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NSW Department of Planning and Environment  
PO Box 257  
Parramatta NSW 2124

**Submission on the Amendments to Retail Land Use under the Standard Instrument Local Environmental Plan.  
SILEP**

Coles Group Property Development Ltd (CGPD) welcomes the opportunity to make a submission in relation to the proposed amendment to the retail land use definitions under the Standard Instrument Local Environmental Plan (SILEP).

**About Coles Property Development Group**

Coles has over 260 stores in NSW, making a significant contribution to the NSW economy. Our activities allow us to create and deliver innovative and high-quality retail and commercial projects across the entire state. This provides us with a unique perspective and experience in terms of the variability in the application of the planning framework from small towns and larger regional centres to projects responding to the growth pressures in the Greater Sydney region, both infill and greenfield. We pride ourselves on our ability to work closely with local councils to deliver retail developments that are responsive to individual needs within their communities.

Our experience in the sector ensures Coles is well positioned to work with the Department of Planning and Environment (DPE) to ensure that the retail policy is responsive to the land use planning needs having regard to the diversity in retail precincts across NSW and with a more consistent approach to both application and interpretation of land use zones and definitions.

**Retail Expert Advisory Committee's (REAC+ Independent Recommendations Report)**

Completed in June 2017 and released by the Minister for Planning in November 2017, the key finding of the Committee is *"that the planning system does not provide sufficient flexibility to accommodate the dynamic and rapidly evolving nature of the retail sector, resulting in an ad hoc approach to retail development, an undersupply of retail floor space and inconsistent land use outcomes"*.

Accordingly, the Committee recommends the implementation of a new planning framework for retail development, underpinned by the principles of increased land supply for retailers, increased access to retail services and convenience for the community, greater certainty and increased consistency in decision making on the types and locations of retail development.

The Report makes five recommendations as follows:

1. Develop a State-wide Retail Planning Policy
2. Identify retail supply and demand and articulate objectives in strategic plans
3. Amend the standard instrument local environmental plan to prioritise retail in the business zones, review and consolidate the existing zones and broaden their permissible uses
4. Improve clarity and consistency in assessment processes, and
5. Provide clear planning guidance.

CGPD supports the recommendations of the Report.

One of the key retail drivers identified in the Report is that Sydney is undersupplied with supermarkets to the tune of approximately 400,000m<sup>2</sup> of retail GFA. While the key issues acknowledged that there were opposing views in terms of the suitability of large floorplate stores in either local centres and/or bulky goods zones, CGPD would promote the view that the larger floorplate is consistent with the bulk and form of other bulky goods premises and very well suited to operate alongside other bulky goods in B zones where the latter are permissible.

Another of the key drivers relates to the demands by consumers for the service offerings of retail formats which by their nature need a large floorplate. In the same way bulky goods retailers require and seek out large floorplates, so to do full line supermarkets with the typical GFA requirement in excess of 3,200m<sup>2</sup>. Allowing these larger stores to co-located within Business and Employment zones where other bulky goods premises are permissible will free up space in compact town centres for more traditional retail uses and smaller foodstuffs retailers.

### **Changing shopping patterns**

The traditional shopping patterns of consumers are changing. Many shoppers are doing one main shop every week, while using late trading hours to easily grab 'top ups' throughout the week from smaller convenience supermarkets.

The convenience of location of supermarkets, hygiene, quality goods, parking, cleanliness and range of products are some of the key factors for consumers. Many customers prefer to drive to larger out-of-town retail developments, where parking is easier and they are able to purchase everything at the same place in a single purpose trip. Hence there is a demand for large scale supermarkets where a variety of goods can be provided in one location. These supermarkets become a destination in themselves.

Similarly, the popularity of online shopping with either a delivery or 'click and collect' option has also meant that people are changing their shopping habits with the ability to shop from the comfort of their own home. Click and collect allows an individual to order their shopping online and then collect it from a convenient location, generally being an accessible local store. Continued growth in this offering may see a change in the logistical arrangements and therefore CGPD supports the introduction of the definition of a Local Distribution Premises, noting that it will preclude retail sales.

Considering the changing nature of retail development, a separate land use definition should be created for supermarkets as a specific type of specialised retail premises and that supermarkets should be included as a permissible land use where-ever bulky goods premises are permissible. Alternatively, the definition of specialised retail premises should be expanded to include supermarkets over a nominated GFA. This is discussed further below.

### **Specialised Retail Premises (incorporating bulky goods premises)**

The Department initially exhibited an amendment to the definition of *bulky goods premises* that would have removed the requirement to provide both a large floor area and direct vehicular access, by replacing 'and' with 'or'. Following consideration of over 30 submissions, the Department have abandoned this amendment, instead focusing on a more strategic approach to retail development as the NSW Retail Strategy is developed. The response is a broader definition and replacing *bulky goods premises* with *specialised retail premises*.

The intent of the new definition is:

- » capture retail that serves a specialised purpose
- » capture retail that supplies goods that are necessary but infrequently purchased.
- » meet the consumer's preference for convenient one stop specialised shopping

In supporting the proposed amendment, the Department recognises changes to large format retailing broadly, however, ignores the changes in the delivery of the contemporary supermarket as equally requiring reconsideration in terms of land use planning. Rather, supermarkets continue to be broadly, and in our view inappropriately categorised, with clothes and footwear and precluded from the definition.

In the context of “traditional” *bulky goods premises* the Proposed Amendments to the SI LEP document states:

*“Other changes in the sector include homemaker centres that provide a specialised retail experience selling complementary homemaker products meeting the consumer preference for a convenient, one-stop shopping trip and where a larger floor plate is required because of the volume of product, rather than the size of the product.” p13*

The proposed indicative definition is as follows:

***Specialised Retail Premises***

*A building or place used to sell, display or hire:*

- a) automotive parts and accessories;*
- b) camping, outdoor and recreation goods*
- c) electric light fittings;*
- d) animal supplies;*
- e) floor, wall 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 and spas;*
- j) office equipment and supplies;*
- k) baby and children's goods, children's play equipment and accessories;*
- l) BBQs, fireplaces and gas appliances;*
- m) sporting, cycling, leisure, fitness goods and accessories; or*
- n) 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 it falls in to one of the above categories.*

In considering the indicative definition proposed by the Department, CGPD’s considers that supermarkets would be permissible as interpretation of the definition provides for supermarkets under clause (n) being *goods and accessories which require a large area for handling, display or storage of goods*, and given also the introduction of Click and Collect facilities, *require vehicular access to the building for the purposes of loading goods* . It is reasonable that, relying on the characterisation of terms and their ordinary meaning according to the Macquarie Dictionary, *a building use to sell goods* that requires *a large area* could reasonably fall within the definition of a *Specialised Retail Premises* as proposed.

CGPD submit that the indicative definition of *specialised retail premises* should be amended to clarify the inclusion of a supermarket over 1,500sqm or nominate what is meant by a “large area”. It would further assist interpretation of the SILEP if a supermarket was separately defined. Continuing to rely on characterisation as a shop is too broad. This approach is consistent with the proposed amendment of the SILEP to introduce a definition for a *Neighbourhood Supermarket*.

If it is the intention of the Department to review the full suite of retail definitions, an amendment such as the one proposed above, would facilitate the delivery of large format retail (foodstuffs) in B5 and B6 zones with reasonable consistency across the State, immediately creating efficiencies in the planning process by reducing the timeframes and need for rezoning. The merit assessment will continue to act to ensure that such developments area undertaken on sites that can sufficiently accommodate the land use.

This change will not undermine the strategic planning process that is considered necessary to investigate the opportunity to broaden the scope for accommodating large retail formats, including to address the needs of the digital and on-line retail needs, within B5 and B7 zones, reviewing all definitions and the potential of other planning-based controls like floor space caps in some areas as proposed in the recommendations.

Traditional commercial core and local centre zones do not always provide the opportunity to achieve the GFA required for a large scale supermarket, consequently CGPD would like to see a more thorough consideration of options for the definition in terms of the opportunity to incorporate large format retail as proposed in the REAC report.

### **Neighbourhood Supermarket Definition**

The amendment proposes to include a new definition into the SILEP for a *neighbourhood supermarket*. A new land use term would define a *neighbourhood supermarket* and allow this use in the B1 Neighbourhood Centre zone. It would, however, be restricted to a maximum GFA of 1,500m<sup>2</sup>. *Neighbourhood supermarket* would be a type of *shop or retail premises*, ‘a shop selling food and other household items where the selection of good is organised on a self-service basis.’

CGPD support this initiative, however, as indicated above, it follows that a supermarket should also defined rather than relying on the broad characterisation of a shop as a form of retail premises.

CGPD highlights the issue of the inconsistency in the application of the B1 zone across the state. Some Council LEPs include *shops* and *retail premises* as permissible with consent in B1 zones which allows larger format supermarkets. CGPD are concerned that the introduction of the definition for a Neighbourhood Supermarket may lead to the subsequent removal of *shops* or *retail premises* from these zones and in doing so limit the opportunity to development larger format development in otherwise suitable locations.

### **Retail Policy**

CGPD supported the initiative by the Department to prepare a state-wide policy for retail development however, emphasise the need to strategically address supermarkets in a manner that recognises the floorplate requirements for a range of supermarket typologies tailored to better address the changes in retail driven largely by the demands and expectation of customers, as discussed above.

### **Conclusion**

Thank you for the opportunity to provide feedback on this important issue. As a major stakeholder in the retail sector and presence across NSW CGPD would welcome the opportunity to work with the Department to ensure that the policy outcome is clear, responsive and achieves better outcomes for both consumers and retailers.

Should you require clarification on any issue raised or an understanding of the needs of our industry I would welcome the opportunity to meet to discuss further.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Hamish Boots', with a stylized flourish at the end.

**Hamish Boots**  
**State Capital Transaction Manager**  
**On behalf of Coles Group Property Developments Pty Ltd**