

### Other State and International practice:

The existing approach within SPP 4.2 is consistent with other states and international practice.

The United Kingdom (UK) provides a sequential preference for the location of bulky goods within activity centres or when it is not realistic for bulky goods outlets to be in centres, located in one or two regional clusters to help moderate travel demand and allow for public transport accessibility. Existing clusters are then reinforced or if justified, new clusters provided in areas that would indirectly support major centres and link to public transport corridors.

New South Wales applies a similar sequential approach as the UK to the location of bulky goods via their 'Integrating Land and Transport' policy 2001. Victoria also applies a sequential approach and provided interim Design Guidelines for Large Format Retail Premises have been created to assist investors, designers, planners and councils to produce premises that respond better to settings, customers and the environment. The Guidelines apply to bulky goods showroom developments in or at the edge of centres, the design of new centres with this use incorporated, as well as trade supplies premises.

Neither the UK, New South Wales or Victoria provide separate State Planning Policies (or similar document) solely on the location and requirements for bulky goods retailing.

**Recommendation:**

***Based on the research and consultation undertaken, limited changes to the policy are proposed.***

- ***Reinforcing the prior SPP 4.2 and PP3.5M policy position that contiguous linear or ribbon development of commercial activities beyond activity centres should be avoided.***
- ***The policy should advocate for strategic planning to consider bulky goods retail to ensure that the RNA considers this format and identifies sufficient land for this use in appropriate locations.***
- ***Advocate for the use of 'bulky goods precincts' that are properly identified within strategic plans, and planned to allow for good design, walkability and development of these areas.***

## **D. RETAIL NEEDS ASSESSMENTS AND RETAIL SUSTAINABILITY ASSESSMENTS**

Significant consultation has occurred with stakeholders since 2010 to provide insight to the issues with SPP 4.2 and RSAs, including three surveys, multiple workshops and targeted consultation with local government, industry, developers and consultants. In addition, two reports were produced by consultants that consider RSAs in 2015 and 2017.

The format and use of Retail Sustainability Assessments (RSAs) in the preparation and assessment of retail proposals within activity centres has been consistently raised by stakeholders as an issue with SPP 4.2 since 2010. Some economic consultants have called for the abolition of RSAs, while planners and industry have generally sought further guidance and refinement of the RSA policy requirements.

In addition to consultation, the Department of Planning, Lands and Heritage (DPLH) has completed:

- an analysis of how retail proposals are currently processed within the WA planning framework;
- a review of the gaps and issues in the treatment of retail sustainability assessment within SPP4.2; and
- review of other regulatory approaches and measures for retail from other States and internationally.

### **Retail needs assessment**

As part of the Local Planning Strategy process, Local Governments are required to produce an assessment of the “projected retail needs of communities in a local government area and its surrounds”. The Retail Needs Assessment (RNA) assists the strategic planning document by assessing the projected demands of the local government area and its surrounds, and shows the estimated retail need and indicative distribution of floorspace across the activity centres in the local government area. The policy requires that this distribution also be consistent with activity centre hierarchy. The RNA and Local Planning Strategy then guide the preparation

and assessment of Activity Centre Plans and Structure Plans.

If an RNA has not been completed at the Local Planning Strategy level, it can be completed with Activity Centre Plans and Structure Plans.

The intention of the RNA is to provide the local government with a mechanism for defining their retail needs based on the strategic objectives and projections for their local government area, rather than a “top-down” State-mandated approach. It provides a mechanism for the local government to pre-identify areas for development and for developers and proponents to respond with proposals in accordance with the strategic plan proposals.

Pre-identification of these areas and developments also provides a mechanism for State and local governments to forward plan their investments within the area.

In two separate reports produced in 2011, the Productivity Commission advocated for a strategic approach to retail planning and assessment in Australia to allow for competition in the sector. Importantly, the Productivity Commission also recognised that competition should not be restricted unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs and the objectives can only be achieved by restricting the competition. The system provided for in SPP 4.2 meets these requirements by providing the strategic RNA approach, and utilising RSAs to determine impact and benefits of a proposal when the strategic approach is not present or available.

### ***Recommendation:***

***Retain the RNA requirement and reinforce that these should be undertaken at the local planning strategy stage. Provide guidance for undertaking the assessment.***

## Retail Sustainability Assessment

A Retail Sustainability Assessment (RSA) assesses the potential economic and related effects of a significant retail expansion on the network of activity centres in a locality. It addresses such effects from a local community access or benefits perspective. It is limited to considering potential loss of services and any detriment caused by a proposed development. The policy specifically states that competition between businesses itself is not considered a relevant planning consideration.

It is important to note that industry has generally advised that they complete a retail assessment to determine the viability of a proposal for their own internal use prior to lodging or developing proposals.

The RSA is a tool for proponents to demonstrate, and approval authorities to assess, whether the retail proposal is likely to:

- undermine the activity centre hierarchy or the policy objectives
- result in a deterioration in the level of service to the local community or undermine public investments in infrastructure and services; or
- unreasonably affect the amenity of the locality through traffic or other impacts.

If the proposal demonstrates an unacceptable impact on any or all of these three points, outlined in section 6 of SPP 4.2, then the responsible authority should not support the proposal.

The RSA provides a mechanism for considering the proposal on its merits, rather than an immediate refusal as it does not align to proper and orderly planning. In simple terms, RSAs are required when the proposal is large in terms of floorspace, unplanned, or over and above what has been planned, specifically:

**Large** – proposals that are classified as “major development” meaning 5,000m<sup>2</sup> nla shop-retail floorspace expansion or 10,000m<sup>2</sup> total nla shop-retail floorspace for secondary, district or specialised centres; or 3,000m<sup>2</sup> expansion or 6,000m<sup>2</sup> total nla shop-retail floorspace

provided for neighbourhood centres requires an RSA.

Note: 5,000m<sup>2</sup> is the equivalent size of Forrest Chase from Murray Street Mall to Wellington Street. A typical new supermarket development proposal is 3,500m<sup>2</sup> – 4,000m<sup>2</sup> minimum.

**Unplanned** – if a proposal is in accordance with an RNA or no RNA has been prepared then an RSA is not required.

**Over and above what has been planned** – if an RNA is in place, then an RSA is only required where the proposal is a significant increase from the shop-retail floorspace that has been proposed.

RSAs are not required for:

- Proposals that are substantially located within the walkable catchment of a passenger rail station and the scale and impact of the proposal is appropriate.

*Reason: The State government is seeking to maximise investment around rail stations to boost ridership of transit infrastructure and encourage transit oriented development outcomes. Activity at stations also brings a safety element to both the public transport and centre itself with more eyes on the street.*

- Proposals located in Perth Capital City or Strategic Metropolitan Centres.

*Reason: The State Government is seeking to facilitate investment within major centres servicing regional scale populations.*

## Other state practice

A desktop review shows that other Australian states and cities include planning assessments similar to RSAs with a stronger emphasis on the non-economic impacts and focus on environmental, community and social impacts when assessing development applications for new retail development and expansion. The level of information provided by the State or Local Governments to proponents and assessors varies.

The RSA provides a formalised mechanism for assessment of large proposals that have not been planned for to date. While the RNA should remain the mandated preference for a strategic approach, the RSA provides a mechanism for proponents to demonstrate acceptability of the proposal.

**Recommendation:**

***Based on the review and work undertaken, it is proposed to retain RSAs as a valid planning tool for assessing the impact of a proposal, but broaden the scope of RSAs to provide for assessment of other types of activity centre uses beyond just retail.***

***The policy has been reviewed to clarify the requirements for when an RSA is required, and reinforce the scope of the assessment as needing to consider community benefits, impact to infrastructure and impact to activity centre hierarchy. This should assist significantly in addressing the implementation issues regarding RSAs.***

***Change the name of RSA to Impact Test to provide a clear statement that the intention of the assessment is to ultimately determine the impact of the proposal to the community, provide an opportunity for proponents to ameliorate these impacts through demonstration of net community benefit, and not demonstrate the viability of the proposal itself.***

**The nature of modelling**

Models by their nature are a means of simulating real life situations to forecast future behaviours. These behaviours and changes are then assessed to determine impact and outcomes. Models are built upon a data set within a particular space and time and then extrapolated out to another space and time using a series of assumptions and variables to augment the result.

Accuracy of a model can be checked by ensuring the data sets used are accurate and the assumptions appropriate. The ability to replicate a model is critical in being able to provide this peer review function also. The ultimate test of

the accuracy of a model is by comparing the models forecast against the actual result. Due to models forecasting future behaviour, this requires ongoing monitoring and evaluation over time and is not possible within the timeframes of a planning assessment or SAT hearing.

Due to this fact, modelling can and will likely remain a highly contested field. The need for specialist skills and knowledge and prospect of multiple iterations of a model also means it can be a costly and onerous exercise for the proponent and/or responsible authority.

**Findings:**

In 2015 consultants undertook an assessment of four RSAs across the Perth Metropolitan area on behalf of the Department. This analysis reviewed the appropriateness of the RSA modelling and assessed how effectively RSAs have achieved their stated aims and objectives. All four RSAs were accepted and the related proposal approved by the WAPC.

The study found that all four RSAs were “relatively accurate in their forecasts suggesting appropriate assumption choice and use. For the majority there was no evidence of any unforeseen major or destructive impacts that had adverse impacts on the activity centre network”. In conclusion, there was no evidence that these RSAs has been used irresponsibly by industry to the detriment of the community.

The study also stated that a common theme across all stakeholders was that more guidance and consistency is required to make the application of RSAs more efficient and effective.

This study provides a counter-argument to the inaccuracies of RSA models. However, there is a clear need to establish guidance on the expectations of the modelling to assist both proponents and planning authorities in the preparation and assessment of the documents. This may go some way in reducing the cost and time implications for RSAs.



**Recommendation:**

***Provide Guidelines for the preparation and assessment of RSAs with the objective of eliminating poor practice and misuse of the tool.***

**E. TRANSPORT AND PARKING**

The 2010 policy includes objectives for creating an urban form that facilitates and prioritises walking, cycling and public transport usage, providing for a range of transport modes and minimising private vehicle trips. The policy then outlines provisions for achieving this including management of parking, encouraging the use of reciprocal use arrangements and setting upper limits to cap parking in centres and designing centres in line with transit oriented development principles. The policy also sets minimum parking supply requirements and requirements for parking location, access and design.

Feedback from stakeholders has outlined the following key issues for achieving the policy objectives and requirements in relation to transport and parking:

- Multiple agencies and individual local governments providing conflicting advice and approvals for transport and parking in centres, including changing requirements for modelling resulting in multiple models being reproduced.
- Difficulty in achieving an urban form and streetscape that prioritises walking, cycling and public transport on roads and intersections under control of Main Roads.
- Difficulty in determining where a public transit stop will be located or its final design and integration into the urban fabric as it is under the control of the Public Transport Authority.
- Parking levy for transit supply (like the Perth Parking legislation) identified as an opportunity for other centres to achieve public transport delivery and managing parking access.
- The policy advocates for establishing parking caps but sets minimum standards.
- Local Planning Schemes and other mechanisms establish requirements for

minimum parking supply that can inhibit capacity to achieve the objectives of the policy.

- Multiple guidelines and materials produced by Department of Transport for supply and management of parking within shopping centres and activity centres.

Regarding the issues above, while the multiple agencies and conflicting advice has been identified as a consistent issue for achieving the objectives of the policy, this is beyond the scope of a single policy review. It is understood that this is a well-reported issue and further consideration of how to resolve this issue may be considered.

To resolve issues directly influenced or controlled via SPP 4.2 it is proposed to:

- Provide high-level guidance on transport and parking in SPP 4.2.
- Removing the minimum parking requirements and replace with a more flexible model of parking supply and management via the use of Parking Caps and Management Plans for large centres.
- Refer to more detailed guidance on the design of transport and parking in SPP 7.2 Precinct Design.