

2004

LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE TO LEGISLATIVE
ASSEMBLY STANDING COMMITTEE ON PLANNING AND
ENVIRONMENT REPORT NO 27 – INQUIRY INTO THE
BUILDING OF A SUPERMARKET NEXT TO THE
BELCONNEN MARKETS

TABLING STATEMENT

Circulated by authority of the
Minister for Planning
Mr Simon Corbell MLA

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Mr Speaker, Report No. 27 of the Standing Committee on Planning and Environment, responds to a petition presented by Ms Roslyn Dundas MLA on 21 October 2003 from 1661 residents to the Legislative Assembly “requesting that the Assembly pass legislation allowing Aldi supermarket to build a supermarket next to the Belconnen Markets’. The request was then referred to the Standing Committee on Planning and Environment by the Assembly. I circulated the Government’s response to the Committee’s recommendations out of session in mid June 2004.

The essential issue identified is what is the appropriate location of a cut-price supermarket – is it the markets area, in the Jamison Group Centre or in the town centre core.

The recommendations in the Committee’s report are ambiguous and open to various interpretations. They cannot be interpreted as providing clear support for the proposal contained in the petition presented to the Assembly by Ms Dundas.

The Government believes that, on balance, given that retail expenditure is finite, the Jamison Group Centre and the Belconnen Town Centre core are better locations for a cut-price supermarket than the Belconnen Markets area.

The Jamison centre is preferable as its primary function is to meet the weekly grocery shopping needs of residents. The Jamison Group Centre has been the subject of a recent centre master plan and variation to the Territory Plan to facilitate implementation of the master plan’s recommendations. There are potential sites within the newly

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defined retail core precinct that could potentially accommodate an additional supermarket of the size proposed by Aldi. An additional supermarket in this location would reinforce the centre's role and assist in revitalisation. The public spaces in the centre have also been the subject of significant recent public investment as part of the Government's Precinct Management Program. This investment could be jeopardised if the centre continues to decline.

A location in the Belconnen Town Centre core is preferable as it provides opportunities to combine with a greater variety of shopping and other trips and is a location comparatively well served by public transport. The Belconnen Town Centre has also been the subject of a master planning exercise that was completed in 2001. This master plan has been used as a basis for recent and proposed future land releases and also for planned capital works. While the master plan acknowledged the important role of the markets, it did not recommend or canvass the concept of establishing a supermarket in that precinct. The master plan did foreshadow the possible development of a Joint Emergency Services (JESC) facility at the Winchester complex, adjacent to the markets. The development of the facility would reduce the parking available to accommodate demands from the Markets, demands that would be increased by the development of an Aldi supermarket.

The markets location, while offering the convenience to consumers to obtain groceries with purchases of fresh fruit, has the potential to reduce the effective functioning of the Jamison Group Centre. The other issue associated with the markets site is that it was acquired by direct grant for the

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purposes of an organic produce market. It should be developed for that purpose.

The Committee's call for greater flexibility in land use controls is acknowledged. A review of ACT's planning and development system has been foreshadowed and, subject to funding, could take place over the next two years.

Mr Speaker, it should be noted however that the original proposal to introduce more flexibility in group centre land use policies through Variation to the Territory Plan No 158 was not supported at the time by the former Assembly Standing Committee on Planning and Urban Services. While Variation 158 which was ultimately approved by Government and accepted by the Assembly did make provision for some additional flexibility, the concept of generally allowing supermarkets to be developed outside of the defined retail core of the centres was one of the main issues raised and clearly not support by the then Assembly committee.

Mr Speaker, I now table the Government's Response to Report No. 27 of the Standing Committee on Planning and Environment.

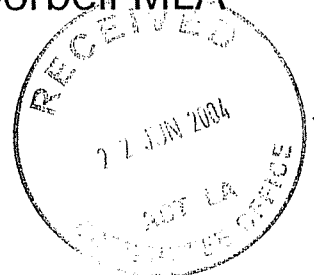
2004

Legislative Assembly for the Australian Capital
Territory

ACT Legislative Assembly Standing Committee on
Planning and Environment Report No.27 - Inquiry
into the building of a supermarket next to the
Belconnen Markets

Government Response

Circulated by the authority of the
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Mr Simon Corbell MLA



Response to Standing Committee – Inquiry into the Building of a Supermarket next to the Belconnen Markets

Recommendation 1

The Committee recommends that the government facilitate more open competition through the application of more flexibility in land use policies, to provide the best opportunity for business to develop in the ACT.

Response: Generally supported. This and subsequent recommendations need to be placed in the context of planning strategies for the city. Plans exist to achieve community goals and are a technique for managing change. The Canberra Plan's vision is that of a sustainable, compact and efficient city. Planning responds to the community's needs for housing, commercial and other needs.

The provision of retailing in Canberra is framed around a hierarchy of competing centres, consisting of Civic; Town Centres; Group Centres; and Local Centres.

Civic serves as the prime metropolitan centre for commercial, entertainment and tourist activities, as well as a range of major community facilities.

Town Centres provide the main focus for the district population for shopping, community and cultural facilities, entertainment and recreation.

Group Centres provide opportunities for major weekly shopping and other retail and personal services, primarily for people in adjacent suburbs.

Local Centres are designed to provide a focus for convenience shopping, and for community and business services to meet the daily needs of neighbourhoods.

Other major retailing activities, particularly those requiring low rent and large floor areas occur in the industrial suburbs of Fyshwick and Mitchell.

The Territory Plan manages land use change and development in a manner consistent with the strategic directions set by the ACT Government, the Assembly and the community.

The principles and policies in the Territory Plan reflect the following goals:

- Sustainable development;
- Achievement of an efficient, healthy and liveable city;
- Economic vitality;
- Community well being; and
- Environmental leadership and high quality design.

These goals are translated in the Territory Plan's policies for centres:

Town centres are to *"provide the main focus for the district population for shopping, community and cultural facilities, entertainment and recreation"*;

The Plan identifies precincts within the Town Centres to serve particular functions.

For Precinct 'a' the Retail Core, the aim is to:

"make provision for a range of retail and service outlets accessible to consumers; to make provision for an efficient distribution of retail functions, to promote evening and weekend activity; to provide safe access to shops for pedestrians and consumers of public transport"

The essential function of Precinct 'b' the Business Area is:
"to make provision for offices and business services within planned commercial centres"

Shops are also limited:

"to a scale appropriate to providing convenient shopping and personal services for the local workforce and residents".

The objective of Precinct 'c' - mixed services area - is the *"provision of a range of conveniently located services and relatively low rent commercial activities"*; to accommodate retail related uses requiring large floor areas; to provide for a wider range of commercial development in the mixed services precinct, provided that the development does not undermine the function of the retail cores and business areas of the town centres and the viability of the commercial hierarchy;

To assist in the achievement of this objective space in shops in precinct 'c' is restricted to 200m².

The identification of preferred locations for retail development provides:

- accessibility to residents to services and facilities;
- certainty to residents that their amenity will not be affected;
- certainty to shopping centre owners and businesses; and
- a focus for non-retailing activities including investment in community infrastructure.

The Centres hierarchy delivers not just convenient retail services, but community and other business services to the community. Any changes to retailing needs to consider the potential impacts on other services and facilities provided by the hierarchy of retail centres.

The land use policies in the Territory Plan therefore provide the context for businesses to make decisions. Where changes are required in response to factors such as changes in consumer behaviour, the Territory Plan can be varied to accommodate those changes. This process requires the preparation of a draft variation outlining the proposed changes, the seeking of public comment on those proposed changes, referral by the Minister of the variation to the Assembly's Standing Committee on Planning and Environment, and tabling in the Assembly, where it is subject to a possible disallowance motion.

It is through this mechanism that the Assembly and the community comments and influences/determines land use policies to guide development. The current Territory Plan policies are the outcome of past consideration and reviews by the Assembly. Since the introduction of the Territory Plan, changes have been made to its land use policies at town, group and local centres and those for industrial areas. The Assembly has shown a major interest in the determination and review of commercial centre policies.

The Canberra retailing system delivers convenient access to retail goods and services at comparable prices considering the relatively high-income levels of Canberra's population. It should, however, be noted that a Choice magazine survey conducted in mid 2003 indicated that supermarket prices, based on a standard basket of goods have increased in comparative cost since its last survey in 2000. In 2003 of the 24 cities surveyed, Canberra's grocery prices were ranked seventeenth as opposed to fourth three years earlier. Canberra's grocery prices were \$5.67 more expensive than the cheapest city, being Newcastle, but only 60 cents more expensive than the average cost of the basket of goods.

The Government is committed to fostering greater supermarket competition at town and group centre levels which is currently dominated by Woolworths and Coles. The Government's decision to release of sites to Aldi at the Kippax and Conder Group centres (Conder is subject to a Territory Plan variation) reflects this commitment. It aims to encourage an adequate provision of retail space that meets the needs of consumers.

Recognition does, however, need to be given that there is a finite amount of retail expenditure – additional major supermarkets cannot be supported at every group or town centre location. Retail investment is lumpy. Uncontrolled releases could, have detrimental impacts on group centres, which serve not just as outlets for supermarkets but as locations for other much needed services used by the community including health and business services and community facilities.

While the market is the main determinant of levels of retail development; retail proposals also need to be considered in the context of objectives relating to the relative access of the community to retail shopping and services, the development of multi purpose centres, minimising the amount of travel and maximising the use of public transport.

Canberra's planning framework has accommodated changes in shopping patterns and consumer preferences that have occurred as a result of demographic changes, greater car ownership, longer trading hours and changing technology and shopping habits.

The system of town, group and local centres, supplemented by the retailing found in industrial estates, has been able to respond effectively to changes in the retail industry over several decades. It has been a useful framework for consideration of where retail facilities and services should be located. Its ability to adapt is reflected in the changed roles of centres over time including:

- Town centres were primarily planned to be centres for comparison goods shopping. Over time each of the town centres has become the location of several large supermarkets – the planning parameters have had sufficient flexibility to accommodate change;
- The changed role of Fyshwick. It was originally conceived as an industrial area, but retail economics led to the establishment of large floor area/low rent premises in the area. While this was "unplanned" its legitimacy has been recognised in changes to the planning conditions for Fyshwick. The adjustment to the policies in Variation 175 to remove the floorspace limit on bulky goods retailing at Fyshwick is a demonstration of how the planning system changes in response to changed conditions;
- The adjustment at Group Centres where the contraction of functions that had at one time been supported (eg banks, churches, libraries, health centres), and increased competition (especially from town centres) led to group centres adjusting to the changed economic environment. Services such as restaurants and cafes have replaced superseded functions. The Group Centres Variation 158 permits additional opportunities for residential development at the Group Centres and greater opportunities for retailing within the centre precincts;
- Changes at Local centres that has seen specialised food retailing (eg butcher, greengrocer, delicatessen, small convenience shops) being replaced by other functions. Change has been facilitated by initiatives including Centre master planning, the Precinct Management Program, modifications to the Territory Plan (Variation 64) to allow a wider range of activities and financial incentives to undertake redevelopment at centres. A Position Paper on Local Centres, prepared by the former Planning and Land Management (PALM), addressed

the social impact issues associated with retail proposals and retail change by providing policy direction for the provision of accessible local level services.

The existing system provides a high accessibility (average trip times to all shopping centres is 12 minutes) and a wide choice for consumers.

While the Canberra land use system does deliver substantial benefits to business and the community, no system is perfect and the ability of the system to respond more quickly to changes in consumer behaviour is required. A review of ACT's planning and development system has been foreshadowed, and, subject to funding, could take place over the next two years.

Recommendation 2

The Committee recommends that the government take a more flexible approach when applying land use policies to allow for outcomes that benefit the community

Response: Agreed. The planning framework provided by the Territory Plan is to maximise community benefit. As identified above, this framework has been able to respond to meet changes in consumer demand.

Recommendation 3

The Committee recommends that the Government reassess current land use policies as they apply to Canberra's town centres to ensure that the same consistent approach is applied when developments are being proposed.

Response: Noted. The Territory Plan provides a transparent and accountable basis for applying a consistent approach on development proposals and the release of land. The policies at group centres have been reviewed in recent years and Belconnen and Woden town centres have been subject to major master planning exercises. It is proposed that the outcomes of these master plans will form the basis of future variations to the Territory Plan.

The Government has supported Aldi releases at Kippax and Conder Group centres (subject to a Territory Plan Variation), where there is an undersupplied catchment or where the benefits to families in terms of lower prices are likely to be greatest, ie where the net community benefits are greatest.

The Government's aim is to achieve an appropriate degree of balance between private sector expertise in the market place and the wider community and planning objectives for the integrated development of Canberra.

The ACT Planning and Land Authority, on 29 March 2004, approved an application from the lessees of Block 12 Section 31 in the Belconnen Town Centre for development for bulky goods retailing. This use is consistent with the land use policies in the Territory Plan and the objectives for the mixed services area in Belconnen.

Recommendation 4

The Committee recommends that no approvals for redevelopment be given until there is publicly transparent evidence available of:

the complementary nature of such redevelopments between all of the group centres in the Belconnen precinct;

the retention of individual competitiveness for each of the shopping centres;

the balance of the competitive position between each of the five group centres in the Belconnen precinct including the town centre, the Jamison centre and the Belconnen markets.

Response: Supported in principle. The Territory Plan demonstrates the principles underlying the functioning of the retail system. It provides an appropriate framework to manage change. The relative functions of group centres and that of the mixed services area of the Belconnen Town centre are clear. Group Centres are to provide opportunities for weekly grocery shopping; the mixed services area in Belconnen is to accommodate low rent commercial activities that do not undermine the retail core or the viability of the retail hierarchy.

Only a certain level of additional supermarket space can be supported by the Belconnen population. Consequently decisions have to be made regarding the locations that maximise the benefits to consumers and minimise the adverse impacts to lower level centres, as such centres play an important role in the provision of accessible services and choice.

Guidance is provided by information from the Canberra retail model on retail expenditure and the retail floorspace supportable and information from the Canberra Commercial Centres and Industrial Areas Inventory on the level of floorspace by centre.

The Canberra Retail model indicated that in 2003, the supply and demand for space in Belconnen was approximately in balance. However, it indicated that there was scope for additional retail space in west Belconnen.

The identification of a site for Aldi at Kippax was taken in this context. The Government was aware of the potential benefits an Aldi could provide in terms of

lower prices and increased competition in an area which had the capacity to absorb the additional retail supermarket space.

The model indicates given the expected growth in retail expenditure in Belconnen that additional supermarket space can be supported in Belconnen. Given this, and the potential benefits from increased competition, the provision of another supermarket/additional supermarket floorspace in the east Belconnen area is supported.