

**ANGEL PLACE
LEVEL 8, 123 PITT STREET
SYDNEY NSW 2000**

URBIS.COM.AU
Urbis Pty Ltd
ABN 50 105 256 228

30 June 2021

Department of Planning, Industry and Environment
Submission via NSW Planning Portal

Attention: Director Employment Zones

Dear Sir/Madam,

AMP CAPITAL EMPLOYMENT ZONES REFORM

1. INTRODUCTION

This submission has been prepared by Urbis on behalf of AMP Capital. AMP Capital appreciates the opportunity to make a submission in respect of the Employment Zones Reform that has been placed on public exhibition by the Department of Planning, Industry and Environment (the Department) until the 30th of June 2021.

AMP Capital understands the reform's purpose is to deliver a simplified framework to assist productivity and job growth, supporting the future of employment.

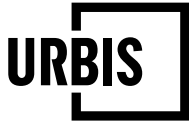
It is understood that the reform proposes changes to the *Standard Instrument – Principal Local Environmental Plan* by virtue of the *draft Standard Instrument (Local Environmental Plans) Amendment (Land Use Zones) Order 2021* under the *Environmental Planning and Assessment Act 1979*. The proposed policy reform relates to all existing industrial (IN) zones and business (B) zones only.

Generally, AMP Capital supports the reform and is of the view it will assist to simplify the NSW planning system by providing greater consistency between local government areas. The additional mandatory uses proposed by the reforms are also supported.

Notwithstanding its general support, AMP Capital holds some concerns regarding the translation of the zones, as the Position Paper does not address how the translation process will occur. AMP Capital's key concerns are focused upon ensuring future implementation is appropriate and that any unintended consequences of rezoning are avoided.

The following summaries AMP Capital's recommendations:

1. AMP Capital advocates for no loss of existing permitted land uses during the translation process to ensure that the revised zonings should only result in additional mandated land uses.
2. The Department and Councils should ensure the translated zoning reflects the strategic planning vision and objectives for each Centre as outlined in the relevant strategic document.
3. This reform presents the opportunity to rectify the current redundant industrial zoning over the recently opened and expanded Marrickville Metro shopping centre at 20 Smidmore Street, Marrickville, ensuring that the shopping centre use is permissible on all parts of the site.
4. AMP Capital requests further engagement opportunities with the Department and councils to ensure the translated zones are appropriate for all their shopping centre assets.



2. AMP CAPITAL BACKGROUND

AMP is a leading institutional investment house and is part of the ASX listed AMP Limited. AMP Capital is a specialist global investment manager with A\$190 billion in funds under management as of 31 December 2020 and more than 250 investment professionals. AMP Capital has significant experience in infrastructure and real estate, as well as fixed income, equities, and multi-asset solutions. AMP Capital is owned by AMP Limited, which was established in 1849 and is one of Australia's largest corporate pension providers.

AMP Capital is one of the largest direct real estate fund managers in the Asia-Pacific* with more than \$28 billion** in assets under management on behalf of institutional and retail investors across the globe. AMP Capital's experience in real estate investment, management and development spans over 60 years and many investment cycles, starting with Australia's first skyscraper which opened in 1962.

AMP Capital's extensive global network and integrated management model allows its multidisciplinary team of real estate professionals to realise true value for clients through the investment management, property management and development of a portfolio of some of the most iconic shopping centres, office buildings and industrial estates across Australia and New Zealand.

** Source: ANREV/INREV/NCREIF Fund Manager Survey 2020*

*** As at 31 December 2020. This includes AMP Capital's 24.9 per cent share of PCCP's NAV, equivalent to A\$1.8b*

Whilst this submission is specifically focused on large retail assets located within NSW, it is noted that AMP Capital Real Estate is a long-term asset manager and developer of retail centres, commercial buildings, industrial complexes and mixed-use sites. They have over 50 years' experience in managing and investing in direct real estate and employ over 500 real estate professionals across Australia. Accordingly, AMP Capital reserves the right to make further submissions to the Department to ensure that the proposed employment lands reforms support the industrial, mixed-use and commercial sectors of their business.

AMP Capital takes great interest in the outcomes of the employment zone reforms specifically in relation to the following assets:

- Casula Mall located in the Liverpool City Council Local Government Area (LGA).
- Dapto Mall located in the Wollongong City Council LGA.
- Macquarie Centre located in the City of Ryde Council LGA.
- Marrickville Metro located in the Inner West Council LGA.
- Northbridge Plaza located in the Willoughby City Council LGA.
- Royal Randwick Shopping Centres located in Randwick City Council LGA.

The shopping centre assets managed by AMP Capital are constantly changing, evolving, and adapting to consumer demands and needs. Whilst the retail sector is currently focussed upon food and entertainment; it is likely shopping centres will continue to evolve to be mixed-use centres with opportunities for residential and commercial development and growth. However, these opportunities will naturally be centre-specific given they will be driven by both location and market parameters.

Accordingly, AMP Capital is concerned that if retail is still looked at from a traditional use perspective, the changes to the *Standard Instrument – Principal Local Environmental Plan* may miss the opportunity to create a framework that positions these centres to provide for future land use opportunities that align with their strategic planning vision.

AMP Capital's Macquarie Centre is an excellent example to highlight such concerns. In 2016, a Concept Approval was achieved for Macquarie Centre that sought to position the centre for future mixed-use opportunities. The Concept Approval included an integrated and expanded retail podium, four towers fronting Herring Road providing for residential or commercial uses, additional basement and rooftop car parking

The approval delivered by the Joint Regional Planning Panel and the City of Ryde Council both recognises and reinforces the changing nature of retail centres and the necessity to position these centres for potential complementary non-retail uses in the future, if and when a market opportunity presents.

3. DISCUSSION

Notwithstanding its general support, AMP Capital does hold some concerns regarding the translation of the zones, as the Position Paper does not address how the translation process will occur. AMP Capital's key concerns are focused upon ensuring future implementation is appropriate and that any unintended consequences of rezoning are avoided as outlined below.

Implementation Process and Translation of Zones

AMP Capital's key focus is to ensure implementation of the proposed employment zones is appropriate and that the process does not result in any unintended consequences, such as a loss of existing permitted land uses which could be detrimental to the future vision of each centre.

AMP Capital requests further engagement opportunities with the Department and relevant councils as a major landowner of strategically important shopping centre assets to ensure the translated zones are appropriate and recognise the changing retail context and the strategic vision outlined in the relevant strategic planning documents.

It is AMP Capital's view that a "broad brush" approach would not be appropriate to be applied across centres. Instead, they advocate that each centre be looked at individually during the translation process, taking into consideration the following factors:

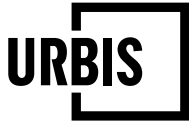
- the strategic basis for the area,
- the future retail trends, and
- the existing permitted land uses.

Specifically, no existing permitted land uses should be lost as a consequence of this process, as this would result in a significant disadvantage to the shopping centres that AMP Capital manages. Accordingly, further detail is sought regarding which LGA will form part of Tranche 1 and Tranche 2, to enable engagement with relevant councils in a sequenced and focussed manner.

Mandatory Uses

The Department's expansion of additional permitted uses across the proposed zones is commended. It is reassuring to see the Department recognising the changing nature of employment centres in general through the inclusion of the following mandatory uses:

- Amusement Centres;
- Artisan food and drink industry;
- Recreation facility (indoor and outdoor);
- Shop top housing in the MU1 zone;



- Tank Based Aquaculture;
- Local Distribution premises;
- Tourist and Visitor Accommodation (hotel or motel accommodation; serviced apartments); and
- Vehicle Repair Station.

In addition to the proposed mandatory zones, it is recommended that “*Intensive Plant Agriculture (Horticulture)*” be included to enable innovative and urban farming of underutilised spaces in shopping centres such as roof top car parks.

Existing and Proposed Zoning

The majority of AMP Capital’s shopping centres are zoned B2 Local Centre, B3 Commercial Core or B4 Mixed Use. Table 1 (below) illustrates the existing zoning of the centres, providing commentary regarding if residential is currently a permitted use at the Centre.

AMP Capital holds some concerns regarding the translation of existing B3 Commercial Core zones, which have residential uses permitted, to E2 Commercial Centres as:

- a) The proposed zone does not have any mandated residential zones; and
- b) The decision is at the discretion of local councils.

It is AMP Capital’s position that these existing residential uses should be translated across to both increase certainty and ensure no loss of existing allowable land uses.

Table 1 – Overview of Existing Zoning and Residential Permissibility

Centre	Strategic vision	Existing zoning	Residential Permitted	Residential Typology
Casula Mall	Local centre within 4km of strategic centre (Liverpool) – Metropolis of Three Cities	B2 Local Centre under the Liverpool LEP 2008	Yes	Boarding houses, residential flat buildings, shop top housing
Dapto Mall	Strategic Centre – Illawarra Shoalhaven Regional Plan	B3 Commercial Core under the Wollongong LEP 2009	Yes	Boarding houses, Senior’s housing, shop top housing
Macquarie Centre	Strategic Centre – Metropolis of Three Cities	B4 Mixed Use under the Ryde LEP 2014	Yes	Boarding houses, Seniors housing, shop top housing, residential accommodation

Centre	Strategic vision	Existing zoning	Residential Permitted	Residential Typology
Marrickville Metro 34 Victoria Rd, Marrickville & 20 Smidmore Street, Marrickville	Local Centre within 4km of a Strategic Centre (Green Square) – Metropolis of Three Cities	IN1 General Industrial/B2 Local Centre in Marrickville Environmental Plan 20211	IN1 – No B2 – Yes	B2 – Boarding houses, shop top housing
Northbridge Plaza	Local Centre within 4km of Strategic Centre (St Leonards) – Metropolis of Three Cities	B2 Local Centre in Willoughby LEP 2012	Yes	Boarding houses, shop top housing
Royal Randwick Shopping Centre	Strategic Centre – Metropolis of Three Cities	B2 Local Centre in Randwick LEP 2012	Yes	Boarding houses, dwelling houses, group homes, residential flat buildings, shop top housing

Figure 1 (below) illustrates the relevant proposed zones for consideration by AMP Capital.

Figure 1 – Proposed Applicable Zones for AMP Capital shopping centre assets

E1 LOCAL CENTRE	E2 COMMERCIAL CENTRE	MU1 MIXED USE
<p>Replace B1-B2 zones Small and larger local centres Residential to be provided 29 mandatory uses including:</p> <ul style="list-style-type: none"> • Commercial premises* • Local distribution premises • Shop-top housing 	<p>Replace B2-B4 and some B7 Business focus, community hub and night-time economy Residential <u>may</u> be included 33 mandatory uses including:</p> <ul style="list-style-type: none"> • Commercial premises* • Local distribution premises 	<p>Replace B4, some B2 and potentially B8 Genuine mixed-use rather than one dominant use Consider role and purpose relative to other zones 28 mandatory uses including:</p> <ul style="list-style-type: none"> • Commercial premises* • Light industries* • Local distribution premises • Shop top housing
<p>* Group term</p>		

Source: Urbis

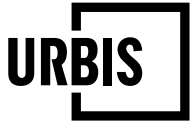
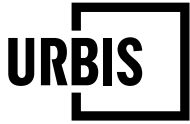


Table 2 outlines the recommended zoning for each AMP Capital centre with consideration of existing zones, proposed objectives of the future zones, and the changing consumer demands for retail operators.

Table 2 – Overview of the Recommended Proposed Zoning for AMP Capital shopping centre assets

Centre	Strategic vision	Recommended zoning	Comment
Casula Mall	Local centre within 4km of strategic centre (Liverpool) – Metropolis of Three Cities	E1 Local Centre	<p>The site is currently zoned B2 Local Centre. Therefore, it is envisaged that the direct translation is appropriate.</p> <p>The proposed objectives outlined in the Draft Order are considered appropriate, recognise that the primary role of the Local Centre is to provide a range of retail, business and communities uses, and to enable certain residential development that supports the employment generating uses.</p> <p>AMP Capital advocates for no loss of existing permitted land uses for Casula Mall. The Draft Order mandates <i>boarding houses</i> and <i>shop top housing</i>, however, does not allow for <i>residential flat buildings</i>, which is currently permitted in the B2 zone.</p> <p>It is recommended that Liverpool Council carry over the existing permitted land uses in the B2 zone, in addition to the additional mandatory uses prescribed by the Department for the E1 Zone.</p>
Dapto Mall	Strategic Centre – Illawarra Shoalhaven Regional Plan	E2 Commercial Centre	<p>The site is currently zoned B3 Commercial Core. Therefore, it is envisaged that the direct translation is appropriate.</p> <p>The proposed objectives outlined in the Draft Order are consider appropriate; to provide a range of business, office, retail, community, entertainment uses etc.</p> <p>AMP Capital seeks for no loss of existing permitted land use opportunities for Dapto Mall, specifically no loss of residential uses which are currently permitted in the B3</p>

Centre	Strategic vision	Recommended zoning	Comment
			<p>zone. The proposed E2 zone does not mandate any residential uses. However, for consistency and fairness the City of Wollongong Council should honour the existing permitted residential uses within the existing B3 zone (i.e. <i>boarding houses, senior's housing and shop top housing</i>).</p>
Macquarie Centre	Strategic centre – Metropolis of Three Cities	MU1 Mixed Use	<p>Macquarie Centre has been managed by AMP and AMP Capital since it was first developed by AMP in the early 1980s. Since then, Macquarie Centre has undergone several well considered redevelopments to become one of Australia's premium shopping destinations located within Sydney's Global Arc and within Macquarie Park, Sydney's second largest business district.</p> <p>Macquarie Centre is the largest shopping centre in NSW, the 8th largest shopping centre in Australia and a significant regional shopping centre. The Centre revenue is visited by over 31 million customers each year.</p> <p>Macquarie Centre is home to a strong stable agglomerate of international and Australian brands. It is anchored by two major department stores: Myer and David Jones and has more than 400 speciality stores.</p> <p>In September 2015, the State Government lead zoning proposal for the <i>Macquarie University Station (Herring Road) Precinct</i> was finalised. This precinct includes Macquarie Shopping Centre, which benefitted from increased height and FSR controls for part of the Macquarie Centre site. The intent of the rezoning was to transform this precinct into a vibrant centre</p>

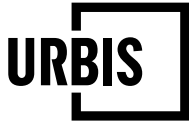


Centre	Strategic vision	Recommended zoning	Comment
			<p>and deliver up to 5,800 new homes by 2031, making the most of the available transport infrastructure and the Precinct's proximity to jobs, retail and education opportunities within the Macquarie Park corridor.</p> <p>In November 2016, a Stage 1 Concept Approval (LDA2015/0655) was granted for the major mixed-use redevelopment of Macquarie Centre, including an expanded retail podium, four residential/commercial towers fronting Herring Road and expanded basement and rooftop for additional parking.</p> <p>A DA is currently being assessed by City of Ryde Council for the first stage of work envisaged under the Concept Approval. This DA has a capital investment value of \$290,000,000 and will significantly transform Macquarie Centre and the surrounding public domain.</p> <p>The proposed MU1 Mixed Use zone is recommended to align with the strategic centre status of Macquarie Centre, and to facilitate a mixed-use centre which has a genuine mix of residential, retail and commercial land uses if and when a market opportunity presents. The site is currently zoned B4, therefore it is envisaged the direct translation is appropriate.</p> <p>AMP Capital advocates for no loss of existing permitted land use opportunities for Macquarie Centre, specifically the available residential opportunities.</p> <p>The Draft Order mandates <i>boarding houses, seniors housing and shop top housing</i>. However, does not allow for <i>residential flat buildings</i>, which are currently permitted in the B4 zone. It is recommended that Ryde</p>

Centre	Strategic vision	Recommended zoning	Comment
			Council carry over the existing permitted land uses in the B4 zone, in addition to the additional mandatory uses prescribed by the Department for the MU1 Zone.
<p>Marrickville Metro</p> <p>34 Victoria Rd, Marrickville & 20 Smidmore Street, Marrickville</p>	<p>Local centre within 4km of a strategic centre (Green Square) – Metropolis of Three Cities</p>	<p>E1 Local Centre</p>	<p>The Marrickville Metro site is currently zoned B2 Local Centre and IN1 General Industrial. This reform presents the opportunity to rectify the current redundant industrial zoning over the recently opened and expanded Marrickville Metro shopping centre at 20 Smidmore Street, Marrickville. This will ensure that the existing shopping centre is in fact permissible on all parts of the Marrickville Metro site.</p> <p>The proposed objectives outlined in the Draft Order are considered appropriate, recognise that the primary role of the Local Centre is to provide a range of retail, business and communities uses, and to enable certain residential development that supports the employment generating uses.</p> <p>AMP Capital advocates for no loss of existing permitted land uses. The Draft Order mandates <i>boarding houses</i> and <i>shop top housing</i>, which is consistent with the existing permitted residential uses on the part of the site zoned B2.</p> <p>Overall, it is recommended that Inner West Council carry over the existing permitted uses in the B2 zone to the entire shopping centre site (34 Victoria Road and 20 Smidmore Road), in addition to the additional mandatory uses prescribed by the Department for the E1 Local Centre Zone.</p>

Centre	Strategic vision	Recommended zoning	Comment
Northbridge Plaza	Local centre within 4km of strategic centre (St Leonards) – Metropolis of Three Cities	E1 Local Centre	<p>The site is currently zoned B2 Local Centre. Therefore, it is envisaged that the direct translation is appropriate.</p> <p>Willoughby Council’s Local Centres Strategy to 2036 has recommended that the B2 Local Centre zone be retained, with additional LEP and DCP controls to increase the attractiveness and success of the centre. The direct translation to the E1 Local Centre zone is considered to be aligned with the findings outlined in the Willoughby Local Centres Strategy.</p> <p>The proposed objectives outlined in the Draft Order are considered appropriate, recognise that the primary role of the Local Centre is to provide a range of retail, business and communities uses, and to enable certain residential development that supports the employment generating uses.</p> <p>AMP Capital advocates for no loss of existing permitted land uses for Northbridge Plaza. The Draft Order mandates <i>boarding houses</i> and <i>shop top housing</i>, however, does not mandate <i>residential flat buildings</i> which are currently permitted in the B2 zone. It is recommended that Willoughby Council carry over the existing permitted land uses in the B2 zone, as well as the additional mandatory uses prescribed by the Department for the E1 Zone.</p>
Royal Randwick Shopping Centre	Strategic Centre – Metropolis of Three Cities	MU1 Mixed Use	It is recommended that Royal Randwick be zoned MU1 to align with the strategic direction outlined in the Metropolis of Three Cities and the Draft Randwick Junction Town Centre Planning Strategy (Draft Planning Strategy).

Centre	Strategic vision	Recommended zoning	Comment
			<p>The Royal Randwick Shopping Centre is arguably the key site within Randwick Junction Town Centre, providing the most significant opportunity for urban renewal, growth and the delivery of genuine public benefits. It is the largest site in single ownership located in the heart of the Randwick Junction Town Centre, which is not constrained by heritage significance or fragmented/ strata land ownership.</p> <p>The Draft Planning Strategy notes that the Randwick Junction Town Centre is an important mixed-use precinct in Randwick. The Draft Planning Strategy highlights there is opportunities for mid-rise mixed-use developments within the study area.</p> <p>Upon review of the Draft Planning Strategy, the MU1 zone is most appropriate to facilitate the desired future character. In addition, Randwick is a strategic centre as identified in the Metropolis of Three Cities and the therefore should be zoned MU1 Mixed Use to facilitate a range of uses, which would support the desired future character of the area.</p> <p>AMP Capital advocates for no loss of existing permitted land use opportunities for this site, specifically the available residential opportunities. The Draft Order mandates <i>boarding houses, seniors housing and shop top housing</i>. However, does not allow for <i>residential flat buildings</i>, which are currently permitted in the B2 zone.</p> <p>It is recommended that Randwick Council carry over the existing permitted land uses in the B2 zone, in addition to the additional mandatory uses prescribed by the Department for the MU1 Zone.</p>



Based on Figure 1 and Table 2, it is recommended that 'shop top housing' be further explored as a mandatory use within the E2 Commercial Centre zone; given a large majority of existing E3 Commercial Centre zones have 'shop top housing' as a permitted land use.

4. CONCLUSION

AMP Capital is highly committed to delivering shopping centres, which are aligned with consumer demands as well as supportive of the strategic vision for the area. AMP Capital supports employment and is constantly seeking ways to change and adapt, which is illustrated by a move to more mixed-use centres. They are broadly supportive of the proposed reforms and believe the reforms will result in greater consistency in the application of land uses between councils.

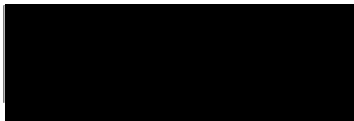
Importantly, AMP Capital holds the strong view that the translation process should not result in the loss of any existing permitted land use as this would create a significant disadvantage to its' ability to manage the future use of those assets to meet future retail and community needs. In the same vein, it is also their view that the proposed reforms should only allow for additional permitted land uses in order to support a productive economy as well as address current barriers within the planning system that would otherwise limit the ability of businesses to establish, expand or adapt.

Accordingly, AMP Capital is of the opinion that councils should undertake a critical review of major land holdings, such as AMP Capital's managed shopping centres to ensure the revised zoning is reflective of the strategic direction for the area and that the existing permitted land uses are retained moving forward.

AMPC would welcome the opportunity for further discussion with the Department and relevant councils, particular during the implementation process to ensure the most appropriate zones are given to AMP's centres.

Should you have any queries or require anything further, please do not hesitate to contact me on the below details.

Yours sincerely,



Sarah Horsfield
Director

