



**Premier of New South Wales**  
**Minister for Western Sydney**  
**Minister for Infrastructure**

Reference: 2014-229201

10 JUL 2014

Ms Patricia Scott  
Commissioner  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2600

Dear Commissioner

I write in regard to the Productivity Commission's interim report, *Relative Costs of Doing Business in Australia: Retail Trade Industry*. The interim report notes the Commission would welcome further information on government initiatives since 2011, which was when the Commission last tabled reforms to improve productivity in the sector.

The enclosed submission summarises NSW Government actions to reduce retail costs since 2011. It also addresses specific questions raised by the Commission in the interim report.

The NSW Government and the Australian Government share a mutual interest in reducing the cost of business in the retail industry. The NSW Department of Premier and Cabinet (DPC) is currently leading a red tape review into unnecessary regulatory costs which affect the clothing retail sector. The targeted review contributes to the NSW Government's overarching target to reduce red tape by 20% by June 2015. DPC will continue to work with the Commission in coming months to share evidence on retail costs and discuss opportunities for reform.

The NSW Government looks forward to continuing to work with the Productivity Commission. If the Commission has further enquiries please contact Mr Rhett Gibson, Principal Policy Officer, NSW Department of Premier and Cabinet.

Yours sincerely,

**MIKE BAIRD MP**  
Premier

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## **NSW Government submission to Productivity Commission Costs of Doing Business: Retail Trade Industry**

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Since 2011 the NSW Government has taken a number of actions to reduce retail business costs, including those listed below.

### **Retail lease reform**

- The NSW Government is currently reviewing the *Retail Leases Act 1994*. The purpose of the review is ensure the Act remains effective and appropriate, while at the same time reducing the compliance costs for industry. The NSW Government recently consulted stakeholders and is currently preparing a report on outcomes.
- The NSW Government is in the process of developing a 'NSW Approved Retail Lease' that can be used on a voluntary basis by landlords. This initiative will reduce lease preparation costs. The NSW Approved Retail Lease will clearly state the rights of each party, which will reduce compliance and dispute costs.
- The NSW Government is reforming the process surrounding the approved disclosure statement that must accompany a retail lease. Both landlords and tenants have advised the Government that the current form is long and complex, creating unnecessary legal costs. The NSW Government is developing a single, interactive form that adapts to the needs of landlords and retailers while retaining the original intent of the model approved disclosure statement.

### **Retail trading reform**

- In 2013 the NSW Government updated the *State Environmental Planning Policy (Exempt and Complying Development) 2008* to facilitate retail and food and beverage premises trading for 24 hours in the two weeks prior to Christmas Day.
- In 2012 the NSW Government introduced to Parliament the *Retail Trading Amendment Bill 2012*. The Bill significantly expanded the opportunities for retailers to open their stores on restricted trading days, provided the rostered staff freely elected to work on the day. The Bill was withdrawn before debate in the Legislative Council. The NSW Government remains committed to reform in this area in order to address historical regulatory anomalies and to modernise retail trading laws in line with community expectations.

### **Planning and development reform**

- The 2013 reforms to the *State Environmental Planning Policy (Exempt and Complying Development) 2008* reduce business red tape by increasing the categories of development which are eligible for streamlined approval. There are now approximately 80 categories of exempt development. This aligns with the Commission's 2011 recommendation to facilitate more 'as-of-right' development. The NSW Government's response to specific questions raised by the Productivity Commission's interim report is included below.

### **To what extent are occupancy costs influenced by the behaviour of retail property owners?**

The Office of the NSW Small Business Commissioner has received examples of information asymmetry between large landlords and retailers. Two issues are:

- Landlords that own multiple shops understand the true value of similar leases in the market, including current incentives and subsidies. Some retailers have difficulty accessing this information because incentives are often excluded from publicly-available, registered leases.
- When a retailer is required to provide turnover data to a landlord as part of a lease, it can be used to deduce the store's income.

### **How can state and local governments most efficiently accommodate the interests of both retailers and residents in mixed developments?**

- The potential adverse effects of retail development on residential living within the same building can be addressed through smart design. This includes podium buildings with vertical separation between different uses, separate parking access and a segregated delivery dock.
- In NSW, councils can resolve issues through development control plans and assessment of mixed-use development applications.
- Awareness among new home buyers is an important avenue for managing expectations. In NSW, prospective buyers of property can obtain a planning certificate, also known as a 'section 149' certificate. This document lists planning controls that affect a particular piece of land.
- As already mentioned, 24-hour trading is permitted in NSW for certain businesses in the two weeks prior to Christmas Day. This extension includes retail premises within a mixed-use building but only if the premises are not:
  - on the same floor as one on which residential use is located
  - on a floor immediately above or below a floor where a residential use is located.

### **Low value GST threshold**

The interim report notes that NSW and other Australian jurisdictions are evaluating options to reduce the low value import threshold for GST. I would like to reiterate the NSW Government's commitment to this project.

### **Further information**

If the Productivity Commission requires further information on any of the above issues, please contact Mr Rhett Gibson, Principal Policy Officer, NSW Department of Premier and Cabinet (