Hi planning.implementation@delwp.vic.gov.au

There has been a submission on Planning for Melbourne’s Industrial and Commercial Land through Engage Victoria

A copy of the submission is provided as below:

Planning principles and strategies for employment land.

The draft Melbourne industrial and commercial land use plan includes principles and strategies to guide planning for industrial and commercial land. (page 32).

Do you think the principles and strategies provide enough clarity and guidance to assist planning for industrial and commercial land?

No

If no, please let us know why and how they could be improved.

Please refer to our attached submission.
Criteria to identify regionally-significant industrial precincts.

Plan Melbourne identifies state-significant industrial precincts. The draft Melbourne industrial and commercial land use plan identifies regionally-significant industrial precincts and includes criteria used as the basis to identify these locations (page 34).

Do you support the criteria developed to identify regionally-significant industrial precincts?
No

If no, please let us know why and how they could be improved.
Please refer to our attached submission.

Purpose for regionally-significant industrial precincts and local industrial precincts.

Plan Melbourne outlines a purpose for state-significant industrial precincts. The draft Melbourne industrial and commercial land use plan identifies a purpose for regionally-significant industrial precincts and local industrial precincts (page 35).

Do you support the purpose developed for regionally-significant industrial precincts and local industrial precincts?
No
If no, please let us know why and how they could be improved.
Please refer to our attached submission.

Developing local industrial land use strategies.

Appendix 2 of the draft Melbourne industrial and commercial land use plan proposes guidance for developing local industrial land use strategies.

Do you have any comments or suggestions to improve the guidance for developing local industrial land use strategies?
Please refer to our attached submission.

Key industrial and commercial areas.

The draft Melbourne industrial and commercial land use plan identifies and describes key industrial and commercial areas for each of the six metropolitan regions (refer to Part B of the plan).

Have the key industrial and commercial areas been adequately identified and described across the regions?
No

If no, please let us know which other area we should identify or how the areas can be better described.
Please refer to our attached submission.
Would you like to comment on any other aspects of the plan?

Please refer to our attached submission.

If you would like to upload a submission, please do so here.

I am making this submission:

on behalf of an organisation

Email address (Optional)

I agree to receive emails about my submission if required or project updates.

Yes

Privacy Statement - Draft Melbourne Industrial and Commercial Land Use Plan

What we will do with your submission

The Department of Environment, Land, Water and Planning (DELWP) is committed to protecting personal information provided by you in accordance with the principles of the Victorian privacy laws. The submission you provide to DELWP will be used to inform the finalisation of the Melbourne Industrial and Commercial Land Use Plan.
The information you provide will be made available to DELWP to develop a consultation report. This report will be uploaded to the Melbourne Industrial and Commercial Land Use Plan page on the DELWP website.

The contact information you provide may be used to contact you should we need to clarify your submission or to provide you with project updates.

The submission you provide will be published on the DELWP website. To protect individual privacy, DELWP will remove your name and address from your submission when we receive it.

If you do not wish to be identified, please ensure there is no other information in your submission that could identify you or other individuals.

If you are making comment as an organisation, then your comments may be published, including the name of your organisation.

De-identified submissions may be used by DELWP, or its contracted service providers under confidentiality agreements, in preparing its recommendations to government.

Please note, if you do not provide your name/email address we will not be able to identify your submission if you wish to access it, make a correction, or require technical support.

Should you need to correct the information you provided or gain access to your submission, please contact us via email at planning.implementation@delwp.vic.gov.au

I agree to the privacy statement

yes

To view all of the form's submissions, visit:


Regards,
The Engage Victoria Team
Submission to the Draft Melbourne Industrial and Commercial Land Use Plan

31st December 2019
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1. Introduction

This submission has been prepared by the Large Format Retail Association (LFRA) with the assistance of Ethos Urban and in response to the exhibition of the Draft Melbourne Industrial and Commercial Land Use Plan (MICLUP).

We welcome the opportunity to provide input into the Draft MICLUP. The Large Format Retail (LFR) sector requires strong, and clear metropolitan planning policy to provide clarity, consistency and certainty for business and communities in relation to development outcomes, and to encourage investment and employment opportunities.

Members of the LFRA have stores comprising in excess of 5.25 million m² of Large Format Retail floorspace in Victoria. It supports the employment of over 116,240 full-time equivalent (‘FTE’) jobs both directly and indirectly, which will continue to increase in line with forecast population growth (Deep End Services for the LFRA, December, 2018).

If Victoria’s current provision rate of 0.81 m² of LFR floorspace per capita is maintained over the next 15 years, it is expected that the additional floor space required by 2033 will be 1,577,464 m² - or the equivalent of 79 new homemaker centres. The delivery of this amount of floorspace is expected to bring an additional 15,721 new retail jobs. It is forecasted that 88% of this floorspace will be located in Melbourne (Deep End Services for the LFRA, December, 2018).

With this context in mind, our review of the Draft MICLUP has identified a number of areas for further consideration:

▪ The strategy does not adequately consider growth for the retail sector, and in particular the Large Format Retail sector which is a significant and growing segment of the retail sector.

▪ The LFRA supports the recommended application of Commercial 2 Zones in industrial precincts, as it allows for ‘Restricted Retail Premises’ as a land use which does not require a planning permit. On the other hand, further direction is necessary for these uses locations outside of commercial areas that are not located within activity centres. The strategy provides for ‘bulky goods’ in ‘growth area business precincts’, however these precincts have only been identified in the Southern Region.

▪ Commercial floorspace forecasts are provided for Melbourne overall, and broken down for its regions. However, there is no clear evidence in the methodology that these figures have considered the requirements of the different retail sub-sectors in terms of size and characteristics, network planning and the role and function of retail centres. The Large Format Retail sector has a substantial additional floorspace requirement projected over the next 15 years and we submit that the MICLUP should appropriately recognise this forecast, and ensure the planning framework can continue to facilitate efficient approvals.

▪ Explicit direction should be provided for how the strategy will address the need to investigate opportunities to consolidate land holdings and to discourage inappropriate subdivision to meet the site requirements of the Large Format Retail sector.
As part of the planning process, we respectfully request to meet with State Government’s strategic planning team to discuss our submission in further detail, and to reinforce the critical importance to plan appropriately for the Large Format Retail sector.

2. Large Format Retail Association and Sector Overview

The Large Format Retail Association is Australia’s peak body representing the interests of its membership base, being Large Format Retailers, investors, owners, developers and service suppliers. The LFRA’s policy agenda includes the Large Format Retail sector’s interface with urban planning, competition policy and energy. Its vision is clarity, consistency and certainty of the various laws and government regulations that relate to the Large Format Retail industry in Australia.

In the past year, Large Format Retailers in Australia generated $81.7 billion in sales which accounts for a market share of around 25.1% or more than $1 out of every $4 in retail transactions in the country. In Victoria alone, Deep End Services estimated that sales by Large Format Retailers sat at more than $20.15 billion for the year ending 30th June 2019.

The Large Format Retail sector occupies around 35% of all retail floor space in Australia.

It is estimated that the Large Format Retail sector, both directly and indirectly, currently generates more than 441,300 (FTE) jobs in Australia, and of this figure, more than 116,240 of these positions are in Victoria.

Retail members of the LFRA include some of Australia’s largest and most respected retailers including the 60 individual business brands listed in the following table:
The LFRA is supported by its Patron, PwC, and the following 73 Associate members that comprise of Large Format Retail developers, investors, owners and service suppliers:

<table>
<thead>
<tr>
<th>ACTON Commercial</th>
<th>Deep End Services</th>
<th>Mainbrace Constructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acure Asset Management</td>
<td>DOME Property Group</td>
<td>Major Media</td>
</tr>
<tr>
<td>AUCO Constructions</td>
<td>Earlytrade</td>
<td>Morgans Financial Limited</td>
</tr>
<tr>
<td>Aulgie Royal Properties</td>
<td>Edge Electrons</td>
<td>MPQ Funds Management</td>
</tr>
<tr>
<td>Arise Developments</td>
<td>Edgewise Insurance Brokers</td>
<td>Moray &amp; Agnew Lawyers</td>
</tr>
<tr>
<td>AsheMorgan</td>
<td>ERM Power</td>
<td>National Storage</td>
</tr>
<tr>
<td>Arkadia</td>
<td>Ethos Urban</td>
<td>Newmark Capital Limited</td>
</tr>
<tr>
<td>Aventus Group</td>
<td>Eureka Home Maker Centre</td>
<td>Perth Airport</td>
</tr>
<tr>
<td>AXIMA Logistics</td>
<td>Excel Development Group</td>
<td>Planning Solutions</td>
</tr>
<tr>
<td>AXIUM Properties Limited</td>
<td>Giacorp</td>
<td>Primewest</td>
</tr>
<tr>
<td>Blackmont</td>
<td>Gibbens Group</td>
<td>Properties and Pathways</td>
</tr>
<tr>
<td>Blueprint</td>
<td>Geon Property</td>
<td>QIC</td>
</tr>
<tr>
<td>BNE Property</td>
<td>Grosvenor Engineering Group</td>
<td>Realmark Commercial</td>
</tr>
<tr>
<td>Buchan</td>
<td>HLC Constructions</td>
<td>Savills</td>
</tr>
<tr>
<td>Burgess Rawson</td>
<td>Home Consortium</td>
<td>Sentinel Property Group</td>
</tr>
<tr>
<td>BWP Trust</td>
<td>Humich Group</td>
<td>Terrace Tower Group</td>
</tr>
<tr>
<td>CBRE</td>
<td>iRetail</td>
<td>TK Maxx</td>
</tr>
<tr>
<td>Charter Hall</td>
<td>Jape Group Australia</td>
<td>Lomkins</td>
</tr>
<tr>
<td>Cherry Energy Solutions</td>
<td>KHP Lawyers</td>
<td>Transacst Capital</td>
</tr>
<tr>
<td>Citinova</td>
<td>Knapp Property Group</td>
<td>Transcend Property</td>
</tr>
<tr>
<td>Colliers International</td>
<td>Leedwell Property</td>
<td>Troon Group</td>
</tr>
<tr>
<td>Complete Colour</td>
<td>Leftier Simes Architects</td>
<td>Upstream Energy</td>
</tr>
<tr>
<td>Cornwalls</td>
<td>Lesso Home</td>
<td>Vend Property</td>
</tr>
<tr>
<td>Cushman and Wakefield</td>
<td>Gessi</td>
<td>VPG Property</td>
</tr>
</tbody>
</table>

As seen above, the LFRA has a membership base with a variety of locational and floorspace requirements. The LFRA is a key stakeholder in the planning and zoning laws that affects this sector of the retail industry and is actively involved across Australia in reviews of planning policy and planning regulations; proactively engaging with planning authorities across the nation to promote and achieve greater clarity, consistency and certainty within and across all planning frameworks and jurisdictions.

**Energy Initiative**

On 23rd October 2019, the Australian Competition and Consumer Commission (ACCC) provided final authorisation for competing Large Format Retail businesses to form the first ever national collective buying group to negotiate a better electricity deal than they could individually. The group comprises 41 of the LFRA members, which are the largest and best-known companies in...
the industry, that include Harvey Norman, Spotlight, Beacon Lighting, Bunnings and IKEA and spans 4,096 individual sites across every State and Territory in Australia. The ACCC authorisation provides the opportunity to double the current energy consumption of the group to no greater than 1% in State or Territory in Australia.

In 2018, the Large Format retail sector consumed over 1 TWh, with approximately 942GWh in the NEM, 86 GWh in the WEM and almost 10GWh in the Northern Territory and the combined annual cost of electricity between the 41 participating members in 2018 was over $200 million.

The collective ACCC authorisation means that the collective Buyers Group will be able to conduct a tender process for the supply of their aggregated electricity demand.

Further details of the LFRA’s authorisation by the ACCC can be accessed via the following link: https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/large-format-retail-association-limited-ors

The LFRA is now in the strategy and implementation phase of the ACCC approved authorisation. The use of sustainable energy sources (solar, wind and battery), robotic technology with regards to data aggregation, bill validation and procurement as well as block chain technology is being evaluated.
3. Challenges Facing the Large Format Retail Sector

With regard to floorspace demand within the Large Format Retail sector, the 2018 Deep End Services report – ‘Victoria Large Format Retail Future floorspace requirements’ prepared for the LFRA, identifies that approximately 1,577,464 m² of Large Format Retail floorspace will be required by 2033. It is estimated that 88% of this floorspace will be required in Melbourne. Of this, more than 750,000 m² of the LFR floorspace will be required in the Northern and Western regions – roughly equating to approximately 18 new homemaker centres in the Northern Region, and 19 in the Western region.

The Victorian Planning system is recognised to have the most flexible planning system for Large Format Retail development in Australia due to its current zoning provisions and land use definitions. Large Format Retail falls under the ‘Restricted Retail Premises’ or ‘Trade Supplies’ land use terms. The Commercial 2 Zone (C2Z) encourages these land uses, with ‘Restricted Retail Premises’ identified as a use which does not require planning permission. The challenge is to ensure that an adequate supply of appropriately zoned land is maintained which enable these uses, to meet the future needs of the Large Format Retail sector in Melbourne.

The two (2) Large Format Retail land use definitions relevant in the Victorian Planning system are as follows:

“...Restricted retail premises

Land used to sell or hire:

a) automotive parts and Party supplies accessories;
b) camping, outdoor and recreation goods
c) electric light fittings;
d) animal supplies including equestrian and pet goods;
e) floor and window coverings;
f) furniture, bedding, furnishings, fabric and manchester and homewares;
g) household appliances, household electrical goods and home entertainment goods;
h) party supplies;
i) swimming pools;
j) office equipment and supplies;
k) baby and children’s goods, children’s play equipment and accessories;
l) sporting, cycling, leisure, fitness goods and accessories; or
m) goods and accessories which:

Require a large area for handling, display and storage of goods; or
Require direct vehicle access to the building by customers for the purpose of loading or unloading goods into or from their vehicles after purchase or hire.

*It does not include the sale of food, clothing and footwear unless ancillary to the primary use...”*

and

“...Trade supplies

Land used to sell by both retail and wholesale, or to hire, materials, tools, equipment, machinery or other goods for use in:

a) automotive repairs and servicing;
b) building;
c) commerce;
d) industry;
e) landscape gardening;
f) the medical profession;
g) primary production; or

h) local government, government departments or public institutions...”

The LFRA has successfully worked with the Victorian State Government over many years to develop and evolve the land use definitions set out above, in order to ensure that the planning framework in Victoria continues to evolve along with the Large Format Retail industry. It is imperative that the planning framework continues to act as an enabler to innovation and the evolution of retail, in order to ensure that Victoria maintains its competitive advantage, and the residents of a growing city are able to access retail stores to meet their needs, both within Activity Centres and in commercial areas outside of them.

The LFRA recognises that there have been changes in the operations and requirements of Large Format Retail that should be considered by the strategy. They include:

- There have been changes in store sizes among retailers. Large Format Retailers now occupy a variety of floor areas, and models.
- The past trend of redeveloping industrial land in inner suburban locations for retail development is unlikely to occur to such an extent in the future; this has been noted in the strategy as a key issue for industrial land.
- There has been an increase in the popularity of the ‘click and collect’ operation models for enhancing retail experiences, as seen in Australia and overseas. This innovation demonstrates the need to maintain flexibility in the planning and design framework to enable operators to respond to rapidly changing consumer habits.
In order to succeed, a retailers’ primary focus is to deliver a seamless retail experience to the customer. The retail sector, like many markets, is facing incredible disruption and change. Technology, in many forms, has been a significant part of the disruption, but at the same time it is a massive enabler. Retail must continue to innovate, adapt, and remain connected to the most important person, its customer.

There is absolutely no doubt that the physical retail store remains as important as ever. The online component of the retail experience often provides a great selling tool, information and education to customers, as well as a purchasing function. Online sales do not detract from the need for Large Format Retail stores, instead an online capability is part of a holistic retail offer. A great example of the seamless retail offer is the exponential growth of ‘click and collect’, where customers can order the product of choice online and come into the retail store to collect it.

Whilst some Large Format Retailers are developing showrooms on former industrial sites, and are evolving with a greater focus on the mix of different types of retailers within homemaker centres that can combine elements from the main street, Large Format Retail bricks and mortar stores is the core component of a holistic retail offer.

The supporting components of the retail offer such as online is not a sign that the provision of the traditional type of Large Format Retail stores is not required. Indeed, online sales within this sector are not as successful without the provision of stores that can display a retailers’ full range, where people can view items before they buy online. The physical in-store experience of retail is a fundamental necessity.

The LFRA, in conjunction with Deep End Services, has recently produced the latest and 10th annual edition of the Large Format Retail Directory – Australia and New Zealand. Data from the Directories show that Large Format Retail vacancy rates have largely declined over this period as shown in the following table:

<table>
<thead>
<tr>
<th>Large Format Retail Directory Year of Publication</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>7.9%</td>
</tr>
<tr>
<td>2013/14</td>
<td>5.1%</td>
</tr>
<tr>
<td>2014/15</td>
<td>4.6%</td>
</tr>
<tr>
<td>2015/16</td>
<td>4.3%</td>
</tr>
<tr>
<td>2016/17</td>
<td>3.7%</td>
</tr>
<tr>
<td>2017/18</td>
<td>3.6%</td>
</tr>
<tr>
<td>2018/19</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

This further demonstrates that there are deficiencies in the supply of land for new Large Format Retail developments and therefore a need for Government to consider:

- How to identify existing Large Format Retail centres and where their place is within the hierarchy of retail centres; and
- How to proactively plan to meet the significant demand for additional Large Format Retail floorspace.
4. Review of the Draft Melbourne Industrial and Commercial Land Use Plan (MICLUP)

The LFRA welcomes the release of the ‘Draft Melbourne Industrial and Commercial Land Use Plan’.

The position of the LFRA in response to the draft MICLUP is as follows:

▪ The Large Format Retail sector occupies approximately 35% of all retail floorspace in Australia. It is imperative that future strategic planning recognises and proactively plans to accommodate growth in retail and its sub-sectors. In addition to this, the MICLUP should allow for a degree of flexibility for localised plans to address the unique requirements of each context.

▪ The MICLUP does not adequately consider growth for the retail sector, and in particular the Large Format Retail sector, which is a significant and growing segment of the retail sector. The strategy reverts to the existing activity centres classification and practice notes and guidance materials related to these for planning for commercial areas (page 36 of the strategy). There is a lack of direction given to planning for retailing outside of activity centres.

▪ The unjustified change in terminology from ‘business with residential’ in the Growth Corridor Plans to ‘growth area business precinct’ is a subtle, but potentially significant change for Melbourne’s urban growth areas. The definition given by the strategy for ‘growth area business precinct’ refers to ‘bulky goods’ retailing as a secondary use for these precincts.

▪ The LFRA supports the inclusion of ‘bulky goods’ retailing as a permissible use in growth area business precincts, however there is still limited reference to ‘bulky goods’ retailing given throughout the draft MICLUP – the term itself is used only twice. The strategy only identifies growth area business precincts in the Southern region. There is no explicit direction given for planning for ‘bulky goods’ retailing in places other than the Southern region. On ‘page v’, it noted that a significant commercial floorspace requirement is expected in the growth area municipalities of the Western, Southern and Northern Regions.

▪ The LFRA suggests that the term ‘bulky goods’ be replaced with ‘Large Format Retailing’ in the MICLUP, which better reflects both the relevant planning scheme land use definitions (‘Restricted Retail Premises’ and ‘Trade Supplies’), as well as the nature of the industry. The LFRA supports the retention of the ‘Restricted Retail Premises’ and ‘Trade Supplies’ land use definitions in the VPPs, and it is noted that the LFRA advocate for these definitions to be adopted in other jurisdictions throughout the rest of Australia.

▪ The LFRA supports the application of the Commercial 2 Zone, which encourages the ‘Restricted Retail Premises’, in appropriate industrial precincts with arterial road frontages. This allows for the flexibility of Large Format Retailing to locate in areas outside activity centres and in non-commercial areas.
Forecasts are provided for commercial floorspace requirements at a high level, however there is no breakdown provided for its sub-sectors beyond office and retail. Planning for commercial and industrial land for metropolitan Melbourne should take a more sophisticated approach and consider the requirements of the various retail sub-sectors. The draft strategy should reflect its considerations for varying land requirements (size and characteristics), network planning and the role and function of retail centres. The LFRA seeks clarification for how the figures for commercial land supply and demand were calculated and if and/or how this has considered Large Format Retail.

The strategy acknowledges that there is a need to investigate opportunities to consolidate land holdings and discouraging inappropriate subdivision. This is critical for Large Format Retail which has a specific requirement for a larger floorspace and land area. It is recommended that a strategy be provided for ensuring that the location, land and floorspace requirements of various commercial sub-sectors, such as retailing, will be addressed.

With Large Format Retail contributing to approximately 35% of retail floorspace in Australia, it is an important distinction and priority to include Large Format Retail as a specific focus. To ensure that Melbourne maintains a diversity in retail and to ensure that the productive planning priorities of the MICLUP can be achieved, there must be a strong understanding of the factors that contribute to this sector, including Large Format Retail.

To reinforce the critical importance of Large Format Retail, we recommend that an action or Planning Priority be included as part of the MICLUP that recognises the significance of Large Format Retail to the local economy and that sets actions to investigate further opportunities to accommodate growth in this sector. It is critical that the MICLUP does not undermine the successful planning framework that is currently in place for the Large Format Retail sector through unintended consequences.

As the key representative for the Large Format Retail sector which includes many of the largest and most successful retailers in Victoria, the LFRA welcomes any opportunity to collaborate with the Victorian State Government during the preparation of future studies. Further, we recommend that the State Government undertake detailed studies that include retail and in particular the Large Format Retail sector and to identify key areas for its expected growth.

The LFRA recommends that the State Government consider underpinning the demand for this sector in the MICLUP to ensure that it provides a direction for localised planning strategies to adequately address the sector’s needs.

The LFRA would be delighted to assist the Victorian State Government in the preparation of any ‘Restricted Retail Premises’ and ‘Trade Supplies’ studies and look forward to working collaboratively with State Government to ensure that the needs of the Large Format Retail sector is accommodated within the Victorian planning framework and remains the nation’s leading State for Large Format Retail.

Please contact the LFRA’s Chief Executive Officer, [contact information] should you wish to discuss any aspect of this submission.