



Planning circular

PLANNING SYSTEM

Retail land use definitions

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Related	Replaces PS 18-008

Amendments to Retail Land Use Definitions

This circular is to advise local councils and other relevant planning authorities, community, industry and practitioners of a number of retail land use definitions that were introduced in 2018 to the *Standard Instrument (Local Environmental Plans) Order 2006* (and certain other environmental planning instruments). This circular also includes updates based on the Standard Instrument (Local Environmental Plans) Amendment (Land Use Zones) Order 2021.

Retail land uses

The NSW retail sector is dynamic and highly competitive. With constantly evolving consumer preferences and technology continuing to transform traditional retail, the NSW planning system must be able to adapt.

Amendments to certain retail land use definitions were made in 2018, to provide consistency, efficiency and clarity to the NSW planning system for retail. The amendments included:

- A revised definition for 'garden centre';
- A new definition for 'artisan food and drink industry';
- A new definition for 'local distribution premises'
- A new definition for 'neighbourhood supermarket'; and
- Replacement of the definition for 'bulky goods premises' with 'specialised retail premises'.

The new and amended definitions were included in the *Standard Instrument (Local Environmental Plans) Order 2006* (SI LEP Order) and certain other environmental planning instruments.

This Planning Circular provides an overview of the purpose and impact of the amendments.

'Garden centre' definition

The 2018 amendments included revision of the definition of 'garden centre'. The current definition is as follows:

garden centre means a building or place the principal purpose of which is the retail sale of plants and landscaping and gardening supplies and equipment. It may include a restaurant or cafe and the sale of any of the following:

(a) outdoor furniture and furnishings, barbecues, shading and awnings, pools, spas and associated supplies, and items associated with the construction and maintenance of outdoor areas,

(b) pets and pet supplies,

(c) fresh produce.

Note. Garden centres are a type of retail premises—see the definition of that term in this Dictionary.

Garden centres have evolved into places where customers can shop for their gardening and outdoor improvement needs. The definition allows for a mix of complementary uses to better serve customer needs.

The definition clarifies the type of uses that may be included in a garden centre and removes the previous requirement for the uses to be ancillary to the retail sale of plants and landscaping and gardening supplies and equipment.

The retail sale of plants and landscaping and gardening supplies and equipment must remain the principal purpose of a garden centre. Further explanation on interpretation of the term 'principal purpose' can be found in Planning Circular PS 21-008 '*How to characterise development*'.

The amendment to the SI LEP Order restructures the definition of 'garden centre' to clarify the principal and complementary uses that may be carried out in a garden centre. It removes the term 'ancillary', lists the uses that may be associated with a garden centre and restructures the definition to remove ambiguity.

These changes clarify that these other uses can form part of a garden centre and do not need to be ancillary to the principal purpose.

Reference to a 'restaurant or cafe' does not mean that only one restaurant or cafe can be included in a garden centre. It could include one or more of these, or a combination of both.

The sale of pets and pet supplies continues to be a secondary use allowed within a garden centre. The welfare of animals in NSW is governed by other legislation and regulations, which will regulate the sale of pets at garden centres.

‘Artisan food and drink industry’ definition

The 2018 amendment included a new definition for ‘artisan food and drink industry’. The current definition is as follows:

artisan food and drink industry means a building or place the principal purpose of which is the making or manufacture of boutique, artisan or craft food or drink products only. It must also include at least one of the following:

- (a) a retail area for the sale of the products,
- (b) a restaurant or cafe,
- (c) facilities for holding tastings, tours or workshops.

Note. See clause 5.4 for controls in industrial or rural zones relating to the retail floor area of an artisan food and drink industry.

Artisan food and drink industries are a type of light industry—see the definition of that term in this Dictionary

Boutique, craft or artisan food and drink products are increasingly popular among consumers who want an alternative to mass-manufactured offerings. Craft and locally produced goods command a price premium and support industries such as tourism and hospitality and provide local employment.

The new land use term provides clarity for the growing artisan and craft food and drink industry such as microbreweries or cheese makers by establishing a new definition that reflects the nature of these uses.

The principal purpose of an ‘artisan food or drink industry’ must be the carrying out of an industrial activity involving the manufacture of boutique, craft or artisan food or drink. Further explanation on interpretation of the term ‘principal purpose’ can be found in Planning Circular PS 21-008 *How to characterise development*.

The land use term requires that at least one of the following must also be undertaken in an ‘artisan food and drink industry’:

- retail sales
- a restaurant or café
- facilities for tastings, tours or workshops

The retail sales component of an ‘artisan food and drink industry’ in productivity support, general industrial, heavy industrial and working waterfront and rural zones is controlled through clause 5.4 of the SI LEP Order which applies retail floor space restrictions.

‘Local distribution premises’ definition

The 2018 amendments included a new definition for ‘local distribution premises’. The current definition is as follows:

local distribution premises means a building or place used for the storage or handling of items (whether goods or materials) pending their delivery to people and businesses in the local area, but from which no retail sales are made.

‘Local distribution premises’ land use term when introduced were a type of warehouse or distribution centre. The Standard Instrument (Local Environmental Plans) Amendment (Land Use Zones) Order 2021 removed local distribution premises from any group term.

The increase in online shopping and demand for faster, cheaper delivery has created a need for smaller distribution premises within centres where purchases can be picked up and delivered homes.

The land use term allows councils to plan for smaller scale distribution centres which may be located in a wider range of zones, including centres. Local distribution premises are mandated in zones C1-C4 and MU1.

The new term is intended to encompass places for the pick-up of goods by customers, such as parcel lockers and to cater to last-mile delivery by couriers and other delivery agents.

‘Neighbourhood supermarket’ definition

The 2018 amendments included a new definition for ‘neighbourhood supermarket’. The current definition is as follows:

Neighbourhood supermarket means premises the principal purpose of which is the sale of groceries and foodstuffs to provide for the needs of people who live or work in the local area.

Note. See clause 5.4 for controls relating to the gross floor area of neighbourhood supermarkets.

Neighbourhood supermarkets are a type of shop—see the definition of that term in this Dictionary.

‘Neighbourhood supermarket’ is a subset of the land use ‘shop’. The size of a ‘neighbourhood supermarket’ is restricted to a maximum gross floor area of 1,000 square metres, through clause 5.4 of the SI LEP Order, to ensure compatibility with the scale and nature of the surrounding, predominately residential area.

The principal purpose must be the sale of groceries and foodstuffs in a supermarket format. Groceries include food and other articles for household use. Further explanation on interpretation of the term ‘principal purpose’ can be found in Planning Circular PS 21-008 *How to characterise development*.

Allowing ‘neighbourhood supermarket’ in certain zones allows for a supermarket larger than what is generally permitted as a ‘neighbourhood shop’ in areas where ‘shops’ may not be permissible but smaller ‘neighbourhood shops’ are permissible.

Permitting small-scale supermarkets up to 1,000 square metres in size serves the needs of people who live and work in the surrounding neighbourhood. By including a specific land use term and definition it is

clear to retailers, councils and communities that neighbourhood supermarkets can locate in these areas.

‘Specialised retail premises’ definition

The 2018 amendments included ‘specialised retail premises’ as a new definition to replace the previous ‘bulky goods premises’ definition.

The current definition is as follows:

specialised retail premises means a building or place the principal purpose of which is the sale, hire or display of goods that are of a size, weight or quantity, that requires:

- (a) a large area for handling, display or storage, or
- (b) direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire,

but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale, hire or display of other goods referred to in this definition.

Note. Examples of goods that may be sold at specialised retail premises include automotive parts and accessories, household appliances and fittings, furniture, homewares, office equipment, outdoor and recreation equipment, pet supplies and party supplies.

Specialised retail premises are a type of retail premises—see the definition of that term in this Dictionary.

The amendment was made to reflect changing business models in the large format retail industry. This includes the development of formats such as homemaker centres, and the changing nature of retail and products that are being sold in the large format retail sector since the introduction of the term ‘bulky goods premises’.

Many specialised retailers no longer require the capacity to store large quantities of goods in their shops as customers order from the retailer and goods are dispatched from a central warehouse direct to the customer at a later date. This ‘showroom style’ model may also negate the need for customer loading facilities.

There is also a growing requirement for a larger floor plate because of the quantity and range of products on offer, rather than the size of an individual product.

The new definition of ‘specialised retail premises’ differs from the previous definition of ‘bulky goods premises’ in that:

- It is no longer a requirement that the goods be of such a size or weight as to require both a large area for handling, display and storage and direct vehicular access to loading facilities for members of the public. Only one of these requirements needs to be met.
- Retailers that stock a large quantity or volume of products are characterised as specialised retail

premises even if those products are not large or heavy, but the quantity or volume of goods requires a large area for handling, display and storage or direct vehicular access to loading facilities for members of the public.

The definition includes a list of examples of goods that may be sold, displayed or hired at specialised retail premises. The term ‘goods’ includes accessories, equipment and supplies. This list of examples is not exhaustive or exclusive – any goods that are of such a size, weight or quantity so as to require a large area for handling, display and storage or direct vehicular access to loading facilities for members of the public will meet the definition.

Types of goods that fall within the definition include:

- animal supplies including equestrian and pet goods;
- automotive parts and accessories;
- camping, outdoor and recreation goods;
- electric light fittings;
- floor, wall and window coverings;
- furniture, bedding, furnishings, fabric and manchester and homewares;
- household appliances and fittings;
- household electrical goods and home entertainment goods;
- party supplies;
- swimming pools and spas;
- office equipment and supplies;
- baby and children’s goods, children’s play equipment and accessories;
- barbeques, fireplaces and gas appliances; and
- sporting, cycling, leisure, fitness goods and accessories.

A comprehensive and full range of goods, of all shapes and sizes, can be sold, displayed and hired in a ‘specialised retail premises’.

A ‘specialised retail premises’ can include the sale and display of foodstuffs and clothing, however they must be ancillary and/or incidental and/or sold in conjunction to the goods which meet one of the two nominated tests in the definition.

Savings and transitional arrangements

The new definition for ‘artisan food and drink industry’ and the amended definition for ‘garden centres’ commenced on 27 July 2018.

The new definition for ‘local distribution premises’ and ‘neighbourhood supermarket’ and the amended definition for ‘bulky goods premises’ to known as ‘specialised retail premises’ commenced on 31 August 2018.

Applications lodged through the complying development or merit assessment pathway, prior to the introduction of the 'artisan food and drink industry'; 'local distribution premises'; 'neighbourhood supermarket'; and 'specialised retail premises' land use terms, and which were not determined when the changes commenced, are to be assessed as if the new definitions have not yet been made.

Due to the new definition of 'garden centre' being broader than the previous definition no savings or transitional arrangements are necessary.

Further information

For further information please contact Service NSW on 13 77 88.

Department of Planning, Industry and Environment circulars are available at:
planning.nsw.gov.au/circulars

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