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## 2.2 ADDITIONS TO ORANGE LOCAL ENVIRONMENT PLAN 2011 - ORANGE AS A FOOD AND WINE TOWN

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AUTHOR: David Waddell, Director Development Services

### EXECUTIVE SUMMARY

On 27 July 2018 the Department of Planning and Environment made the following amendments to the Standard Instrument LEP:

- a new definition of ‘artisan food and drink industry’ (exhibited as ‘artisan premises’) has been introduced to provide clarity for the growing artisan and craft food and drink industry;
- an amended definition of ‘garden centre’ to clarify the mix of uses that better reflect the contemporary garden centre format.

This report focuses on the **‘artisan food and drink industry’**.

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 support industries such as tourism and hospitality, as well as providing local employment (Department of Planning & Environment) The new land use term will provide 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. Feedback from Local Government and industry has raised concern that the current land use definitions do not adequately encompass the growing artisan manufacturing industry. This was creating an environment where the inconsistent application of multiple landuses was occurring across Local Governments.

Demand for the new land use definition is linked to the emergence of changes in community expectations where customers are knowledgeable and passionate about products and seek a unique experience linked to the producer. In the same way that customers travel to wine regions to taste wine, artisan producers require areas where they can make and sell their products and offer customers an experience while tasting or testing the product.

Orange City Council staff have had several approaches, particularly around microbreweries wanting to enter the CBD or surrounds rather than industrial zones, which have been lost.

‘Artisan food and drink industry’ will now be permitted wherever ‘light industry’ is permitted. Within Orange this currently includes the following zones:

- RU5 Village (Lucknow/Spring Hill)
- B6 Enterprise Corridor (Endsleigh Avenue/William Street)
- B7 Business Park (Leeds Parade)
- IN1 General Industry and
- IN2 Light Industry.

Councils can also amend local planning controls to permit ‘artisan food and drink industry’ in additional zones if considered appropriate.

It is the opinion of staff, informed by the criterion of previous enquiries, that these uses are potentially suited to the following zones, with appropriate planning controls:

- B3 Commercial Core (CBD)
- B2 Local Centre (North Orange) and
- B4 Mixed Use (Peisley Street for example).
- B1 Neighbourhood Centre

The changes to the Standard Instrument LEP will allow artisan producers to also offer complementary services such as a restaurant, tours, workshops or tastings. Retail floor area is limited by a new provision in clause 5.4 of the Standard Instrument LEP.

#### **LINK TO DELIVERY/OPERATIONAL PLAN**

The recommendation in this report relates to the Delivery/Operational Plan strategy “7.1 Preserve - Engage with the community to develop plans for growth and development that value the local environment”.

#### **FINANCIAL IMPLICATIONS**

Nil

#### **POLICY AND GOVERNANCE IMPLICATIONS**

The Development Services Division will prepare a planning proposal and push through a rezoning to allow the uses proposed. This will in turn amend Orange LEP 2011.

#### **RECOMMENDATION**

- 1 That Council delegate to staff the preparation of a Planning Proposal to add ‘Artisan food and drink industry’ to more commercial zones in Orange and for it to be put through the Gateway process and on to public exhibition.**
- 2 That staff prepare appropriate environmental controls in relation to scale, traffic, odours, noise and waste for inclusion in the Planning Proposal.**

#### **FURTHER CONSIDERATIONS**

Consideration has been given to the recommendation’s impact on Council’s service delivery; image and reputation; political; environmental; health and safety; employees; stakeholders and project management; and no further implications or risks have been identified.

#### **SUPPORTING INFORMATION**

According to the DPE Circular, 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.

The NSW Department of Planning and Environment exhibited five strategic amendments to retail land uses from 3 April 2018 to 18 May 2018. The proposed definition amendments aimed to provide consistency, efficiency and clarity to the NSW planning system for retail, and include:

- a new definition for 'artisan food and drink industry'
- a revised definition for 'garden centre' (not addressed in this report).

A new definition of 'artisan food and drink industry' has been introduced in the Standard Instrument (Local Environmental Plans) Order 2006 (SI LEP Order) to provide clarity for the growing artisan and craft food and drink industry.

The new land use term requires that, as well the manufacture of boutique, artisan or craft food or drink, at least one of the following services must be included:

- retail sales
- a café or restaurant
- tours
- workshops and tastings.

### **Purpose of the Amendment**

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 will provide 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.

### **Need for the Change**

Feedback from Local Government and industry has raised concern that the current land use definitions do not adequately encompass the growing artisan manufacturing industry. This was creating an environment where the inconsistent application of multiple landuses was occurring across Local Governments.

Demand for the new land use definition is linked to the emergence of changes in community expectations where customers are knowledgeable and passionate about products and seek a unique experience linked to the producer. In the same way that customers travel to wine regions to taste wine, artisan producers require areas where they can make and sell their products and offer customers an experience while tasting or testing the product.

In recent years Council has fielded several enquiries from prospective artisan style developments, attracted to the growing brand of Orange as a food and wine destination. The viability of such ventures often depends on being able to trade directly from the production site, with distribution networks to off-site retailers providing only a supplementary or supporting role.

The artisan business model can be thought of as a 'low volume/high margin - compete on quality' approach. This differs from the traditional production model of 'high volume/low margin - compete on price' approach. In the latter, onsite sales are either absent entirely or provide only an incidental level of trade, and the focus is on building the distribution network to grow market share. The artisan business model, however, is heavily focussed on the customer experience, and therefore often seeks locations that have a high level of pedestrian attraction, such as the CBD.

### **New 'Artisan Food and Drink Industry' Definition**

The new definition of 'artisan food and drink industry' is:

*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.*

### **Land Use Permissibility**

'Artisan food and drink industry' is a subset of the 'light industry' land use and is permissible wherever 'light industry' is permissible in Local Environmental Plans and certain other Environmental Planning Instruments. Within Orange this includes the following zones:

- RU5 Village
- B6 Enterprise Corridor
- B7 Business Park
- IN1 General Industry and
- IN2 Light Industry.

For zones in which 'light industry' is not a mandatory permissible use, local councils will continue to have the opportunity to identify areas where 'artisan food and drink industries' are appropriate, in consultation with their community.

Amendments were also made to the following State Environmental Planning Policy:

- State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (Codes SEPP) - artisan food and drink industries will be excluded from the term 'light industry' in the Codes SEPP, so that development for the purpose of an artisan food and drink industry cannot be undertaken using the exempt or complying development pathways;

**Principal Purpose**

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.

**Restriction on Gross Floor Area for Retail Sales**

The retail sales component of an 'artisan food and drink industry' in industrial and rural zones is controlled through a new provision in clause 5.4 of the SI LEP Order.

The new provision has a default retail floor space restriction of 20% of the gross floor area or 400m<sup>2</sup>, whichever is the lesser. This appears to be an appropriate level for industrial zones as it retains the focus on production. However, if the use is to be permitted in the CBD a higher percentage limit of 40% that reflects the CBD focus on retail and consumption is considered appropriate.

**Environmental Controls**

Councils can also amend local planning controls to permit 'artisan food and drink industry' in additional zones if considered appropriate. It is the opinion of staff that these uses are suited to at least the following zones, with appropriate planning controls:

- B3 Commercial Core (CBD)
- B2 Local Centre (North Orange) and
- B4 Mixed Use (Peisley Street).
- B1 Neighbourhood Centre

There are numerous examples in Sydney and other cities where microbreweries and the like coexist in a CBD location. If Orange is to grow as a food and drink destination then these uses need to be centrally located. There are, however, interface issues that need to be controlled such as scale, traffic, odours, noise and more. Staff will work on these controls in the various zones as part of the preparation of the Planning Proposal.