



Department of **Planning,**
Lands and Heritage



draft

State Planning Policy 4.2 Implementation Guidelines

August 2020

The Department of Planning, Lands and Heritage acknowledges the traditional owners and custodians of this land. We pay our respect to Elders past and present, their descendants who are with us today, and those who will follow in their footsteps.

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Western Australian Planning Commission
Gordon Stephenson House
140 William Street
Perth WA 6000

Locked Bag 2506
Perth WA 6001

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website: www.dplh.wa.gov.au
email: info@dplh.wa.gov.au

tel: 08 6551 8002
fax: 08 6551 9001
National Relay Service: 13 36 77

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CONTENTS

[click to follow](#)

1	BACKGROUND	1
2	PURPOSE OF THE GUIDELINES	1
3	HOW TO PLAN FOR ACTIVITY CENTRES	1
3.1	District planning	1
3.2	Local planning	1
3.3	Needs Assessment	2
4	GUIDANCE ON SPECIFIC ACTIVITY CENTRE ISSUES	2
4.1	Defining activity centre boundaries	2
4.2	Changes to the Hierarchy and new activity centres	2
4.3	Activity centre development proposals	2
4.4	Diversity of land uses	2
4.5	Staging of employment and density targets	3
4.6	Bulky goods/large format retail precincts	3
4.7	Supermarkets	3
5	IMPACT TEST	3
5.1	Purpose of the Impact Test	3
5.2	When the Impact Test is required	3
5.3	Proportionality	3
5.4	Impact Test requirements	4
5.5	Impact Test Assessment	4
5.6	Community benefit	5

6	METHODOLOGY CHECKLIST	6
<hr/>		
	APPENDIX 1 – SCOPE AND METHODOLOGY FOR NEEDS ASSESSMENT	7
<hr/>		
	APPENDIX 2 – SCOPE AND METHODOLOGY FOR IMPACT TEST	8



1 BACKGROUND

State Planning Policy 4.2 Activity Centres (SPP 4.2) governs decision-making for the planning and development of activity centres in the Metropolitan (Perth), Peel and Greater Bunbury Region Scheme areas.

These Guidelines provide explanatory detail to assist the implementation of SPP 4.2

These Guidelines should be read in conjunction with SPP 4.2, *State Planning Policy 7.1 Neighbourhood Design* (SPP 7.1) and *State Planning Policy 7.2 Precinct Design* (SPP 7.2).

2 PURPOSE OF THE GUIDELINES

These Guidelines explain the intent and interpretation of SPP 4.2 and can be used in the preparation or review of region planning schemes, regional or sub-regional strategies or frameworks, local planning strategies and schemes, precinct structure plans, neighbourhood structure plans, development applications and other planning instruments such as local planning policies and any amendments to these documents.

The Guidelines provide information on:

- how to apply SPP 4.2 through the State and local planning framework
- how to prepare and determine proposals for new activity centres, or that seek to change the classification of an activity centre
- how to assess development proposals for major developments within activity centres
- undertaking a Needs Assessment
- applying the Impact Test
- planning and development of bulky goods and large format retail uses and precincts

3 HOW TO PLAN FOR ACTIVITY CENTRES

3.1 DISTRICT PLANNING

District planning strategies and frameworks should identify the activity centre hierarchy and provide high-level guidance for employment, population and dwellings. The decision-maker must consider the main role and attributes for each activity centre type outlined in Appendix 1 and the hierarchy in Appendix 2 of the policy. The impact of the identification of new activity centres and/or changes to the classification of activity centres on the overall balance of activity centres across a regional context and the policy measures (Section 7) in SPP 4.2 and guidance provided in Section 4 of the Guidelines.

3.2 LOCAL PLANNING

Local governments must consider activity centres within their local strategic planning to support future planning and decision-making within their local government area. In delivering strategic plans and considering changes to the local planning framework, local governments must consider the needs of their own activity centres, the impacts of their activity centre proposals on the overall balance of activity centres across a district, regional and sub-regional context, and the policy measures in SPP 4.2 (Section 7) and guidance provided in Section 4 of the Guidelines.

A sufficient supply of suitable land for the range of activity centre functions including residential, retail, commercial and mixed-use development must be identified and



provided for in local planning strategies, district-scale structure plans and local-scale neighbourhood and precinct structure plans that considers:

- existing and anticipated demand, viability and appropriateness of activity centre uses
- the physical constraints of the land
- surrounding land uses
- the availability of, and proximity to, essential infrastructure required to service and support the proposed development.

Local planning strategies, through a Needs Assessment, should show the estimated range of housing, economic and employment lands needed and the indicative distribution across the activity centres in the local government area, consistent with the activity centre hierarchy.

Land use permissibility and amendments to local planning schemes must be carefully considered to ensure that schemes reinforce the objectives and requirements of SPP 4.2.

3.3 NEEDS ASSESSMENT

A Needs Assessment undertaken for a specific proposal should be undertaken with consideration for any existing and relevant strategic level Needs Assessment for the area. Guidance on the appropriate approach and methodology for a Needs Assessment is provided within these Implementation Guidelines.

The Needs Assessment should consider and assess the demand for all residential and **activity centre uses**.

4. GUIDANCE ON SPECIFIC ACTIVITY CENTRE ISSUES

4.1 DEFINING ACTIVITY CENTRE BOUNDARIES

Local planning strategies, local planning schemes, district structure plans and local-scale neighbourhood and precinct structure plans should identify the indicative boundaries of activity centres in both established and new urban areas. The extent of each activity centre should be identified by a spatial boundary in a neighbourhood or precinct structure plan or local development plan as agreed with the responsible authority, and considering the range of factors contained in the *SPP 7.2 Design Guidelines*.

4.2 CHANGES TO THE HIERARCHY AND NEW ACTIVITY CENTRES

Change to the activity centre hierarchy can occur:

- if identified within an endorsed local planning strategy and
- based on a determination by the Western Australian Planning Commission (WAPC).

The hierarchical level of the activity centre will be determined by the needs of the area balanced against the impact of the proposed activity centre on existing and planned activity centres within the hierarchy and the proposed functions of the activity centre in line with SPP 4.2.

Where a new activity centre or amendment to the hierarchy is proposed to accommodate **major development** of an **activity centre use**, an Impact Test will be required to determine if the impact on existing activity centres is acceptable.

4.3 ACTIVITY CENTRE DEVELOPMENT PROPOSALS

Development applications should be considered and determined in accordance with:

- an endorsed neighbourhood or precinct structure plan (where relevant)
- the Local Planning Scheme
- Regional Planning Scheme (where relevant)
- the assessment requirements outlined in Section 7.3 of SPP 4.2.

The Impact Test may be required for development proposals that meet the criteria outlined in section 7.9 of SPP 4.2.

Interim or staged development directed to activity centres must not prejudice the ultimate vision for the activity centre.

4.4 DIVERSITY OF LAND USES

To support a diversity of employment opportunities, services and activities within activity centres, the following diversity ratio should be used by decision-makers as a guide to plan for an appropriate mix of non-residential land uses within an activity centre in addition to shop/retail uses.



Table 1: Diversity ratio

	Ratio of shop/retail floorspace to other non-residential land uses
Perth Capital City and Bunbury CBD	N/A
Strategic and secondary activity centres (excluding Bunbury CBD)	1:1
District activity centres	2:1
Neighbourhood and local activity centres	N/A

4.5 STAGING OF EMPLOYMENT AND DENSITY TARGETS

The challenges of achieving higher residential density and employment targets in new and emerging activity centres is acknowledged. Setting minimum density targets for new and emerging activity centres has the potential to sterilise the development of land where the market does not support those minimum targets in the short-medium term.

The staging of residential density and employment targets for new and emerging activity centres is supported. An acceptable approach is to implement:

- ‘initial/interim’ density and employment targets, to be achieved within 10 years of the approval of the precinct structure plan
- ultimate density targets, to be achieved through a review of the precinct structure plan following 10 years of the Precinct Plan implementation (or another timeframe as approved by the WAPC).

4.6 BULKY GOODS/LARGE FORMAT RETAIL PRECINCTS

Bulky goods and large format retail must be considered and planned at all levels of the planning framework to ensure that the opportunities for this land use are maximised, while the impacts of this land use on the activity centre network and policy objectives are managed.

The preferred location of bulky goods/large format retail is in precincts on the periphery of activity centres and the regional road and public transport networks. This assists in maximising the use of infrastructure, including the shared use of car parking; limiting the number of car trips; and economically supporting other activity centre businesses. The design of bulky goods/large format precincts must provide for a comfortable walkable environment for all users and not prohibit future redevelopment of the precinct for transitioning other uses over time.

The encroachment of bulky goods/large format retail into residential and industrial zones should be avoided. Locating bulky goods retail in an ad hoc manner or as ribbon development along regional roads is discouraged.

Where relevant, bulky goods/large format retail must be considered within Needs Assessments and sufficient land allocated in appropriate locations for this use.

4.7 SUPERMARKETS

Supermarkets are major generators of travel and can be important anchors for many activity centres, particularly at the local, neighbourhood and district level of the hierarchy.

The planning and location of supermarkets should support the established and planned activity centre hierarchy.

When assessing proposals for supermarkets, decision-makers should consider the appropriate zoning in the local planning scheme, efficient and equitable access to services by the community and availability of land within existing activity centres.

Supermarket proposals should prepare and implement travel plans and parking supply & management plans and must provide for a comfortable walking and cycling environment.



5. IMPACT TEST

5.1 PURPOSE OF THE IMPACT TEST

The Impact Test replaces the Retail Sustainability assessment process established in the 2010 gazetted version of SPP 4.2. The purpose of the test is to ensure that major development proposals align with the objectives of SPP 4.2.

Specifically, the Impact Test will ensure major development proposals will not unreasonably impact upon the activity centre hierarchy, result in loss of services to the community and/or impact upon existing, committed and planned public and private infrastructure investment.

5.2 WHEN THE IMPACT TEST IS REQUIRED

The Impact Test only applies to **major development** or **out of centre development** (see clause 7.10) as outlined in SPP 4.2 and shall be prepared to support the precinct planning or development application process for such proposals.

5.3 PROPORTIONALITY

The detail provided in the Impact Test should be appropriate to the scale and context of the proposal, drawing on existing information where possible. Applicants and local and State planning authorities should seek to agree the scope, key impacts for assessment, and level of detail required in advance of applications being submitted.

5.4 IMPACT TEST REQUIREMENTS

The Impact Test shall assess the potential impact of a proposal on existing and planned activity centres in the locality, considering:

- the supportable retail floorspace for an appropriate service population
- an assessment of the costs imposed on public authorities by the proposed development, including the implications for and optimal use of public infrastructure and services provided or planned in the locality and
- The overall costs and benefits of the proposal, considering the objectives and requirements of SPP 4.2.

The impact must be assessed in relation to all activity centres that may be affected, which are not necessarily just those closest to the proposal and may be in neighbouring local government areas. The extent of activity centres considered should be proportionate to the development proposal.

The impact on an activity centre is defined as the potential loss of services and any associated detriment to the community caused by a proposed development. Competition between businesses in and of itself is not considered a relevant planning consideration. Findings should be expressed in terms of any potential impacts on each affected activity centre.

The methodology, assumptions and data used in the Impact Test must be specified and be appropriate, transparent and verifiable. There is no single model for the Impact Test as each proposal has its unique operational

requirements. However, a template methodology is provided at **Appendix 2** as a guide to assist proponents in the preparation of an Impact Test.

The assumptions and findings of an Impact Test should be validated through an independent peer review. This independent peer review should be overseen by the responsible authority, with costs to be borne by the responsible authority.

5.5 IMPACT TEST ASSESSMENT

The following key considerations should be used to guide the assessment of Impact Tests:

- Is there a demand for additional floorspace, and how does the proposal meet this demand?
- How will the proposed development impact on the role of the activity centre and/or the viability and vibrancy of other activity centres in the hierarchy?
- What are the anticipated benefits to the community?
- Will the proposal contribute to employment?
- Will the proposal contribute to net community benefit?
- Does the proposal adhere to this policy and the planning framework?

A judgement as to whether the likely adverse impacts are significant can only be reached considering local circumstances (such as the role, offering and performance of an activity centre). For example, in areas where there are high levels of vacancy and low patronage, even very modest trade diversion from a new development may lead to significant adverse impacts.



The following impact percentages for retail turnover are provided as a general guide and should not be used as the only indicator of acceptability of a proposal:

Turnover Impact (%)	Level of impact
Less than 5%	Minor/insignificant
5.1% to 9.99%	Moderate
10% and above	Significant

Note: TAHLAND PTD AND WAPC [2008] WASAT 227; DR 318 of 2009
Goldrange PTY LTD v WAPC – Decision 17 August 2011

Where there is a moderate or significant impact identified in the Impact Test, the proposal should indicate how the development will deliver net **community benefit** and support the objectives of SPP 4.2.

The impact for non-retail uses may not be easily quantifiable. A qualitative assessment of impacts on other activity centres may suffice for these proposals.

The assumptions and findings of the Impact Test may be subject to an independent assessment at the discretion of the decision maker.

5.6 COMMUNITY BENEFIT

Community benefit is the public good that a proposal delivers as indicated by (but not limited to) the following:

Productivity

Contribute to increasing and/or diversifying employment and the local economy.

- Does the proposal provide new jobs in addition to any that may be lost elsewhere – net additional jobs?
- Does the proposal contribute to diversifying local jobs – creating more strategic employment versus population-driven employment?

Quality of life

Provide new, or improve on existing services that could improve quality of life for community members.

- Does the proposal include land uses such as healthcare, education and community facilities?
- Does the proposal provide additional, or improve on existing public open space?

Environmental sustainability

Contribute to a sustainable urban environment.

- Does the proposal contribute to improved air and water quality – such as incorporating enhanced water sensitive urban design, or walking and cycling infrastructure that reduces emissions from vehicles?
- Does the proposal protect remnant vegetation or contribute to improving the urban tree canopy?

- Does the proposal help reduce energy consumption and emissions – for example through sustainable construction methods and/or incorporating renewable energy systems?

Infrastructure development

Provide needed, or improve on existing infrastructure.

- Does the proposal include new, or improvements to existing transport infrastructure that increases access and helps manage congestion?
- Does the proposal include enhancements to utilities that benefit the local area?
- Does the proposal contribute to infrastructure for recreation purposes?

Equity and social inclusion

Contribute towards the creation of equitable communities.

- Does the proposal have the potential to improve access to economic opportunity for minority and vulnerable groups?



6 METHODOLOGY CHECKLIST

The following provides a checklist to the relevant considerations in the planning of activity centres:

Regional and district planning	
	Identify activity centre hierarchy in accordance with SPP 4.2
	Identify targets for employment self-sufficiency and dwellings (Perth and Peel regions only)
	Identify activity centre and zone according to hierarchy (region planning schemes)
Local planning strategy	
	Identify activity centre locations and hierarchy in accordance with SPP 4.2
	Needs Assessment completed where relevant and approved by the WAPC and, for the Perth and Peel regions, demonstrate contribution to the dwelling and self-sufficiency targets from Perth and Peel @3.5million (or other relevant regional or sub-regional planning frameworks)
	Allocate retail/commercial floorspace amounts from the Needs Assessment to activity centres or pre-identified precincts as appropriate
	Identify the walkable catchments for the activity centres and include a range of dwelling targets within these walkable catchments
	Define employment locations and job targets for activity centres, consistent with the sub-regional targets within the Perth and Peel regions
Local planning scheme review / amendments	
	Reflect the approved Local Planning Strategy and Needs Assessment completed and, for the Perth and Peel regions, demonstrate contribution to the dwelling and self-sufficiency targets from Perth and Peel @3.5million
	Include the standardised zones and land use definitions from the Planning and Development (Local Planning Schemes) Regulations 2015 as it applies to activity centres
	Restrict offices and commercial uses within industrial zones to incidental only
	Apply R-Codes within walkable catchments to meet the density requirements outlined in the Needs Assessment
	Identify bulky goods/large format retail precincts as 'Service Commercial' and provide clauses requiring Local Development Plans
Neighbourhood and/or precinct structure planning	
	Prepared for activity centres identified in SPP 4.2
	Reflect the approved Local Planning Strategy and Needs Assessment completed, where relevant
	Provides sufficient land in accordance with the Needs Assessment and, for the Perth and Peel regions, demonstrate contribution to the dwelling and self-sufficiency targets from Perth and Peel @3.5million (or other relevant regional or sub-regional planning frameworks)
	Prepared in accordance with the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i>
	Plans prepared in accordance with the requirements of SPP 7.2 Precinct Design or SPP 7.1 Neighbourhood Design
	Plans appropriate to activity centre classification and meets the objectives and requirements of SPP 4.2



APPENDIX 1 – SCOPE AND METHODOLOGY FOR NEEDS ASSESSMENT

The need for activity centre uses refers to the scale and mix of residential and non-residential uses likely to be needed within a catchment area over the plan period (10 years for Precinct Structure Plans). The assessment should measure demand for the area and identify the scale of supply necessary to appropriately accommodate this demand in square metres Net Lettable Area (NLA).

The scale and detail of the assessment should be commensurate with the planning process or proposal being considered. Only future scenarios that could be reasonably expected to occur should be considered.

The assessment of need must be based on facts and unbiased evidence. The methodology used must be transparent and verifiable.

Inputs

Verifiable data sources must be provided with preference given to publicly available and transparent data sets (e.g. Australian Bureau of Statistics, Land Use and Employment Survey). Data sources used must be justified.

The needs assessment should include an estimate of current supply of activity centre uses and historical and forecast population.

Methodology

The following table provides a guide on what could be included in a Needs Assessment.

1. Purpose and objectives
2. Study parameters: a) Define study area b) Identify study period (10 years for a Structure Plan; 15 years for a Local Planning Strategy) c) Define activity centre uses to be assessed by study
3. Review drivers of floorspace, including: a) Historical and forecast population growth and its socio-economic characteristics b) Employment growth c) Visitor growth d) Existing infrastructure e) Infrastructure investment f) Government policy – including centre policy and hierarchy g) Changing expenditure patterns h) Technological influences impacting floorspace demand i) New product and services growth
4. Property market profile: a) Rents – current and rental growth b) Sale prices – current and price growth c) Vacancy – current and historical d) Yields – current and historical
5. Floorspace supply for the relevant study area and not just the immediate local government area – current, in development, and planned in terms of: a) Scale – land area, gross floor area b) Location c) Type – zoning, lot size d) Occupancy – proportion vacant vs occupied e) Land use constraints including heritage, natural, man-made, incompatible surrounding land uses, others as relevant
6. Floorspace demand for the relevant region: a) Historical consumption rates – site area, NLA b) Employment projections by industry sector with particular focus on relevant activity centre-based sectors
7. Net demand assessment: a) Overall LGA net floorspace demand by 5-year intervals b) Activity centre/market net floorspace demand c) Identification of risk factors, issues and opportunities
8. Land use development options: a) Base case (business as usual) b) High growth scenario c) Low growth scenario



APPENDIX 2 – SCOPE AND METHODOLOGY FOR IMPACT TEST

The Impact Test should be undertaken in a proportionate and locally-appropriate way, drawing on existing information where possible. Applicants and local planning authorities should seek to agree the scope, key impacts for assessment, and level of detail required in advance of applications being submitted.

Approach

Verifiable and current data sources must be provided with preference given to publicly available and transparent data sets (e.g. Australian Bureau of Statistics, Land Use and Employment Survey). Data sources used must be justified.

The impact year for impact testing should be selected to represent the year when the proposal has achieved a 'mature' trading pattern. This is conventionally taken as the second full calendar year of trading after opening of each phase of a new retail development, but it may take longer for some developments to become established. If the mature trading pattern is deemed to be more than two years, then impact assessment should be undertaken for multiple time periods (e.g. year two and year five).

The Impact Test must provide a short description of the model and methodology used. All assumptions are to be clearly articulated.

Impacts

A critical output from the modelling process is an estimate of the impact of the proposal on existing and planned activity centres.

For retail proposals, the Impact Test should include the supply of retail floorspace (present period and over a defined future time period – minimum five years) within relevant activity centres and the retail turnover estimates for each activity centre for the base year and impact test year/s. An estimate of the retail turnover for each relevant activity centre should be identified for the following scenarios:

- without the proposed activity centre and
- with the new activity centre(s) assumed to be developed (or expanded).

The differences between the 'without' and 'with' scenario is the turnover impact for each activity centre.

The turnover impact of the proposal should be assessed and deemed to have an acceptable impact on the viability of surrounding activity centres. This assessment should consider:

- the current and expected turn-over and role of relevant activity centres
- impact to services to the local community
- impact to planned and existing public and private infrastructure

- impact to the activity centre hierarchy.
- employment generation (or loss) during operation
- impact on choice and availability of goods and services
- impact on overall levels of vibrancy and sustainability of activity centres
- contribution to levels of walking and cycling and public transport use
- contribution to liveability, social interaction, and other community-related goals and
- contribution to other objectives/outcomes noted in SPP 4.2.

For non-retail land uses, the assessment should quantitatively (where relevant) and qualitatively assess the above considerations.

When quantifying community benefit, the assessment should detail:

What benefit will occur and how important the benefit will be?

- Utilising the five community benefit indicators, detail what benefit will occur as a result of the proposed development.
- Wherever possible use existing data and standards to measure the size of the benefit and how important it will be to stakeholders



Who in the community are expected to experience the benefit?

- Identify the stakeholders who will be likely to experience the benefit – customers and employees, the local community, different socio-economic groups.
- Define the geographic boundary where the stakeholders experience the benefit – the site, the surrounding suburbs, the local government.

How much benefit is expected?

- Estimate how many individuals are expected to experience the benefit.
- Describe the degree of change expected due to the benefit.
- Determine the expected duration for which stakeholders are expected to experience the benefit.

Conclusions

An executive summary should provide a comparison of the impact and benefit of the proposal to determine acceptability of the proposal in accordance with the requirements of SPP 4.2 and these Guidelines.

Impact Test checklist

Element	Items or data required – source references must be provided	Sufficient (yes/no)
Impact Test is required	Proposal requires an Impact Test under the SPP 4.2 requirements	
Location of proposed development	Contextual description of the proposed development and location with supporting maps, identifying if Out-of-Centre, In-Centre development or new activity centre	
Size of the proposed development	A measure of the change in the net lettable area (NLA) of the retail space	
Trade area proposal	Definition of trade area (including primary trade area and any secondary and tertiary trade areas)	
	Estimated historical and forecast population of the trade area	
	Overview of trade area resident attributes and implications for floorspace need and spending estimates	
	Supporting maps of trade area	
Number, size, description and location of other existing and planned activity centres in the region	Description, size (NLA), turnover, position in hierarchy, location, performance and any other relevant factors	
Trade area expenditure	Estimated historical and forecast expenditure of the trade area using latest ABS Household Expenditure Survey or other reliable source	
Activity centre turnover/floorspace productivity	Average annual sales turnover (aggregate and per m2) for the proposed development and/or activity centre pre-and post-development proposal	
Methodology	Recognised methodology and justification for approach provided	
Impact assessment/community benefit test	Logical, sound impact assessment covering impact assessment considerations noted in SPP 4.2 and these Guidelines	