

**Brief response to
Proposed amendments to the
Standard Instrument LEP –
Better planning for the NSW retail
sector**

Attention: Monique Darcy and the NSW Planning Department Team

14th May 2018

Introduction

1. MGA Independent Retailers (Master Grocers Australia - MGA) wishes to thank members of the Retail Expert Advisory Committee (REAC) and the team at NSW Department of Planning, for the opportunity to make a number of comments and suggestions in regard to the “Proposed amendments to the Standard Instrument LEP – Better planning for the NSW retail sector” document released in earlier April 2018
2. On behalf of MGA’s NSW members MGA would particularly like to sincerely thank NSW Department of Planning team members Leah Schramm, Casey Farrell and Gary White for the opportunity for Tim Heath from FoodWorks, Carmel Goldsmith from IGA Jamberoo and Jos de Bruin CEO of MGA, to meet and discuss the REAC report in person on the 19th February 2018 and to then be given the opportunity to put forward our views shortly after in regard to the value and importance of walkable shopping and community precincts to be included in the NSW planning review recommendations.

MGA Background

3. MGA independent Retailers is a national, registered, not for profit employer organisation founded by independent grocers in 1890.
4. MGA Independent Retailers only represents family enterprises and private businesses, particularly in grocery, liquor, timber & hardware and other retail businesses in all States and Territories.
5. These businesses range in size from small, to medium and large, and make a significant contribution to the retail industry, employing 115,000 people and accounting for approximately \$14.5 billion in retail sales.
6. There are 2,700 branded independent grocery stores, trading under brand names such as Farmer Jacks (WA) FoodWorks, Foodland (SA), Friendly Grocers, Supa IGA, IGA, IGA Xpress and SPAR with a further approximately 1,300 independent supermarkets trading under their own local brand names.
7. In addition, membership includes numerous independent liquor stores operating throughout Australia and trading under names such as Cellarbrations, The Bottle O, Bottlemart and Local Liquor which are either single or multi-store owners.

8. These stores are comparatively much smaller when juxtaposed against the larger supermarket chains such as Coles and Woolworths and their liquor stores.
9. MGA provides vital back of house support in legal, HR, training, advocacy & representation, networking opportunities, and energy efficiency information.
10. ***In New South Wales MGA's 495 members – independent supermarkets and packaged liquor stores, employ more than 20,000 people and transact over \$3.1 Billion in sales.***
11. The independent grocery and liquor sector in NSW makes a significant contribution to the NSW economy and the communities in which they trade.
12. Australian United Retailers, or FoodWorks Supermarkets, as they are better known, have made a significant contribution to the REAC consultative process by way of a submission (early 2017) and also in this document, recommending that NSW planning policy be directed toward a consistent, state wide, sustainable, walkable and community model.
13. There are almost 100 independently owned FoodWorks Supermarkets in Sydney and regional NSW

Proposed amendments to the Standard Instrument LEP –

Better planning for the NSW retail sector

Please find below MGA's brief response to the Proposed changes to the NSW planning framework to better support retailers to meet the needs of their customers

1. Coles and Woolworths, often facilitated by powerful and well-resourced developers, are ruthless in driving for what MGA would term "inappropriate developments" that are unsustainable and not only crowd out family enterprises and private retail businesses but innovation and diversity too.
2. Most consumers see Coles and Woolworths supermarkets as the same, just businesses with a different name. They limit consumer choice and drive consumers to their own plain label house brand products.
3. MGA and its NSW members believe enough is enough – consumers don't have enough of a say as to what they want in regard to retailers and retail choice in their communities as these choices are driven by the shopping centres themselves – same franchisee, same shopping offer in every shopping centre – no diversity, no authenticity, nothing original, just more of the same.
4. Family enterprises and private businesses who own and operate supermarkets are the hubs of the communities they trade in. They are

innovative, source goods from local producers and suppliers, develop interesting and captive shopping concepts and pro rata they provide more employment than the giants (and pay more in penalties too).

5. We thank the REAC and NSW Planning Department Team for continuing the conversation about how we can improve the NSW planning framework for the retail sector and MGA thanks you for including “**Neighbourhood Supermarkets**” as one of the five proposed strategic amendments to land use definitions in the *Standard Instrument (Local Environmental Plans) Order 2006* (Standard Instrument Order).

Neighbourhood supermarket – amendment Number 4

Point 1. Background

Permitting small-scale supermarkets up to 1,500 square metres in size in the BI Neighbourhood Centre zone would serve the needs of people who live and work in the surrounding neighbourhood. The Standard Instrument LEP does not separately define supermarkets; supermarkets are generally covered by the definition of a shop. The BI Neighbourhood Centre zone permits 'neighbourhood shops'; however, they are generally restricted to a maximum gross floor area specified under the relevant LEP that, generally, would not accommodate a small supermarket. Allowing smaller format supermarkets in BI Neighbourhood Centre zone provides convenient daily shopping for consumers and encourages people to walk rather than use a car. It could also rejuvenate smaller neighbourhood centres or allow for a suitable ground floor use in shop top housing.

MGA supports this recommendation – this will create commercial certainty and confidence for family enterprises and private supermarket owners to invest in local neighbourhood shopping precincts, drive innovation and provide consumers with an authentic, personal and excellent shopping experience.

Point 2. Proposed intent

A new land use term would define a neighbourhood supermarket and allow this use in the BI Neighbourhood Centre zone. It would be restricted to a maximum gross floor area of 1,500 square metres to ensure compatibility with the scale and nature of the surrounding, predominately residential, area. 'Neighbourhood supermarket' would be a type of shop or retail premises.

MGA supports this Proposed intent – the new land use term will allow a local supermarket of a maximum 1500 square metres to be located in a “community” local neighbourhood shopping centre. This size supermarket will act as an anchor to of the neighbourhood shopping centre, attracting

local shoppers that will compliment many other retailer offerings, cafes and service businesses in the same centre. 1500 square metres is an adequate size to accommodate receiving and storage areas in the store and will be ideal to stock a sizeable range of fresh produce, meat, bakery and delicatessen products as well as a substantial dry grocery and beverage range to satisfy local customer demand.

This walkable community model is ideal to encourage healthier behaviours and greater choices for consumers.

Point 3. Indicative definition

The definition of a 'neighbourhood supermarket' would be an entirely new definition within the Standard Instrument LEP. A definition such as the following could achieve the proposed intent.

Quote from FoodWorks – Tim Heath

This proposal is a step in the right direction and is exactly what FoodWorks proposed back in July 2016:

“In NSW we would recommend that only small supermarkets be permitted in the B1 Neighbourhood Centre zone. This could be achieved by creating a small and large supermarket definition in the LEP, or as a floorspace condition in the list of permitted uses for the zone.”

“Large anchor tenants, such as a full-line supermarket, need to be strategically located in higher order centres where the infrastructure has been developed to cater for their needs and their off-site impacts can be managed.”

This change would have the following benefits:

- **Help to achieve walkable communities:**
 - Increased health benefits through walking / cycling to local facilities
 - Reduced private vehicle trips.
 - Opportunities for a wider mix of employment opportunities within easy reach of communities.
 - Economic development.
- **Encourage large supermarkets to locate in more suitable higher order centres.**
- **Help to rejuvenate smaller neighbourhood centres.**

Point 4. Neighbourhood supermarket

A shop selling food and other household items where the selection of goods is organised on a self service basis.

MGA supports this definition – MGA members who own and operate independent supermarkets pride themselves in providing a range of fresh produce, meats, bakery and delicatessen items together with dry groceries to their customers. The local supermarket is often the “hub” of the communities they trade in. There is a face to the business as communities know who the family operators are. The families who own and operate these local supermarkets are generally involved in their local communities by providing financial and in kind support to local schools, Kindergartens, hospitals and sporting clubs. The service nature of independently owned supermarkets facilitates strong local employment opportunities.

Point 5.0 Other potential changes to Standard Instrument LEPs

The proposed definition will amend the Standard Instrument LEP through an amendment to the Standard Instrument Order. This will give the effect of updating all LEPs in NSW.

The amendment would mandate neighbourhood supermarkets as permissible with consent in the BI Neighbourhood Centre zone.

Clause 5.4 would be amended to include a restriction on the gross floor area to not more than 1,500 square metres, reflecting the fact that more traditional large supermarkets are better suited to higher order retail zones like B2 Local Centre zone where parking and traffic infrastructure caters to the related demand.

Neighbourhood supermarkets would be a type of shop permissible wherever shops and retail premises are permissible, as well as the BI Neighbourhood Centre zone.

MGA fully supports this amendment to include Neighbourhood Supermarkets into the NSW planning framework to better support retailers to meet the needs of their customers. This amendment will create opportunities for MGA members and entrepreneurs to drive food and liquor retailing excellence through innovation and investment. Consumers want this. They don't want to be dictated to by 2 big supermarket giants and an overseas discounter that provides a very limited range of products. Consumers want choice, diversity and authenticity. They want to feel valued and recognised. This is the huge point of difference family enterprises and privately owned supermarket businesses can pride themselves on.

Case study Singleton NSW

1. *Below is an example of the manipulation and behaviours by developers and a large supermarket business currently at play in Singleton NSW.*
2. *The example below, in MGA's view, will eventuate in small businesses going out of business. Big business crowding out independent businesses consequently reducing competition and stifling innovation and investment in local communities. This also has a "knock on" effect on local employment levels including that of all the local suppliers of fresh produce and locally made products, as well as service providers such as plumbers, electricians, accountants and cleaners.*
3. The case study is as follows:
 - a. A development application was approved by the Hunter & Central Coast Joint Regional Planning Panel for a 4,460 sq m retail centre in North Singleton in 2015, to be anchored by a 3,780 sq m supermarket.
 - b. The site is zoned B1 – Neighbourhood Centre. The objective for this zone is:
 - c. *"To provide a range of small-scale retail, business and community uses that serve the needs of people who live or work in the surrounding neighbourhood."*
4. There are three conditions that need to be met under this objective:
 - a. Centres are to include a range of activities, including retail, business and community uses. This condition is designed to create multi-purpose centres that act as a hub for the community.
 - b. Uses are to be small-scale. This aims to exclude large uses that rely on extensive catchments, where the majority of customers will need to drive. It also helps to minimise impacts on the retail hierarchy and on nearby centres. It encourages walkable neighbourhoods.
 - c. Uses are to serve the needs of people who live or work in the surrounding neighbourhood. This supports the concept of walkable communities.
5. In this case the proposed development was arguably:
 - a. Not providing a range of uses – it proposed only retail uses.
 - b. Not developing small-scale uses – the proposed supermarket of 3,780 sq m is not small-scale.
 - c. Meeting the needs of a regional catchment, with the majority of customers expected to drive to the centre from a wide region.
6. As a result, the proposed development will not create a walkable centre, and will substantially impact surrounding centres, including the town centre. It is also likely to significantly diminish the retail offer available at

the nearby Neighbourhood Centre, requiring its local community to drive elsewhere to meet their day to day convenience retail needs.

7. A precedent has now been set that allows a large supermarket permission to locate in a B1 zone.

End of Case Study

MGA wishes to thank the Retail Expert Advisory Committee and the NSW Department of Planning Team for the opportunity to engage and respond to the Proposed amendments to the Standard Instrument LEP – Better planning for the NSW retail sector April 2018.

MGA welcomes any further consultation opportunities as they arise.

Thank you for the opportunity.

Jos de Bruin

CEO MGA Independent Retailers