

26 February 2016

General Manager
Hunter & Central Coast
NSW Department of Planning and Environment
PO Box 1226
NEWCASTLE NSW 2016

Dear Sir/Madam,

RE: SUBMISSION TO DRAFT CENTRAL COAST REGIONAL PLAN 2015

1.0 INTRODUCTION

This letter has been prepared on behalf of Woolworths Limited (Woolworths) as a formal submission to the exhibition of the *Draft Central Coast Regional Plan 2015* (Draft Regional Plan).

We would like to thank the Department of Planning and Environment (Department) staff from the Gosford Office for meeting with Woolworths on 29 January 2016 during the exhibition of the Draft Plans. A copy of the briefing note requested by the Department prior to this meeting can be found at **Appendix A**. While Woolworths is appreciative of a meeting being accommodated during the exhibition of the draft plan, we believe a co-operation approach prior to the strategic planning is most beneficial in the preparation of such a draft plan. The data, research and information Woolworths holds over its years of assessing locations and monitoring population growth is necessary research that could be made available to the Department. However, overall the draft plan provides an acceptable overview statement about the region, however the document needs to provide specific direction rather than defer to additional strategic planning yet to be undertaken.

Woolworths does not wish to be critical of the work undertaken to prepare the draft plans but rather encourage the strategic document to provide a comprehensive direction to improving and increasing the supply of suitably zoned and located retail land for supermarket infrastructure throughout the Central Coast, which we believe is a vital life line for the growing region.

1.1 Background

Woolworths makes a significant contribution to economic development and employment across New South Wales (NSW). Woolworths is one of NSW's largest employers, with over 52,000 staff employed in over 900 stores including supermarkets, BIG W, petrol sites, Dan Murphy's, Thomas Dux, BWS liquor outlets and Masters Home Improvement stores. Woolworths continues to grow by over 7,000 employees a year. As an organisation the total number of persons employed in 2015 included a National workforce of over 197,000 of which over 111,000 people are employed in supermarkets across the country.

Woolworths ability to invest in NSW and service the needs (and provide jobs) for a growing population is heavily dependent on the capacity of planning, zoning and the development approval frameworks to facilitate new retail infrastructure investment. Therefore, we see a strategic alignment in our goals which the NSW planning process Woolworths and the region can benefit.

To assist in the planning process, Woolworths has conveyed on a number of occasions over at least a decade to various local Council's in metropolitan and non-metropolitan locations detailed information and analysis with respect to the under-supply of retail supermarket floor space.

3.0 SUGGESTED APPROACH TO IMPROVING THE DRAFT PLANS AND OUTCOMES

3.1 Draft Plans Need Meaningful Engagement and Discussion with leaders in retail such as Woolworths prior to its creation

Over the years, Woolworths has made numerous submissions to draft documents published by the Department for exhibition such as the Draft Central Coast Regional Plan.

We challenge the consultation process, which lead to the creation of the currently exhibited draft plan, has capture information which is most relevant to ensuring retail supermarket jobs are created in the most suitable locations, identified by Woolworths as the biggest retail employer in NSW. This is because Woolworths was not engaged by the Department in the process of creating the draft plans.

. Woolworths is offering and wishes to work more closely and collaboratively with the Department and local Council's in the creation of strategic planning documents such as the Draft Central Coast Regional Plan. We understand that the Department does undertake targeted consultation, however this is yet to include Woolworths.

Woolworths requests prior to issuing in the future any draft plan and in this case finalising the Draft Central Coast Regional Plan that the Department engage and seek meaningful discussion, with the inclusion of feedback from Woolworths as the leader in retail supermarket infrastructure investment in NSW.

In this way, the process for development and finalisation of the draft plans can exhibit a more collaborative approach, rather than be a reactionary approach.

3.2 The Department should lead the process for increasing retail capacity by undertaking a Retail Analysis to understand the performance of existing centres and the future capacity of centres for new retail supermarket infrastructure growth

We note the Draft Central Coast Regional Plan includes a number of broad actions but no specific outcomes based on evidence based strategic planning.

Currently, the provision of suitably located supermarket floor space does not receive adequate recognition during the creation of strategic planning documents. This may be in part as a result of a lack of engagement between the Department, Councils and industry during the development of strategic plans as detailed above.

More so in Woolworths opinion, the lack of new retail infrastructure outcomes being provided to meet population needs is directly linked to restrictions on retail floor space, lack of flexibility in current planning frameworks and in particular supermarkets being solely restricted to existing centres despite existing demand and planned housing density increases.

More recently, an emphasis on retail centre hierarchies, over a divergent network of centres in Department strategic plans such as the Draft Central Coast Plan, has simply meant no outcomes at all in some communities. This ultimately means local residents do not have access to an optimum level of retail choice and competition when site specific planning proposals are rejected on the basis of being out of centre despite merit arguments being presented associated with under-supply of retail supermarket infrastructure floor space and suitably zoned land.

Woolworths applauds the Department's emphasis on strategic planning with the release of the Draft Central Coast Plan. However, this also places increased importance on these strategic plans accurately reflecting current and future land-use zoning needs.

This is why we caution against emphasising the role of strategic planning without a corresponding emphasis on appropriate community and industry engagement in their formulation.

It is Woolworth's position that not all retail supermarket infrastructure growth can be accommodated by existing centres as per the actions detailed in both draft plans.

Woolworths has sought to locate new supermarkets within existing centres where no Woolworth's supermarket exists for many years in the Gosford LGA. If appropriate sites were available, Woolworths would have already taken active steps to create suitable outcomes, this has not been the case in precincts / localities such as Terrigal / Avoca and Yattalunga / Kincumber / Green Point, despite numerous discussions and a rezoning application submission to Gosford Council.

Historically, Woolworths has only lodged site specific planning proposals when the relevant existing local planning legislation has failed to provide sufficient supply of suitably located zoned retail land to support local population infrastructure needs.

Gosford Council has already prepared their own strategic planning documents as envisaged under the draft plans, which were used as reasons for why a rezoning application could not proceed.

Consequently, this demonstrates Woolworth's inability to achieve appropriate levels of retail infrastructure investment in Gosford LGA despite their willingness to make provision for capital investment in new floor space and jobs due to existing strategic planning documents which align already with the draft plans. Therefore, the draft plans will not create new retail floor space within existing centres unless the Department takes on a leadership role in this area.

Woolworths can attest that without the leadership shown by the Department with the preparation of the North Wyong Structure Plan, no change would have occurred within Wyong Council's strategic planning associated with Wadalba.

In 2011, Woolworths made a submission to the exhibition of the Draft North Wyong Structure Plan which at that time showed Wadalba as a "neighbourhood" centre with East Wadalba being nominated as a planned yet to be positioned or created "village" centre, despite the draft structure plan indicating the priority was to grow existing centres. East Wadalba had more importance placed on it by Wyong Council as a "higher order centre" compared to Wadalba which had been an established centre for 10 years with an existing resident population and access to existing services, because Council's retail strategy required this as an outcome.

Woolworth's submission demonstrated that given the underutilisation of existing established services and resources within Wadalba, and that Wadalba included undeveloped suitably sized land for new retail infrastructure as proposed by Woolworths, consideration should be given to Wadalba being a higher order centre to enable the limitation in the LEP to be removed as a result of a change requested in Woolworths submission to the North Wyong Structure Plan. The Department agreed and the structure plan was amended in its final version, including removal of the section which relied on the Council's retail strategy.

Despite this change to that strategic plan, Council would not accept or consider a rezoning application in Wadlaba for a new supermarket until such time as they had prepared a retail strategy review. Woolworths was advised this was also a requirement of the Department as a result of the North Wyong Structure Plan.

The process for Council to complete the retail strategy review took another 20 months to be completed (due to the complexity of other sites in the LGA), and Woolworths requested Council accept a rezoning application be considered in parallel with the retail strategy review being finalized and adopted. A site specific planning proposal was lodged on the Woolworths land in Wadalba in October 2012 upon the Minister endorsement and released of the final North Wyong Structure Plan.

Woolworths had to lodge a pre-gateway review request with the Department in March 2013 as the retail strategy review had not been completed and the assessment of the rezoning application with Council had stalled. This pre-gateway review was withdrawn upon Council considering the rezoning application in June 2013.

The length of time taken after the North Wyong Structure Plan had been endorsed by the Minister for the land at Wadalba to be rezoned took until publication of the LEP Amendment on 25 July 2014. A significant delay in this process was the length of time taken by Council to complete the retail strategy review.

As the Department would be aware Wyong Council granted approval to development this site for a supermarket in December 2015.

As such, Woolworths requests the Department provide leadership in the strategic planning associated with Gosford LGA to include a process such as that which occurred in the Wyong LGA with the preparation of the North Wyong Structure Plan resulting in the ability to achieve an outcome for Woolworths, and the Department also take charge of the any retail planning to avoid lengthy delays to achieving outcomes such as the lengthy delays by Council which occurred at Wadalba.

Woolworths is prepared to engage their own consultant to undertake a review/analysis of the capacity of existing centres within the Gosford LGA to accommodate additional retail supermarket floor space and would like to work closely with the Department and Gosford Council to achieve better outcomes. Woolworths welcomes an opportunity to discuss the outcomes of this analysis directly with the Department.

If the process of strategic planning were improved by encouraging greater industry engagement it may result in an overall reduction of the number of Planning Proposals lodged.

4.0 Conclusion

It is Woolworths' view that the Draft Central Coast Regional Plan need more work prior to finalisation and subsequently implementation by the various local Councils. Woolworths specifically seek:

- A cross-collaborative process be established with industry;
- Greater detail within the draft plan on specific outcomes;
- Specific targets to include expanded retail floor space in correct locations; and
- Leadership by the Department in making decisions to create economic development impetus when a plan is endorsed, direct outcomes and jobs.

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Representatives from Woolworths and their experts welcome the opportunity and are available to meet with the Department to discuss the above concerns directly.

Should you have any queries or require clarification on any matters please do not hesitate to contact the undersigned on (02) 9929 4044.

Yours faithfully,

A handwritten signature in black ink, appearing to read "M. Higgins", is written over a light grey horizontal line.

Marian Higgins
Planning Manager
Higgins Planning Pty Ltd

-- CONFIDENTIAL --



APPENDIX A – EMAIL

Higgins Planning Pty Ltd ABN 75 607 855 336

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Postal	PO Box 1269 QVB NSW 1230

Marian Higgins

From: Marian Higgins
Sent: Thursday, 28 January 2016 1:53 PM
To: 'Amanda Carnegie'
Cc: Robert Hodgkins; Dylan.Meade@planning.nsw.gov.au; 'Nigel Smith'; 'Marc Lucas'
Subject: RE: Friday 18 January Meeting - commercial in confidence meeting

Hi Amanda,

Thanks for your email.

Woolworths would like to ensure that all discussions with the Department remain confidential, to ensure its competitors do not become aware of their plans and ensure the good working relationships built by the Woolworths team with local Council's and their staff are maintained to the highest professional standard possible.

To assist with tomorrow's meeting and by way of background/briefing for the Department:

- Woolworths have been working with local Council's in the LGAs of Newcastle, Lake Macquarie, Wyong and Gosford (among others) for a number of years, with varying outcomes.
- The experiences of the development team within Woolworths varies widely from LGA to LGA in these two regions. The resident populations in these LGAs continue to grow with new residential land releases and infill developments. Woolworths continues to seek new sites so as to service both existing and new resident populations with modern price competitive retail infrastructure.
- The 4 biggest issues affecting capital investment decisions to providing new retail infrastructure by Woolworths given the current retail market are:
 - 1. the time it takes to realise new retail facilities is too long and have significant degrees of uncertainty,
 - 2. The lack of opportunities for new large format retailing facilities within strategic planning frameworks,
 - 3. unexpected costs demanded by local Councils in the middle of the development process (both rezoning and DA), and
 - 4. The lack of suitably located sites which meet Woolworths access requirements for customers and logistics/servicing associated with large format retailing.
- Woolworths in partnership with their retail economic consultants undertake their own analyses to identify precincts where existing and future retail infrastructure demand is unmet based on existing and projected demand. This work is highly specialised in the retail industry and involves commercial in confidence information, as is the case for their competitors.
- These analyses consistently identify that the supply of suitably zoned land, which is not in fragmented land ownership, is unavailable in existing centres. Even if a site within an existing centre may become available it may be located in the middle of the "high street" and will require some form of site amalgamation however these sites do not allow access for the trucks which are needed to service a large format retail infrastructure such as a Woolworths supermarket or is unable to be conveniently accessible for customers.
- The design and logistics associated with locating large format retail infrastructure is a significant factor in finding suitable locations irrespective of whether land is suitably zoned. Thus Woolworths will seek to rezone land where no other sites are available or suitably located in an existing centre.
- The time taken to achieve retail infrastructure outcomes for existing and future resident populations in the Hunter and Central Coast regions currently takes too long to be achieved when compared to other States, and indeed other regions within NSW.
- By way of examples - in the Wyong LGA, rezonings have taken significant periods of time and included unexpected significant costs:
 - the rezoning of Lake Munmorah took 9 years to be realised. Woolworths was working closely with Council for significant period of time where Council had already agreed to support a rezoning

however after 7 years into the rezoning process with Council, Council advised they wanted a new bike path to be paid by Woolworths as part of the rezoning. If Council had identified their desire for Woolworths to make a contribution to new infrastructure early in the process this would have been more suitable, instead it was an opportunistic and part of a process to force Woolworths to enter into a VPA. At Lake Munmorah Woolworths was required to upgrade the Pacific Highway at a cost of several million dollars by the RMS along with Council imposing the VPA at a cost of \$1.2 million dollars for the bike path. The cost of this VPA represented over 10% cost of the capital investment in the completed retail facility. By comparison S94 Contributions for multimillion dollar redevelopments in the Sydney CBD cost 3% of capital investment of development as a fixed cost.

- the rezoning at Wadalba took 12 years and became reality after the 3rd rezoning application was lodged with Council at a time when pre-gateway reviews were available to an applicant, and after the Department released the North Wyong Structure Plan. Council granted approval to a DA in December 2015 which now requires infrastructure upgrading to Council road and drainage assets. It should be noted when Woolworths purchased this site it was one of the first in the land release estate to achieve an urban zoning however is now one of the last lots to be developed in that estate, and as a result now carries the burden of all other land having been developed now generating traffic and run-off which adversely impacts the Woolworths site. Council's S94 requirement for developing this existing urban zoned site for the retail facility is in excess of \$1.8 million dollars, which is just under 10% of the capital investment cost. Council is open to considering a VPA and has been reviewing Woolworths various designs for the upgrades infrastructure for the last 6 months and is yet to agree to the further revised design issued in the first week of January 2016. Woolworths would like to commence construction and open the store by December 2016 but cannot achieve a Construction Certificate until the infrastructure design has been signed-off by Council.
- Woolworths continues to work with Wyong Council on rezoning land for large format retailing such as that in Budgewoi, however the terms and amount of a VPA are yet to be offered by Council.
- By comparison, the Woolworths projects developed and now operational (which have included rezonings and/or reclassifications of land) in the Lake Macquarie LGA did not take these lengths of time or result in unexpected monetary costs - such as Morriset, Swansea, Cardiff.

Woolworths is seeking feedback from the Department with respect to:

1. Generally - what is the Department's view on large format retailing infrastructure?
2. Woolworths would like to discuss Newcastle and Wallsend in light of the draft Hunter regional plan where it states:

ACTION 4.2.5 Support retail growth in centres to promote vibrant, liveable communities

Access to shopping is important for communities. Shopping is now often combined with other social and recreational activities and together they contribute to vibrant, liveable communities.

Planning for retail space needs to recognise the current supply of space, and the demand for new space to meet community needs into the future.

Retail is also a significant employer and generator of demand for travel.

Planning for local centres will consider how they can accommodate more retail growth. In areas where there are no opportunities for existing centres to grow, local planning will need to consider where new retail space can be developed. Planning of local centres, including new centres, should prioritise the creation of mix-used hubs, with high quality public areas, walking connections, and good transport connections.

The NSW Government will:

- work with councils to develop a new supply and demand database to guide planning for retail space, which takes into account the changing demand for different types of retail, including supermarkets and large-format retail stores.

With this draft action in mind we draw the Department's attention to Newcastle Council's adopted strategic position. In 2013, Council engaged Hill PDA to prepare an "Employment Lands Strategy". The Hill PDA report makes the following statements at page 15:

The scope of this Strategy did not include detailed site visits of each of Newcastle's centres and employment lands. For these reasons Councils various surveys have proved a valuable resource of data for analysis. Notwithstanding the merits of this information, its use has resulted methodologically in some limitations. These limitations have generally related to the differences between how the survey data was collected and categorised. Accordingly, these differences have become apparent when we have attempted to cross compare forecast change with existing data using various data sources. By way of example, it has not been possible to provide a full and detailed floorspace demand and supply assessment without the benefit of existing floorspace survey data by retail centre and category². For these reasons we have sought to apply the data as best possible whilst providing clear explanation of assumptions and exceptions.

Furthermore, the Study was initially prepared in 2010 and accordingly relied on the 2006 Census Data, which was the most up to date data available at that time. Following the release of some 2011 ABS Census Data in October 2012, the Study was subsequently updated where possible with more recent data. As a result, some components of the Study reference 2011 Census information, whilst some components continue to rely on the 2006 Census data. This approach has allowed for the most comprehensive and up to date assessment of matters as possible as of March 2013.

2 Note: Commercial Centres Audit 2009 provided details of retail type by centre and category but not by floorspace.

The Hill PDA employment lands strategy 2013 was then used by Council to underpin the preparation of a Local Planning Strategy as adopted in 2015. This is stated on Council's webpage.

Woolworths would like:

- a. more information about the Department's supply and demand database particularly in light of the above, and
 - b. more detailed information now on what is the Department doing or intends to do, to assist industry and local government to accommodate more retail growth in existing centres as stated above
3. In addition, Woolworths would be interested in also discussing their efforts to find a suitable site for new large format retail infrastructure in the Yattalunga precinct of the Gosford LGA with regard to the following information in the draft Central Coast regional plan:

Direction 1.2 and Actions 1.2.1 and 1.2.2 discuss "growing and enhancing liveable local centres", Direction 2.1 of the Plan, which is to "support the 21st century needs of business" and talks about "monitoring changing land and infrastructure needs", and "regularly undertaking reviews of local planning controls of industrial and commercial areas", Action 2.1.3 of the Plan states that "the regions centres have an adequate supply of commercial zoned land to meet projected demand", with much of the future development to occur "through redevelopment and intensification of existing sites".

We trust this briefing is of assistance and look forward to meeting tomorrow.

Kind regards,

Marian Higgins - Planning Manager



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From: Amanda Carnegie [mailto:Amanda.Carnegie@planning.nsw.gov.au]
Sent: Thursday, 21 January 2016 10:05 AM
To: Marian Higgins <marian@higginsplanning.com.au>
Cc: Robert Hodgkins <Robert.Hodgkins@planning.nsw.gov.au>; Dylan.Meade@planning.nsw.gov.au
Subject: Friday 18 January Meeting

Hi Marian,

In anticipation of our meeting next week I just wanted to clarify whether or not you would like to discuss the Central Coast Woolworths sites?

If possible could you please identify any sites and/or issues you wish to discuss, ahead of next week's meeting, to ensure a productivity.

Look forward to hearing from you.

Kind regards,

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