



## **Relative Costs of Doing Business in Australia: Retail Trade Industry Productivity Commission**

**SUBMISSION FROM THE  
Large Format Retail Association (LFRA)  
2<sup>nd</sup> May 2014**

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## 1.0 Large Format Retail Association (LFRA) Overview

The Large Format Retail Association (LFRA) (previously known as the Bulky Goods Retailers Association (BGRA)) is the national peak industry association whose primary focus is on issues relating to appropriate planning and responsible development of Large Format retail outlets. Retail members of the LFRA consist of some of Australia's largest and most respected Large Format retailers including 58 retail brands as follows:

Adairs	Early Settler	Plush
Adairs Kids	Fantastic Furniture	POCO
Amart Sports	Forty Winks	Provincial Home Living
Anaconda	Freedom	Ray's Outdoors
Autopro	Goldcross Cycles	Rebel
Autobarn	Guests Furniture Hire	Sleepys
Babies R Us	Harvey Norman	Snooze
Baby Bunting	IKEA	Sofas2Go
Barbeques Galore	JB Hi-Fi	SPACE
Bay Leather Republic	Joyce Mayne	Spotlight
BCF	Le Cornu	Suite Deals
Beacon Lighting	Lincraft	Super Amart
Bedshed	Masters Home Improvement	Supercheap Auto
Bunnings	Nick Scali	The Furniture Spot
Chemist Warehouse	Officeworks	The Good Guys
City Farmers	Original Mattress Factory	Toys R Us
Costco	OZ Design Furniture	Urban Home Republic
Curtain Wonderland	Pet Barn	Workout World
Dare Gallery	PETstock	
Domayne	Pillow Talk	

The LFRA is supported by its' Patron, PwC, and 59 Associate members who are Large Format retail developers, investors, owners and service suppliers:

ADCO Constructions	Domain Central	McMullin Group
ALTIS Property Partners	DOME Property Group	Mirvac
APP/The Planning Group	DD Corporate	Newmark Capital Limited
Architectus	Eureka Home Maker Centre	Norton Rose Fulbright
Arise Developments	Excel Development Group	Nunn Media
Arkadia	Gadens	PwC
AXIMA Logistics	Gibb Group	Primewest
AXIOM Properties Limited	Gregory Hills Corporate Park	Ray White Retail
BBRC Asset Management	Griffin Group	Realmark Commercial
BWP Trust	HLC Constructions	RPS Australia Asia Pacific
Blueprint	ISPT Super Property	Savills
Brecknock	Jana Group of Companies	Sentinel Property Services
Burgess Rawson	Lancini Group of Companies	Terrace Tower Group
CarbonetiX	Lander & Rogers Lawyers	The Belgrave Group
CBRE	La Salle Investments	The Buchan Group
CEVA Logistics	LEDA Holdings	TRICO Constructions
Comac Retail Property Group	Leedwell Property	VALAD Property Group
Cornwall Stodart	Leffler Simes Architects	Vaughan Constructions
Dart West Developments	Major Media	Vend Property
Deep End Services	McKenzie Hall	Visy Recycling

Our representation is diverse. The LFRA clearly represent the interests of Large Format retailers, but we also represent the interests of small operators as many of our members have franchised businesses.

Deep End Services estimates bulky goods sales for the financial year ending 30<sup>th</sup> June 2014 to be **\$61.4 billion** nationally and **20.1%** of all retail sales. Furthermore, it is estimated that Large Format retailers nationally employ approximately 410,700 (FTE) people both directly and indirectly.

Please note that new data is currently being prepared by Deep End Services, which in effect, is a review of quantifiable data estimates of our sector.

The LFRA is a key stakeholder in planning and zoning laws and regulations in this market sector. Consequently, we are actively involved across Australia in numerous reviews of planning policy and planning regulations that affect our industry.

Of note, are the following Federal inquiries:

- ☐ A participant in the Productivity Commission's 2011 inquiry into the '*Economic Structure and Performance of the Australian Retail Industry*'; and
- ☐ A participant in the Productivity Commission's 2010 '*Performance Benchmarking of Australian Business: Planning, Zoning and Development Assessments*'; and
- ☐ A participant in the Productivity Commission's 2007 review into the '*Market for Retail Tenancy Leases In Australia*'; and
- ☐ A keen observer of the ACCC's 2008 '*Grocery Price Inquiry*'

Also from a Federal perspective, and aside from the subject review, the following reviews are currently being undertaken:

- ☐ '*A Review of Competition Policy*'
- ☐ '*Cutting Red Tape*'

## 2.0 Response to Issue Paper – Retailers’ Cost of Doing Business

### 2.1 Introduction

The LFRA has undertaken a review of the *‘Issues Paper’* dated 11<sup>th</sup> April 2014. As an industry body we are particularly focused on issues associated with planning and zoning and as such have made regular submissions to the Productivity Commission and all State and Territory Government in recent years. The Issues Paper is seeking response to two main issues being:

1. The retailers costs of doing business; and
2. A response on the State of the regulatory environment across Australia in the context of the recommendations made by the Productivity Commission in its 2011 report into the *‘Economic Structure and Performance of the Australian Retail Industry’*.

In relation to the first main issue, the LFRA does not have consolidated data or researched information relating to the retailers costs of doing business. As a result we can only provide anecdotal commentary on this particular subject matter.

In relation to the second main issue the LFRA will provide a detailed response based on our experience working with all State and Territory Governments over the past few years since the issue of the report in 2011

### 2.2 Response to Issue Paper – Retailers’ Cost of Doing Business

#### Key Issues

*The commission is seeking qualitative and quantitative information on the relative shares of the following costs for retail businesses operating in Australia:*

- Wage and labour on costs;
- Occupancy costs and rent;
- Distribution restriction imposed by producers;
- Transport;
- Energy;
- Inventory and storage;
- Advertising and fit-offs;
- Government taxes;
- What can public policy do to address these costs and why?
- How do these costs differ across different types of retail businesses?
- What changes in cost structures (if any) have occurred in recent years and/or are anticipated in the medium term? Are these changes specific to Australia or part of broader international trends?

- *To what extent is the entry of new players and development in technology putting pressure on these costs?*

*What evidence, if any, is there to suggest that there are segments of the retail industry that are not subject to effective competition? In those segments, what are the impediments to competition?*

*What cost variables lend themselves to cross-country comparisons?*

- *What factors need to be accounted for in assessing cost differentials across countries?*
- *Which particular retail business models overseas would provide meaningful comparators for assessing the relative cost of retailing business in Australia?*

*What are the main areas of cost advantages and disadvantages for Australian retail businesses relative to retail businesses in other countries? What are the key determinants of these differences which are relevant to government policy?*

*Are there policy relevant non-cost factors that advantage (or disadvantage) Australian retailers relative to competitors?*

LFRA does not have consolidated data or researched information relating to the retailers costs of doing business. This is largely due to the fact that members of the association manage their own information relating to costs of doing business and in the majority of cases do not disclose such information. Given that the majority of our members are located in premises outside of traditional shopping centres there is no requirement for them to disclose trading information and financial data that would be used to determine turnover based rental charges as is common in major shopping centres. Therefore, as an industry association the LFRA does not focus on this particular issue in terms of market research.

By way of industry observations, however, we can offer the following comments.

There is increasing pressure for Australian Large Format retailers to be cost competitive against overseas and online based competition. The economic climate over the past few years since the global financial crisis has seen a decline in the discretionary spending of consumers.

Many retail brands are struggling to achieve like for like sales in comparison with previous years. The high cost of labour including the generous associated benefits including paid leave; penalty rates etc. continue to climb while pressure remains on retailers to reduce the cost of products and services to consumers.

In relation to wage costs we understand that Australia has one of the highest comparative minimum wage rates in world. The high cost of labour relative to other countries in our region and compared to America and Europe contributes to Australian retailers having a higher proportionate cost for labour in this country compared to others. Labour costs would represent the single highest percentage of the cost of doing business outside of the actual retailer's merchandise.

The occupancy costs for a traditional retail property have remained stable in recent years and in the Large Format retail sector is a relatively small percentage of the overall cost of doing business. This is due to the fact that Large Format retailers occupy large floor areas generally located outside of major shopping centres and CDB locations. The average costs of rental for Large Format retail property in Australia is in the range \$180 - \$250 per square metre per annum compared with approximately \$700 - \$850 per square metres per annum for prime retail. Large Format retailers do not generally compete for prime retail floor space with supermarkets; department stores and fashion based retailers.

The typical business model of our retail members is one of low rent/low turnover versus prime retail which is generally high rent/high turnover.

There is an increasing awareness of the environmental issues and costs in the marketplace and this has translated into a focus towards energy management to reduce costs of operation for retailers. There have been an increasing number of businesses looking to solar power and energy efficient light fittings to reduce running costs as well as smart technology for management of these systems in use. The LFRA expects this trend to continue in the immediate future.

## 3.0 Response to Issue Paper – The Regulatory Environment

*The Commission is seeking qualitative and quantitative information on the extent to which these recommendations have been adopted across Australia jurisdictions.*

*Where recommendations have been implemented, to what extent have they had an impact on retail business costs?*

*Where recommendations agreed to have not been implemented or not implemented fully, what are they key barrier to implementation?*

*Are there other regulatory costs of doing business in the Australian retail industry that are adversely affected the competitiveness of Australian retailers? If so, how significant are these costs and which types of retail businesses do they mostly affect?*

The LFRA makes the following comments in relation to the following recommendations contained in 'PC2011': –

### **Planning and zoning**

*Rec. 8.1: State, territory and local governments should (where responsible) broaden business zoning and significantly reduce prescriptive planning requirements to allow the location of all retail formats in existing business zones to ensure that competition is not needlessly restricted. In the longer term, most business types (retail or otherwise) should be able to locate in the one business zone.*

*Rec. 8.2: Governments should not consider the viability of existing businesses at any stage of planning, rezoning or development assessment processes. Impacts of possible future retail locations on existing activity centre viability (but not specific businesses) should only be considered during strategic plan preparation or major review - not for site specific rezoning or individual development applications.*

*Rec. 8.3: State, territory and local governments should facilitate more as-of-right development processes to reduce business uncertainty and remove the scope for gaming by competitors.*

*Rec. 8.4: State and territory governments should ensure third party appeal processes within planning systems include clear identification of appellants and their grounds for appeal and allow courts and tribunals to award costs against parties found to be appealing for purposes other than planning concerns.*

*Rec. 8.5: State, territory and local governments should reduce the compliance costs associated with planning systems and development approvals by implementing the leading practices identified in the Commission's recent benchmarking report on planning, zoning and development assessments.*

**Response:** Agree in principle.

*The Government encourages state and territory governments, which are primarily responsible for planning and zoning regulation, to carefully consider and implement where appropriate the findings of the Productivity Commission's report and its previous benchmarking report. The Government will also establish the Retail Council of Australia, which will provide a specific forum for the industry to collectively raise their concerns with the Government and facilitate the consultation needed to inform the Governments' consideration of policy matters relevant to the retail sector, including planning and zoning and retail tenancy leases.*



In the past 2-3 years since the issue of the Productivity Commission report into the *'Economic Structure and Performance of the Australian Retail Industry'* there has been some work undertaken in the various States and Territories that has led to varied outcomes. There has been a trend towards review of planning regulation however the only review to date that has resulted in positive changes is in Victoria.

We generally note the constructive direction that the Queensland Government is taking however the LFRA has major concerns with the progress and direction of planning in New South Wales and Western Australia. Our views in relation to the progress and direction of the main States will be discussed further in this section of the submission.

In recent years, the major focus of these reviews has been to update and standardise planning regulations. There is a common theme throughout Australia, i.e., to reduce the quantum and impact of restrictions that are in place within planning legislation. The removal of restrictions can generally be supported on the basis that by doing so, the planning system will more efficient, competitive and ultimately more productive.

There is also a need for periodic review of planning policy to ensure that the policies and regulations in place are relevant in our economy and society that is constantly evolving. This is particularly relevant in the past few years where retailing has been under pressure from adverse economic conditions; changes in consumer behaviour; price harmonisation; globalisation and the increasing market share of internet based retailing. In recent times there has been some major reviews undertaken which have identified the need for changes to planning policy. This is timely given that there has never been a greater need for planning to keep pace with the market it seeks to regulate.

The most significant and progressive shift in planning policy in recent times has come from the Victorian Government in the reform of planning and zoning across the State in 2013. The most significant failure in planning policy and planning reform has come from the recent events in New South Wales. These will be discussed further in this section of our response.

On the issue of land use definitions; Large Format retailing is a separately defined land use term in all State and Territory planning schemes across Australia. Common to all planning laws across Australia is the premise that Large Format retailing is a separate category of retailing distinct from core retail or *'shops'* and can therefore locate on land that is zoned for purposes other than core retailing. In this regard, Large Format retailing is a permissible and encouraged land use on lower order Business and Commercial zoned land and in some cases, Industrial zoned land.

There are fundamentally two (2) types of definitions contained in planning laws across Australia that define Large Format retailing including;

- ☐ Performance based definition relating to *'bulky goods'* defined by the size, shape and/or weight of the goods.

This type of definition originated in New South Wales and has been adopted in part in other States.

- ☐ List of specific product categories based on their ordinary meaning (e.g. – furniture) that are deemed to comply as ‘bulky goods’.

This type of definition originated in Victoria and has been adopted in part in other States.

We include an update on the key reviews of planning policy and planning frameworks that are being undertaken in each State.

## NEW SOUTH WALES

A short time prior to the former NSW Labor Government going into caretaker mode in March 2011, the Government implemented an amendment to the ‘Standard Instrument’ (‘LEP’) which included a seemingly minor change to the definition of ‘bulky goods premises’. This amendment was done without any industry consultation whatsoever.

The current definition of ‘bulky goods premises’ is as follows;

*“...bulky goods premises means a building or place the principal purpose of which is the sale, hire or display of bulky goods, being goods that are of such size or weight as to require:*

*(a) a large area for handling, display or storage, and*

*(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,*

*and including goods such as floor and window supplies, furniture, household electrical goods, equestrian supplies and swimming pools, but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale or hire or display of bulky goods.*

*Note. Bulky goods premises are a type of retail premises—see the definition of that term in this Dictionary...”*

The above listed definition is a revision to the ‘Standard Instrument’ definition introduced in 2005, which has been adopted by all Local Councils that have completed the process to adopt a new ‘LEP’.

The main difference between the two (2) ‘Standard Instrument’ definitions is the removal of the words “.../or...” which implies a meaning that a ‘bulky goods premises’ must comply with both criteria in the definition namely; the large area and the direct access for loading and unloading of goods. This implies a requirement to have an onsite loading and unloading facility rather than fulfilling sales from an offsite warehouse facility. This change to the definition has only resulted in creating uncertainty surrounding the issue of compliance and inconsistency between the various Local Council ‘LEP’s’.

To add further uncertainty there has also been recent examples of Local Councils in NSW that have introduced specific planning policies in their ‘LEP’s’ which are at odds with or contradict the ‘Standard Instrument’ definition of ‘bulky goods premises’. This most often arises from Council’s undertaking ‘Development Control Plans’ and creating policies within other strategic planning studies that result in introducing exclusions or restrictions on the type of goods that can lawfully be sold.

In relation to planning policy the New South Wales Liberal Government was elected in early 2011 with a clear election promise to entirely replace planning laws in the State. The existing planning system was considered to be outdated; overly complex and time consuming and need to be completely overhauled in order to attract investment in the state to meet the population growth forecasts.

The New South Government has undertaken an extensive and exhaustive process over more than two and half (2.5) years to consult with stakeholders; design a new planning system and prepare new legislation to implement that new system. In December 2013 this entire process reached an impasse in the parliament due to political opposition.

It currently remains unclear as to whether the Government will continue to introduce new legislation or revert to the existing system without further change.

This entire process has left the development sector in a complete state of uncertainty.

The LFRA is a major stakeholder in planning in New South Wales having been involved in all recent planning reviews including being an invited industry stakeholder for consultation at department level. It is extremely disappointing to have invested a considerable amount of resources into this process for it to have failed to produce any outcome whatsoever.

The Government of New South Wales needs to restore confidence and certainty on the issue of planning reform and planning legislation as an immediate priority.

There is also a pressing need to address the issue of Industrial Land in inner urban areas. There is a decline in demand for industrial land uses particularly in inner city areas due to the decline in manufacturing in Australia. Currently bulky goods showrooms are prohibited from locating on Industrial land despite the fact that it would be an appropriate use of such land with no adverse impacts and provide economic benefit. The LFRA has advocated that bulky goods showrooms and Large Format retailing should be permissible subject to development approval on industrial land. This would allow councils to assess development proposals on their merits and create an increase in the supply of land for retail development.

## QUEENSLAND

There is currently no uniform state-wide planning definition of '*Large Format retailing*' in operation in Queensland. Each Local Government authority has a separate definition of '*Large Format retailing*' or its equivalent land use term '*Retail Showroom*' in their respective planning schemes.

The Queensland Government moved towards a more consistent state-wide approach to planning and adopted the '*Sustainable Planning Act 2009*' which requires Local Governments to review their planning schemes and update them to reflect the '*Queensland Planning Provisions*' ('QPP').

In relation to strategic planning, Queensland undertook major planning reform where three (3) major initiatives commenced in 2013 including:

☐ **State Assessment & Referral Agency (SARA)**

SARA will provide a coordinated whole-of-government approach to State assessment by creating a central point for receipt, referral and assessment of development applications. The legislative provisions to give effect to the 'SARA' system will commence in 2013.

☐ **Single State Planning Policy (SPP)**

The development of a ('SPP') will replace approximately fourteen (14) current policies about various state interests in the planning and development assessment system. It is intended to provide more clarity to Local governments on how to make and amend their local planning instruments and assess development applications.

☐ **Review of Infrastructure Charging Framework.**

The local infrastructure contributions framework is currently under review to introduce a more balanced framework that is equitable, transparent and certain. Public exhibition of a Discussion Paper closed on 9<sup>th</sup> August 2013. The legislative amendment process to create a new framework will follow in mid-2014. This is an important initiative to change the current pricing structure for development that is widely regarded as stifling development in the commercial sector.

Following some 18 months of consultation and debate, the Queensland Government is working to create new legislation to implement a new planning framework for the State. A consultation draft of the proposed replacement legislation '*The Planning for Prosperity Act*' is expected to be released in mid-2014 for public review and submissions.

The proposed changes to the Queensland planning system are also based on principles consistent with the Productivity Commission recommendations. The LFRA is encouraged by the recent progress and direction of planning reform in Queensland.

## VICTORIA

In January 2012, the Victorian Government implemented changes to the '*Victorian Planning Provisions*' ('VPP') that adopted a revised definition of '*Restricted Retail Premises*' and also removed the previous floor space restriction of a minimum 1,000 square metres. The revised definition in Victoria is the most flexible and appropriate definition of '*Large Format retailing*' in Australia. It applies consistently across Victoria in all Local Government areas.

***"...Restricted Retail Premises;***

*Land used to sell or hire:*

- a) automotive parts and accessories;*
- b) camping, outdoor and recreation goods*
- c) electric light fittings;*
- d) animal supplies including equestrian and pet goods;*
- e) floor and window coverings;*
- f) furniture, bedding, furnishings, fabric, manchester and home wares*
- g) household appliances, household electrical goods and home entertainment goods;*
- h) party supplies;*
- i) swimming pools*

- j) office equipment and supplies.
- k) baby and children's goods, children's play equipment and accessories
- l) sporting, cycling, leisure, fitness goods and accessories

Or,

m) goods and accessories which;

(a) Require a large area for handling, display and/or storage of goods; OR

(b) Require direct vehicular 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 their sale is ancillary to the primary use..."*

In addition, there is a separately defined land use term 'Trade Supplies' that can apply to certain types of Large Format retailers as follows;

**"...Trade Supplies;**

*Land used to sell by both retail and wholesale, or to hire, materials, tools, equipment, machinery or other goods for use in:*

- a) automotive repairs and servicing;
- b) building;
- c) commerce;
- d) industry;
- e) landscape gardening;
- f) the medical profession; primary production; or local government, government departments or public institutions..."

In July 2013, the Victorian Government implemented changes to the Victorian Planning Provisions by reforming the State's planning zones. This reform consolidated the five (5) existing Business zones into two (2) new zones and made changes to the three (3) existing Industrial Zones. The major effect of these zoning reforms is that supermarkets, shops and other retail uses can locate on land that was previous restricted to 'Large Format retailing' only. The removal of this key restriction effectively delivers an increase in the supply of land for the development of retail uses.

These recent zoning changes in Victoria have created the most flexible planning system for retail development in Australia. The changes are a reduction in the amount of regulation and involve the removal of restrictions while creating an increase in the supply of land for retail development and use. These changes are entirely consistent with the recommendations of the Productivity Commission and should serve as a model for other States and Territories to follow.

## **SOUTH AUSTRALIA**

The South Australian Government undertook a review of their planning scheme definitions in 2009. This review considered definitions relating to large format retailing on a state-wide basis to provide an update to the previous versions of definitions in line with current market

conditions and to provide a level of consistency across South Australia. The following definitions came into effect in February 2010;

*“...bulky goods outlet or retail showroom means premises used primarily for the sale, rental, display or offer by retail of goods, other than foodstuffs, clothing, footwear or personal effects goods, unless the sale, rental, display or offer by retail of the foodstuffs, clothing, footwear or personal effects goods is incidental to the sale, rental, display or offer by retail of other goods;*

*Examples—*

*The following are examples of goods that may be available or on display at bulky goods outlets or retail showrooms:*

- (a) automotive parts and accessories;*
- (b) furniture;*
- (c) floor coverings;*
- (d) window coverings;*
- (e) appliances or electronic equipment;*
- (f) home entertainment goods;*
- (g) lighting and electric light fittings;*
- (h) curtains and fabric;*
- (i) bedding and manchester;*
- (j) party supplies;*
- (k) animal and pet supplies;*
- (l) camping and outdoor recreation supplies;*
- (m) hardware;*
- (n) garden plants (primarily in an indoor setting);*
- (o) office equipment and stationery supplies;*
- (p) baby equipment and accessories;*
- (q) sporting, fitness and recreational equipment and accessories;*
- (r) home wares;*
- (s) children's play equipment....”*

*“...service trade premises means premises used primarily for the sale, rental or display of—*

- (a) basic plant, equipment or machinery used in agriculture or industry; or*
- (b) boats; or*
- (c) caravans; or*
- (d) domestic garages; or*
- (e) sheds; or*
- (f) outbuildings; or*
- (g) motor vehicles; or*
- (h) marquees; or*
- (i) trailers; or*
- (j) swimming pools, equipment and accessories; or*
- (k) building materials; or*
- (l) landscaping materials; or*
- (m) garden plants (primarily in an indoor setting), or similar articles or merchandise...”*

In February 2013 the State Government appointed a panel of experts to review the current planning system in South Australia; consult widely with the community and all stakeholders and make recommendation for the introduction of a new planning system for the State. The project is entitled think-design-deliver and is due for issue of its final report at the end of

December 2014. Whilst the review is incomplete, the LFA is concerned that there will be an increase in red tape as a result of the review.

## TASMANIA

In Tasmania, planning schemes are regulatory planning instruments that are developed under 'Part 3' of the 'Land Use Planning and Approvals Act 1993'. They set out the requirements that apply to new use and development. There are thirty-four (34) planning schemes in operation covering all land under the jurisdiction of Local Councils. In this environment there are unique and widely differing versions of definitions for 'Large Format retailing' in each of the planning schemes.

In recent times Tasmania has also moved towards a state-wide consistent planning format via 'Draft Planning Directive No.1 – The Format and Structure of Planning Schemes'. This directive requires all Local councils to prepare a new local planning scheme in accordance with the 'Planning Scheme Template for Tasmania – May 2011'. Included in this template is a standard list of land zones and land use definitions including the following definition of 'Bulky Goods'

*"...Bulky goods sales - use of land for the sale of heavy or bulky goods which require a large area for handling, storage and display. Examples include garden and landscape suppliers, rural suppliers, timber yards, trade suppliers, showrooms for furniture, electrical goods and floor coverings, and motor vehicle, boat or caravan sales..."*

Tasmania is currently in a state of 'planning reform' with a number of key outcomes achieved and processes in place. 'Regional Land Use Strategies' have been approved for the three (3) major regions of the State and Councils within these regions. Each region has developed common templates for the implementation of new planning schemes. These templates together with mandatory State Provisions and minimal local variations are in the process of preparation.

Under the recently elected new State Government, Tasmania is heading in the right direction of a uniform state planning system which is consistent with other States and again consistent with the Productivity Commission recommendations in 2011.

These continued steps forward by the Government of Tasmania are positive and encouraging.

## WESTERN AUSTRALIA

There is currently no uniform state-wide planning definition of Large Format retailing in operation in Western Australia. Each Local Government authority has a separate definition of 'Large Format retailing' or its equivalent land use term ('Showroom') in their respective planning schemes. The most common definition in operation at Local Council level is a product based definition that includes a list of compliant goods and a list of prohibited goods.



In recent years, the Government of Western Australia has been moving towards implementing more consistent state wide planning policies and regulations. The following definition of ‘*Bulky Goods Retailing*’ was adopted by the Western Australian Government Department of Planning in the Activity Centres Policy for Perth and Peel in August 2010.

**“...APPENDIX 1: INTERPRETATIONS**

*Unless otherwise noted, terms used in this policy have common meanings and include those listed in the Planning and Development Act 2005 and the Town Planning Amendment Regulations 1999.*

***Bulky goods retail or showroom***

*Large premises used to display, sell by wholesale or retail, or hire:*

- (a) automotive parts and accessories*
- (b) home entertainment goods*
- (c) camping and recreation equipment*
- (d) household appliances*
- (e) electrical light fittings*
- (d) office equipment supplies*
- (f) animal and pet supplies*
- (g) party supplies*
- (h) floor coverings*
- (i) swimming pools and supplies*
- (j) furnishings, bedding and manchester*
- (k) hardware*
- (l) furniture*
- (m) garden supplies*
- (n) goods of a bulky nature that require a large area for handling, display or storage; or direct vehicle access to the site of the premises by the public for the purpose of loading goods into a vehicle after purchase or hire...”*

In 2013 the Western Australian Department of Planning undertook a review of the Model Scheme Text (MST) which provides standard land use term definitions for use by Councils across the State in amending their local planning schemes. This review has not produced an outcome and has in effect stalled or has been placed on hold.

On 30<sup>th</sup> July 2013, the Premier announced a reform project to amalgamate and reconfigure the existing thirty (30) Local Councils within the metropolitan area into fourteen (14) new Councils. The new Local Councils are scheduled to commence operations in July 2015. Ultimately there will be a need to prepare new ‘*Local Planning Schemes*’ to cover the new municipalities and until that process is concluded, some new Councils will be required to administer several existing ‘*Local Planning Schemes*’. This transitional period will be a challenge for all parties including local councils, property owners and developers. This is particularly relevant where amalgamated councils have different land use definitions (i.e. - bulky goods retailing) and there is a need to adopt standard definitions in the new planning schemes. In this period of reform, there is an increasing need to adopt a new definition of bulky goods/Large Format retailing in the ‘*Model Scheme Text*’ which then in turn can be adopted by the new Local Councils.

In summary, there has been no substantial change in Western Australia for many years now despite the existence of various planning reviews being undertaken. The LFRA is concerned about the future of planning in the State and its ability to identify and implement changes necessary to streamline and integrate the planning system.



On a spate but related issue, the LFRA also notes that restricted trading hours remains the single largest issue for the retail industry in Western Australia. The restrictions on Sunday trading have been the subject of numerous reviews and submissions to Government over a long period of time. While there has been some change adopted by the State Government there needs to be further reform. The restrictions on Sunday trading result in a direct cost burden for retail businesses and are outdated and anti-competitive regulations that need to be removed. The LFRA is a strong advocate for the full de-regulation of trading hours in Western Australia consistent with other States.

## 4.0 Conclusion

The LFRA welcomes this opportunity to contribute to consultation process on the Productivity Commission in this continued review of issues relative to the retail sector.

The LFRA would be pleased to discuss any issues raised in further detail.

Please contact the undersigned regarding any aspect of this submission.

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