



Submission
NSW Productivity Commission Discussion Paper
Kickstarting the Productivity Conversation

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Contents

1.	Introduction	3
2.	Large Format Retail Association and Sector Overview	4
	2.1 The LFRA’s Involvement in NSW Planning Reform	6
3.	Challenges Facing the Large Format Retail Sector	8
4.	Response to Discussion Questions	9
	4.1 Planning For The Jobs NSW Needs	9
	4.1.1 How Could the NSW Zoning System be Simplified and Improved to Support Greater Business Innovation and Competition?	9
	Lack of Clarity in Definitions	9
	Lack of Sufficient Appropriately Zoned, Sized and Configured Land to Support New Development	11
	Simplification of Business Zones	15
	4.1.2 What Other Policies Should the NSW Government Consider to Ensure the Planning System Supports Job Creation and Responds to Consumer Preferences?	16
	Greater Emphasis Should be Placed on Proactive Strategic Planning to Guide Retail	16
	Recognise and Proactively Plan for Large Format Retail	21
	4.1.3 How Could the NSW Government Ensure Regulations Around Zoning, Building Codes and Design Guidelines are Flexible and Aligned with Demand Preferences?	24
5.	Conclusion	27

Attachment A - Foreword by Anthony Roberts NSW Planning Minister to the 2019 LFRA Directory

1. Introduction

This submission has been prepared by the Large Format Retail Association (LFRA) with the assistance of Ethos Urban and Deep End Services in response to the exhibition of the NSW Productivity Commission Discussion Paper, ‘*Kickstarting the Productivity Conversation*’.

We welcome the opportunity to provide feedback to the NSW Productivity Commission on how best the NSW Government can respond to productivity challenges from the perspective of the Large Format Retail industry.

It is noted that the range of explanations offered within the Discussion Paper for the slowdown in global productivity since the early 2000’s, include a weaker business investment and a lack of innovation and adoption of new technologies. As discussed in this submission, **the NSW Government’s inability to recognise and proactively plan for the future growth of the Large Format Retail industry and provide a State-wide retail planning policy to guide retail land use objectives and decisions are the key impediments to investment in NSW by existing and new entrants within the sector and the innovation they bring.**

It is acknowledged that NSW Productivity Commissions has identified the following six (6) initial draft productivity priorities which will then be refined into a recommended reform agenda following consultation:

- Building human capital for a modern and evolving economy;
- Reliable, sustainable and productive use of our water and energy;
- Smart ways to better utilise our infrastructure;
- Modernising our tax system to help our economy grow;
- Planning for the housing we want and the jobs we need, and
- Forward-looking regulation to support competition and innovation.

The primary focus of this submission is the priority associated with planning for jobs within NSW, which the Large Format Retail industry can contribute to. We note that it is acknowledged in the NSW Productivity Commissioner’s message that “...*the private sector is a central driver of productivity...*” and is “...*where the innovations and strategies needed to propel our economy into the future, and the investment that extends the capacity of our economy will come from...*”.

Furthermore, the Commissioner’s message also states that “...*Government’s role is to ensure the rules are set in a way that best fosters an innovative spirit, enabling business to meet consumer preferences...*”.

The NSW Large Format Retail sector however is currently lagging behind more competitive States such as Victoria, South Australia and Western Australia. In those States, the State Government policy settings foster competition, jobs and development of new sites.

The current NSW planning policy settings are holding investment back.

In order to enable the contribution that the Large Format Retail sector would like to make to the NSW's productivity levels, significant amendments to the NSW planning system are required to:

- Support and adequately consider the growth of all forms of retail activity and in particular the Large Format Retail industry which is a significant and growing segment of the retail sector;
- Recognise that not all forms of retail activity belong in 'centres' and acknowledge the role that Large Format Retail centres provide to the NSW economy;
- Provide opportunities for 'emerging' and 'innovative' retail formats to locate within the NSW that are not currently recognised within the Standard Instrument LEP (Local Environment Plan) land use definitions;
- Provide simple, open and flexible Business and Industrial Zones that enable 'Specialised Retail Premises' and other supporting and incidental (such as Business Premises and Shop (limited in floorspace) land uses to be permissible in a broader range of land use zones, which will then underpin the day to day viability of large format retail centres; and
- Require Local Council areas to proactively plan to increase Large Format Retail floorspace to meet the required demand.

The secondary focus of this submission relates to the implications of excessively high electricity prices, as discussed in 'section 5.3' of the 'Kickstarting the Productivity Conversation' Discussion Paper.

2. Large Format Retail Association and Sector Overview

The Large Format Retail Association is Australia's peak body representing the interests of its membership base, being Large Format Retailers, investors, owners, developers and service suppliers. The LFRA's policy agenda includes the Large Format Retail sector's interface with urban planning, competition policy and energy. Its vision is clarity, consistency and certainty of the various laws and government regulations that relate to the Large Format Retail industry in Australia.

In the past year, Large Format Retailers in Australia generated \$81.7 billion in sales which accounts for a market share of around 25.1% or more than \$1 out of every \$4 in retail transactions in the country. In NSW alone, Deep End Services estimates that sales by Large Format Retailers currently sits at more than \$25.8 billion for the year ending 30th June 2019.

The Large Format Retail sector occupies around 35% of all retail floor space in Australia.

It is estimated that the Large Format Retail sector, both directly and indirectly, currently generates more than 441,300 (FTE) jobs in Australia, and of this figure, more than 133,800 of these positions are in NSW.

Retail members of the LFRA include some of Australia’s largest and most respected Large Format Retailers including the 60 individual business brands listed in the following table:

ABS Automotive Service Centres	Decathlon	Original Mattress Factory
Adairs	DeRucci	OZ Design Furniture
Adairs Kids	Domayne	Petbarn
Amart Furniture	Early Settler	PETstock
Anaconda	Fantastic Furniture	Pillow Talk
Animates	Freedom	Plush
Autopro	Harvey Norman	Provincial Home Living
Autobarn	House	Rebel
Baby Bunting	IKEA	RoadTech Marine
Barbeques Galore	James Lane	Robins Kitchen
Bay Leather Republic	Jaycar Electronics Group	RSEA
BCF	JB Hi-Fi	Sleepys
Beacon Lighting	JB Hi-Fi Home	Snooze
Beaumont Tiles	Joyce Mayne	SPACE
Bedshed	Kitchen Warehouse	Sprint
Bunnings	Lincraft	Spotlight
Bursons	Macpac	Supercheap Auto
Chemist Warehouse	Midas Auto Service Experts	The Good Guys
City Farmers	Mountain Design	The Sleeping Giant
Costco	Officeworks	Urban Home Republic

The LFRA is supported by its Patron, PwC, and the following 73 Associate members that comprise of Large Format Retail developers, investors, owners and service suppliers:

ACTON Commercial	Deep End Services	Major Media
Acure Asset Management	DOME Property Group	Morgans Financial Limited
ADCO Constructions	Earlytrade	MPG Funds Management
Aigle Royal Properties	Edge Electrons	Moray & Agnew Lawyers
Arise Developments	Edgewise Insurance Brokers	National Storage
AsheMorgan	ERM Power	Newmark Capital Limited
Arkadia	Ethos Urban	Perth Airport
Aventus Group	Eureka Home Maker Centre	Planning Solutions
AXIMA Logistics	Excel Development Group	Primewest
AXIOM Properties Limited	Gazcorp	Properties and Pathways
Blackmont	Gibb Group	QIC
Blueprint	Gibbens Group	Realmark Commercial
BNE Property	Geon Property	Savills
Buchan	Grosvenor Engineering Group	Sentinel Property Group
Burgess Rawson	HLC Constructions	Terrace Tower Group
BWP Trust	Home Consortium	TK Maxx
CBRE	Humich Group	Tomkins
Charter Hall	IRetail	Transact Capital
Cherry Energy Solutions	Jape Group Australia	Transcend Property
Citinova	KHQ Lawyers	Troon Group
Colliers International	Knapp Property Group	Upstream Energy
Complete Colour	Leedwell Property	Vend Property
Cornwalls	Leffler Simes Architects	VPG Property
Cushman and Wakefield	Lesso Home	
CV Media & Signage	Mainbrace Constructions	

The LFRA is a key stakeholder in the planning and zoning laws that affect this sector of the retail industry and is actively involved across Australia in reviews of planning policy and planning regulations; proactively engaging with planning authorities across the nation to promote and achieve greater clarity, consistency and certainty within and across all planning frameworks.

2.1 The LFRA's Involvement in NSW Planning Reform

In February 2015, the LFRA released their commissioned evidence-based report titled *'Investment + Competition = Jobs'*. The report was written by JBA (now known as Ethos Urban) with economic input from Deep End Services. The *'Preface'* to the report was written by Professors Allan Fels AO and David Cousins AM. A copy of *'Investment + Competition = Jobs'* can be accessed via the following link:

<https://www.dropbox.com/s/1s91q5tynq8of06/%27Investment%20%2B%20Competition%20%3D%20Jobs%20%27%20Large%20Format%20Retail%20in%20NSW.pdf?dl=0>

'Investment + Competition = Jobs' was the catalyst for the Minister for Planning, the Hon Rob Stokes' creation of the Retail Expert Advisory Committee (REAC) which was headed up NSW Chief Planner, Gary White. The LFRA was a key stakeholder in the review undertaken by the REAC, and as such, made submissions and actively participated in the REAC Review.

The *'REAC Report'* released by the then Department of Planning & Environment (DP&E) in November 2017, acknowledged the structural shift in the retail market and competition of 24-hour on-line trading with bricks and mortar retailers who have limited trading hours. In addition, the *'REAC Report'* made five (5) recommendations to the NSW Government on how the planning system could be improved to support retail in NSW, including:

- Develop a state-wide retail planning policy;
- Consider retail supply and demand in strategic plans;
- Change the Standard Instrument Local Environmental Plan;
- Improve assessment processes, and
- Provide clearer planning guidance.

In response to the REAC report, the DP&E proposed amendments to the *'Standard Instrument LEP'* and also issued *'Planning for the Future of Retail'* Discussion Paper to obtain a wider understanding of how the NSW planning system can better support a robust, diverse and evolving retail sector that meets the needs of businesses and the community.

Following a significant number of submissions made by the LFRA and other representatives of our industry, in August 2018 the land use term *'Bulky Goods Premises'* was replaced with *'Specialised Retail Premises'*. The new definition overcame significant problems with the previous definition of *'Bulky Goods Premises'*. However, whilst the new definition assists our members in terms of providing clarity, consistency and certainty in respect of the goods that can be sold and services provided and has made it a little easier for our industry to do business in NSW, there is still more to do as it does not fundamentally increase the supply of land for future Large Format Retail developments.

Minister Roberts informed our members in the 'Foreword' to this year's LFRA Directory (refer to 'Attachment A') that in 2019 the NSW Government "...will finalise the State-wide retail planning policy and provide advice to councils on how to consider retail supply and demand as part of their local strategic plans...". However, there has not been a State-wide retail planning policy released within 2019 and since Minister Stokes was re-appointed as the Minister for Planning the NSW Government has not actioned any of the other recommendations, and there continues to be no timetable or update provided that relates to the introduction of an appropriate 'Retail Planning Policy'.

A key finding of the 'REAC Report' (page 8) was that "...the planning system does not provide sufficient flexibility to accommodate the dynamic and rapidly evolving nature of the retail sector, resulting in an ad hoc approach to retail development, an undersupply of retail floorspace and inconsistent land use outcomes...".

Despite the findings of the 'REAC Report', and the adoption (at the time) of the recommendations within the 'REAC Report' by the DP&E, the NSW Government continues to do very little to address the challenges that are faced across the entire retail sector, but none more so that the Large Format Retail sector.

Indeed, following a meeting with a representative from Minister Stokes' office in July 2019, the LFRA wrote to the Minister to seek assurance that the recommendations from the 'REAC Report' would be implemented and the State-wide planning policy would be finalised, noting that the NSW policy settings were holding back investment. To date no response has been received from the Minister's office addressing the issues raised.

3. Challenges Facing the Large Format Retail Sector

Findings from *'Investment + Competition = Jobs'* have informed this submission and previous submissions to the DP&E, Greater Sydney Commission and the REAC over the last five (5) years, where the LFRA has consistently advocated for, and maintains its position that planning and zoning laws within NSW need to provide clarity, consistency and certainty to allow retailers to meet current and future challenges. Principally, the investment in the sector suffers from:

- A lack of clarity and flexibility in determining whether its retailers *'fit'* within the current available land use definitions;
- A lack of sufficient appropriately zoned, sized and configured land to support new development.

Furthermore, the challenges that face the Large Format Retail sector, and in particular, the urgent need for appropriate planning and zoning legislation to support the Large Format Retail sector has also been highlighted in numerous independent reports issued over the last eleven (11) years, including:

- *'Independent Recommendations Report'*, prepared by the Retail Advisory Expert Committee (June 2017);
- *'Shifting the Dial'*, prepared by the Australia Government Productivity Commission (August 2017);
- *'Economic Structure and Performance of the Australian Retail Industry'*, prepared by the Australian Government Productivity Committee (December 2011);
- *'The Sydney Retail Demand and Supply Consultancy Report'*, prepared by Deep End Services (May 2016);
- *'The Employment Centres Analysis'*, prepared by SGS Economics and Planning (February 2016);
- *'Industrial Precinct Review'*, prepared by Hill PDA (August 2015);
- *'Proposed Standard Instrument Local Environmental Plan Amendment to the Bulky Goods Premises Definition'*, prepared by the DP&E (November 2017).
- *'Performance Benchmarking of Australian Business: Planning, Zoning and Development Assessments'*, prepared by the Australian Government Productivity Commission (May 2011); and
- *'Market for Retail Tenancy Leases in Australia'*, prepared by the Australian Government Productivity Commission (March 2008).

These challenges are explained in further detail below and form the basis for our response to the *'Kickstarting the Productivity Conversation'* Discussion Paper.

4. Response to Discussion Questions

4.1 Planning For The Jobs NSW Needs

The NSW Productivity Commission's Discussion Paper *'Kickstarting the Productivity Conversation'* provides a number of discussion questions. Based on the LFRA's extensive experience, we provide feedback on the following Discussion Questions.

- How could the NSW zoning system be simplified and improved to encourage business innovation and competition?
- What other policies should the NSW Government consider to ensure the planning system supports job creation and responds to consumer preferences?
- How could the NSW Government ensure regulations around zoning, building codes and design guidelines are flexible and aligned with demand and preferences?

The LFRA's responses to each of these *'Discussion Questions'* are outlined below.

4.1.1 How Could the NSW Zoning System be Simplified and Improved to Support Greater Business Innovation and Competition?

Lack of Clarity in Definitions

The Large Format Sector has long suffered from a lack of clarity in determining whether its retailers *'fit'* within the current available land use definitions. Accordingly, new entrants within the Large Format Retail sector from overseas and new Large Format Retail developments in NSW that don't *'fit'*, face high risk and an uncertain and lengthy planning pathway, which often involves the rezoning of land through a planning proposal.

As noted above, whilst the introduction of the *'Specialised Retail premises'* definition assists many of our members in terms of providing clarity, consistency and certainty in respect of the goods that can be sold and services provided and has made it a little easier for our industry to do business in NSW, other new entrants into the Large Format Retail sector continue to face significant problems.

Furthermore, retailers want to remain innovative and adapt to ensure future expansion. It is heartening to see that the NSW Productivity Commission acknowledge (on page 112) that one of the key trends that has characterised the development of Sydney and New South Wales, are changes in the types of businesses wanting to locate in Sydney and their land use needs.

In order to succeed, retailers' primary focus is to deliver a seamless retail experience to the customer. The retail sector, like many markets, is facing incredible disruption and change. Technology, in many forms, has been a significant part of the disruption, but at the same time it is a massive enabler. Retail must continue to innovate, adapt, and remain connected to the most important person; its' customer.

There is absolutely no doubt that the physical retail store is as important as ever. The online component of the retail experience often provides a great selling tool, information and education to customers, as well as a purchasing function. Online sales do not detract from the need for Large Format Retail stores, instead an online capability is part of a holistic retail offer. A great example of the seamless retail offer is the exponential growth of *'click and collect'*, where customers can order the product of choice online and come into the retail store to collect it.

Whilst some Large Format Retailers are developing showrooms on former industrial sites and are evolving with a greater focus on the mix of different types of retailers within homemaker centres that can combine elements from the main street, Large Format Retail bricks and mortar stores are the core component of a holistic retail offer.

There is a significant lack of appropriately zoned land to accommodate new Large Format Retail development. In particular, the development of Large Format Retail in industrial zones is only an option to those retailers that fall within the *'Hardware and Building Supplies'* and *'Garden Centres and Landscape Supplies'* definitions.

The supporting components of the retail offer such as online is not a sign that the provision of the traditional type of Large Format Retail stores is not required. Indeed, online sales within this sector are not as successful without the provision of stores that can display a retailers' full range, where people can view items before they buy online. The physical in-store experience of retail is a fundamental necessity.

The LFRA acknowledge that out-of-centre development can have a pronounced negative impact on regional centres and their main streets, however the NSW Government's current zoning system does not recognise that the Large Format Retail sector has its own role to play, and whilst the Large Format Retail stores are not suitable forms of developments for main streets, they are essential to increasing the choice of the local offer and providing much needed employment.

This view was also echoed in the *'REAC Report'* (page 7) which indicated and acknowledged that one of the *"...Change Factors..."* within the retail industry is the *"...consolidation of bulky goods retailing..."*, which occupies *"...23% of the retail market..."*, is a *"...legitimate and popular format..."* and is *"...here to stay*

Therefore, the NSW planning system needs to support all forms of retail and provide the flexibility in zoning and land use restrictions to promote flexibility. For example, on some large format retail sites, it may be appropriate to co-locate with a cinema, or an office development depending upon what the consumer in that exact location wants. However, the highly prescriptive zoning and planning system would not necessarily allow this.

Lack of Sufficient Appropriately Zoned, Sized and Configured Land to Support New Development

The LFRA supports the NSW Productivity Commissions view (on page 115) that “...zoning practices that unnecessarily restrict where businesses can locate and how they can use land risk stifling those process and act as a barrier to productivity growth...”.

In response to this, and to add to the commentary on page 117 of the Discussion Paper, the Large Format Retail sector in particular suffers from **a lack of sufficient appropriately zoned, sized and configured land to support new development.**

Under the ‘Standard Instrument LEP’, the ‘B5 Business Development’ zone is intended to specifically support Large Format Retail premises. Its objective is:

“...to enable a mix of business and warehouse uses, and ‘Bulky Goods Premises’ that require a larger floor area, in locations that are close to, and that support the viability of centres...”

‘Specialised Retail Premises’ (previously ‘Bulky Goods Premises’), ‘Hardware and Building Supplies’ and ‘Garden Centres’ are mandatory permitted uses in this zone. However, consent is still required for new Large Format Retail premises within this zone. Furthermore, although the ‘B5’ zone is intended to encourage Large Format Retail premises, a focus on activity centre development and the protection of existing centres is built in to the objective for the zone, which requires ‘Specialised Retail Premises’ to ‘support the viability of centres’. An analysis of NSW metropolitan councils with either a draft or finalised standard instrument was undertaken as part of the research that informed ‘Investment + Competition = Jobs’. The 2015 analysis showed that **49% of metropolitan councils do not have a ‘B5’ zone** (i.e. no zone that specifically contemplates and permits Large Format Retail uses). This is particularly the case in inner ring and northern metropolitan areas, as well as in the south-east of Sydney.

A similar pattern emerged for the ‘B6 Enterprise Corridor’ zone in which ‘Hardware and Building Supplies’ and ‘Garden Supplies’ – but not ‘Specialised Retail Premises’ is a mandatory permitted use. The 2015 analysis showed that of the 21 (57%) of Sydney metropolitan Councils with a ‘B6’ zone, four (19%) do not permit ‘Specialised Retail Premises’ at all within this zone.

As noted above, the ‘REAC Report’ stated, “...the planning system does not provide sufficient flexibility to accommodate the dynamic and rapidly evolving nature of the retail sector, resulting in an ad hoc approach to retail development, an undersupply of retail floorspace and inconsistent land use outcomes...”.

With regard to floorspace demand within the Large Format Retail sector, the 2016 Deep End Services report – ‘*Sydney Retail Demand and Supply Consultancy*’ prepared for the then DP&E in association with the Greater Sydney Commission (GSC), identified that between 1.74 and 2.2 million square metres of Large Format Retail floorspace will be required over the period 2011 to 2031 which accounts for approximately 40% of retail demand.

The Deep End Services report also acknowledged that the Large Format Retail sector has experienced a 2.3% growth per annum between 1992 and 2015, which is the second highest growth rate out of all other identified retail sub-markets. Growth between 2015 and 2031 is, however, expected to slow to 1.1% per annum, which is attributed in part to:

- The past trend of redeveloping industrial land in inner suburban locations for retail development is unlikely to occur to such an extent in the future; and
- Regulatory reform that in the past fuelled growth (e.g. removal of weekend trading restrictions) is unlikely to occur to such an extent in the future.

Deep End Services estimated that the Large Format Retail floorspace supply within the Sydney Metropolitan Area in 2015 was 2.9 million square metres which represents 27% of the retail distribution. Using the same methodology in its calculations, Deep End Services estimated that by 2031, Large Format Retail floorspace supply within the Sydney Metropolitan Area will account for 4.5 million square metres; this equates to an increase in supply of 1.6 million square metres, the forecast demand requirement of between 1.7 and 2.2 million square metres outstrips the supply level.

The Large Format Retail sector is therefore forecast to have significant surplus floorspace demand at 2031 which will not be met by estimated supply levels.

It has been a common experience for LFRA members over the past few years that due to the current restrictive planning and zoning controls within NSW there has been and continues to be a lack of appropriately zoned, sized and configured land to support new Large Format Retail development.

The LFRA welcomes that statement on page 117 of the Discussion Paper that *“...excessive prescription in zoning and other land use regulation can stop potentially productive businesses or activities from going ahead, even when they are unlikely to negatively impact neighbours. This can be due to onerous conditions, excessive paperwork and delays, or outright prohibition. Even where the business pushes ahead, for example by requesting a spot rezoning, this can cut against the broader benefits of coherent and consultative planning processes...”*.

This challenge to the Large Format Retail Sector has been further acknowledged in the 'REAC Report': "...it can be difficult for large format retailers to establish within the existing urban fabric where either land is not appropriately zoned or where zoned land comprises small lots...". This has resulted in the sector becoming "...unnecessarily constrained, resulting in further distortions in the locations of such facilities and their market performance...".

In order to respond to this issue, the REAC report comments that "...strategic planning is required to ascertain the need and facilitate suitable sites for large format retail..." It further recommends that the "...District and Regional Plans must consider adequate retail supply in relation to demand created through their actions and objectives, linked to population growth, housing and job projections..." and that "...the State Government should also work with local councils to ensure there is an adequate supply of land available for retail uses provided through their planning instruments...".

Furthermore, the LFRA, in conjunction with Deep End Services, has recently produced the latest and 10th annual edition of the Large Format Retail Directory – Australia and New Zealand. Data from the Directories show that Large Format Retail vacancy rates have largely declined over this period as shown in the following table:

Large Format Retail Directory Year of Publication	Vacancy Rate
2012/13	7.9%
2013/14	5.1%
2014/15	4.6%
2015/16	4.3%
2016/17	3.7%
2017/18	3.6%
2018/19	5.0%

This further demonstrates that there are deficiencies in the supply of land for new Large Format Retail developments and therefore a need for Councils and the NSW Government to consider:

- How to identify existing Large Format Retail centres and where their place is within the hierarchy of centres; and
- How to proactively plan to meet the significant demand for additional Large Format Retail floorspace.

The LFRA anticipated that the Greater Sydney Commission's (GSC) *A Metropolis of Three Cities - The Greater Sydney Region Plan* (the '*Regional Plan*') and the '*District Plans*' would seek to address these deficiencies and implement the recommendations from the '*REAC Report*'. Yet, the , Large Format Retail sector was largely ignored within the '*Regional Plan*' and '*District Plans*' and there is no synergy between the '*REAC Report*' recommendations, dated June 2017 (but was released in November 2017 and the final '*Regional Plan*' and '*District Plans*' that were released in March 2018.

It is noted that the GSC identified within the '*Principles for Greater Sydney's Centres*' set out within the '*Regional Plan*' and the '*District Plans*', that clusters of Large Format Retail are to be treated as part of the retail network, and planning for new clusters of Large Format Retail should be done in the same way as other '*new*' centres.

However, the GSC does not provide any further guidance on how the Large Format Retail clusters are to be treated within the retail network or the centres hierarchy. Neither the '*Regional Plan*' nor the '*District Plans*' reference any existing and established Large Format Retail centres within the '*centre hierarchy*'. Furthermore, the recent round of Local Strategic Planning Statements (LSPS) issued by the Metropolitan Council's generally provide little or no guidance on where Large Format Retail demand should be accommodated within their Local Government Areas.

New Large Format Retail centres will generally not be able to meet the '*tests*' for new centres. The role of Large Format Retail centres is not defined for Councils within the hierarchy and results in reactive planning to allocate sufficient land to accommodate the increasing demand. This will lead to stagnation and possibly decline in the NSW Large Format Retail market.

Due to the lack of policy and lack of appropriately zoned land, many Large Format Retailers have been forced into spot rezoning process, despite the risk, difficulty and uncertainty involved. Furthermore, since the release of the '*Regional Plan*' and '*District Plans*' in March 2018, and the subsequent release of the Council-led LSPS's which generally do not consider whether the growth of the Large Format Sector should be accommodated, it is our opinion that the level of risk in achieving a spot rezoning within the Metropolitan Sydney area by Large Format Retailers has increased. This is due to the '*centre*' focused policy direction that the '*LSPS*', '*Regional Plan*' and '*District Plans*' adopt, lack of consideration of the Large Format Retail sector and that pursuant to '*section 3.8*' of the '*Environmental and Planning Assessment Act 1979*' planning proposals are required give effect to the '*Regional Plan*' or the '*District Plans*'. This therefore is likely to inhibit the scope and success of planning proposals which seek to zone new land for Large Format Retail.

Simplification of Business Zones

The LFRA has, in its past submission to the NSW Department of Planning Infrastructure & Environment (DPIE) (formerly DP&E) *'Planning for the Future of Retail Discussion Paper'* (April 2018) supported the introduction of flexible, open land use zones. Whilst the introduction of the *'Specialised Retail Premises'* definition has assisted in alleviating previous barriers for Large Format Retail premises to be permissible in particular land use zones, our members seek the ability to provide flexible combinations of uses which will assist the sector in being able to respond to significant disruptions and changes to consumer expectation in the market.

The LFRA considers that introducing open zones would:

- Provide greater flexibility and enable a proposal to be assessed on its merits;
- Allow for new types of retail uses to emerge and be assessed, without the need to periodically update the list of permissible uses; and
- Reduce the instances of a site-specific planning proposal being required where a proposal is captured as prohibited because it was not included in a permitted list (closed zone).

This proposal will assist our members who are looking for more flexibility in terms of retail formats such as small supermarkets in Large Format Retail zones.

Furthermore, as acknowledged in the Discussion Paper on page 117, in Victoria, the *'VC100'* amendment (July 2013) removed the five (5) existing Business Zones and replaced them with two (2) new Commercial Zones. The rationale for the proposed amendment was to:

- Provide greater flexibility and growth for retail (as well as commercial and other forms of development);
- Enable the planning framework to respond to a growing and changing retail market;
- Provide incentives for investment and use of the planning system as an economic lever;
- Increase retail opportunities generally;
- Open up competition;
- Provide certainty; and
- Maintain the competitive advantage that Victoria currently enjoys.

Anecdotally, this has allowed new operators to enter the market with relative ease in terms of identifying potential sites and has increased the volume of land available that is suitable for *'Restricted Retail Premises'*. It should also be noted that the *'Restricted Retail Premises'* definition, has continually evolved which has, to some extent, enabled innovation.

4.1.2 What Other Policies Should the NSW Government Consider to Ensure the Planning System Supports Job Creation and Responds to Consumer Preferences?

Greater Emphasis Should be Placed on Proactive Strategic Planning to Guide Retail

As noted in 'section 4.1' above, neither the 'Regional Plan' nor the 'District Plans' reference any existing and established Large Format Retail centres within the 'centre hierarchy'. Furthermore, the recent round of Local Strategic Planning Statements (LSPS) issued by the Metropolitan Council's generally provide little or no guidance on where Large Format demand should be accommodated within their Local Government Areas.

New Large Format Retail centres will generally not be able to meet the 'tests' for new centres. The role of Large Format Retail centres is not defined for Councils within the hierarchy and will result in reactive planning to allocate sufficient land to accommodate the increasing demand. This will lead to stagnation and possibly decline in the NSW Large Format Retail market.

The LFRA requires the NSW Government therefore to place greater emphasis on strategic planning and local placed-based outcomes to guide retail land use objectives and decisions. In particular, the LFRA considers the GSC's 'centre focused' approach, which has largely been adopted by the metropolitan Local Government Areas within their LSPS's to be **highly deficient and damaging to the Large Format Retail sector.**

The GSC's Regional and District plans fail to recognise any existing Large Format Retail centres within the centres hierarchy and the role that the Large Format Retail sector plays as a major employer. The 'Regional Plan' and 'District Plans' specifically place great importance on "...jobs being an important tool for investment and business growth...", yet they focus on job growth within the identified economic corridors, health and education precincts, strategic centres and the Western Sydney Employment Areas. The Plans do not recognise or acknowledge that the Large Format Retail Sector currently provides 133,800 direct and indirect full-time equivalent jobs in NSW, which are typically located outside of existing centres. By refusing to strategically plan for the growth of the Large Format Retail sector, the NSW Government is reducing the ability for the Large Format Retail sector to contribute to jobs targets for the region and dismisses the associated economic benefits that this creates.

The GSC fails to proactively plan for and support the future growth of the Large Format Retail sector. The sector will require between 1.74 and 2.2 million square metres of Large Format Retail floorspace over the period 2011 to 2031 which accounts for approximately 40% of retail demand¹. The Large Format Retail sector is forecast to have significant surplus floorspace demand at 2031 that is not met by estimated supply levels. The Plans do not facilitate suitable sites for Large Format Retail nor guide local councils to do the same with their LSPS's.

In line with Minister Robert's commitment to the LFRA members in 2019, and the *'REAC Report's'* recommendation, the LFRA requires the NSW Government to deliver the anticipated State-wide retail planning policy and provide advice to councils on how to consider retail supply and demand as part of their local strategic plans as a matter of urgency. In addition, the NSW Government should also introduce a set of definitive retail policy directions that clearly identify where new Large Format Retail developments are suitable and the criteria to demonstrate this. In the absence of such direction in the Plans, the LFRA does not consider that deferring to the Regional and District plans is a strong direction for better retail planning.

Furthermore, despite the adoption of the *'REAC Report'* prior to the finalisation of the Regional and District Plans, the GSC failed to take into account the findings and recommendations of the *'REAC Report'*, which was specifically commissioned to provide independent advice on reforms to improve the NSW planning system as it relates to retail.

Specifically, the GSC and NSW Government has failed to address *'step 1'* on page 8 of the *'REAC Report'* which requires a framework that "...addresses impediments to supply by enabling access to more sites for retail uses, both by increasing the availability of existing suitable land stock and the ability to readily convert sites to keep up with demand and create new employment opportunities...". By failing to proactively plan for the Large Format Retail sector, recognising existing Large Format Retail centres within the *'centres hierarchy'* and creating barriers that will prevent spot rezonings (as discussed below) for new Large Format Retail developments, it provides greater impediments to the supply of Large Format Retail floorspace, investment and the provision of jobs.

The GSC's published directions for retail planning will not meet the demand for Large Format Retail floorspace in Sydney. The *'Principles for Greater Sydney's Centres'* set out within the *'Regional Plan'* and *'District Plans'* state that clusters of Large Format Retail should be treated as part of the retail network, and planning for new clusters of Large Format Retail should be done in the same way other new centres are planned. With the exception of Marsden Park, no existing Large Format Retail cluster is identified as a strategic centre under the *'Region Plan'*.

¹ *'Sydney Retail Demand and Supply Consultancy'*, Deep End Services, 2016

As mentioned previously, due to a shortage in available land, many LFRA members are required to undertake a Planning Proposal to rezone land to make it suitable for Large Format Retail. Planning Proposals require strategic justification and alignment with strategic planning documents. The difficulty in strategically justifying these proposals is that to plan for Large Format Retail in the same way that other retail premises are planned for fails to recognise the key differences and diversity of the sector.

Large Format Retail is a unique type of retail format that can be differentiated from standard retailing by way of:

- The types of products sold;
- Vehicle access and connectivity requirements particularly to arterial roads;
- Requirements for exposure to passing traffic;
- Customer parking and loading requirements;
- Tenancy size requirements (height and floorspace) for display and storage of goods;
- Warehousing and distribution requirements for goods;
- Truck access and loading facilities (typically for semi-trailers) for delivery of large goods; and
- The format in which the products are sold and displayed.

Large Format Retail premises therefore, have a number of physical requirements that restrict their ability to locate in traditional centres. These physical requirements are inconsistent with the criteria outlined that the '*Regional*' and '*District Plans*' require consideration of when determining a new centre. These criteria, and the challenges faced by Large Format Retail operators in meeting these criteria, are addressed in '*Table 1*' below.

Table 1 – The Large Format Retail Sector’s Compatibility with Criteria for Determining a New Centre

Criteria for Determining a New Centre	Characteristics of the Large Format Retail Sector
<p>Located where public transport services are commensurate with the scale of the centre.</p>	<ul style="list-style-type: none"> ▪ Many purchases at Large Format Retail premises continue to require loading into private vehicles, whereby public transport services are generally redundant for transporting larger items. ▪ Provision of public transport services to Large Format Retail premises are generally inefficient due to the scale of developments and the large distances to walk between premises.
<p>Directly opposite a residential catchment accessible by a controlled pedestrian crossing.</p>	<ul style="list-style-type: none"> ▪ Large Format Retail premises have wide geographic catchments which therefore require sites that are well-located on major arterial roads with a high degree of visibility. These environments are often considered to be of a poorer amenity and unsuitable for a pedestrian oriented environment. ▪ Locating a Large Format Retail cluster near to a residential catchment with pedestrian access is redundant, as Large Format Retail purchases are not everyday transactions that require immediate access.
<p>More than a standalone supermarket.</p>	<ul style="list-style-type: none"> ▪ Due to the difficulty in locating appropriately sized land, a large proportion of Large Format Retail stores operate as stand-alone premises or in smaller groups of similar-type stores. ▪ Notwithstanding the above, the concept of the homemaker centre has emerged as an important and successful development within the Large Format Retail sector, which would meet this criterion.
<p>Of quality urban design with amenity, informed by a master plan.</p>	<ul style="list-style-type: none"> ▪ The pedestrian amenity of Large Format Retail premises is often reduced by the general proximity to major arterial roads. Therefore, these are often not suitable locations for new centres, but are highly compatible locations for Large Format Retail premises.

<p>Supported by planned and funded infrastructure commensurate with the needs of the centre.</p>	<ul style="list-style-type: none"> ▪ Infrastructure needs to Large Format Retail premises are often major arterial roads with abundant at-grade car parking facilities. This often contradicts with the needs of traditional centres, which prioritise pedestrian movement and alternate forms of mass transit including trains and buses.
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Given **'Table 1'** above, if the Large Format Retail sector is required to demonstrate compatibility with the criteria for establishing new centres, this is unlikely to lead to the creation of new sites to meet the demand for Large Format Retail floorspace.

The LFRA's position on this particular issue was verified within its *'Investment + Competition = Jobs'* report. In particular, the LFRA found that The Institute of Public Affairs had expressed the view that the application of restraints presented by activity centres policies have become the means by which shops and shopping centres are protected from competition.

Furthermore, over the past nine (9) years, the Australian Government Productivity Commission has undertaken a number of inquiries and released four (4) reports that particularly make comment on the effects of planning and zoning legislation upon competition, and the economic performance of the retail industry. These include:

- Federal Government's 2015 'Competition Policy Review' otherwise known as the 'Harper Review';
- 'Cutting Red Tape' regulatory reform agenda being undertaken by the Federal Government;
- Productivity Commission's 2011 inquiry into the 'Economic Structure and Performance of the Australian Retail Industry';
- Productivity Commission's 2010 'Performance Benchmarking of Australian Business: Planning, Zoning and Development Assessments';
- Productivity Commission's 2007 review into the 'Market for Retail Tenancy Leases in Australia'; and
- ACCC's 2008 'Inquiry into the Competitiveness of Retail Prices for Standard Groceries'

The most recent, *'Shifting the Dial'* released in August 2017, assesses the factors and influences that affect Australia's productivity and economic performance in the medium term to aid Government in implementing policies and regulations to increase economic growth. As you would be aware, this document was the first of its kind and the process involved to produce the report was intended to be repeated every five (5) years.

As stated within *'Shifting the Dial'*, "...policy settings that have particularly egregious impacts on competition, **include the creation and enforcement of activity centres** and regulations that require consent authorities to consider the commercial impacts and viability of established businesses when assessing development proposals. Provisions that explicitly or implicitly favour particular operators or set proximity restrictions between businesses should be eliminated nationwide. **These policies are at odds with competition policy and used to protect shops and shopping centres in designated areas from competition...**"

The LFRA therefore urges the NSW Government to recognise the value of retail planning outside of the GSC's centres hierarchy and whilst it is recognised that not all retailing operations should be allowed in *'out of centre'* locations, the planning system should not ignore the role of the Large Format Retail sector, that due to its land area requirements and vehicular access requirements are not suitable for many *'centre'* locations.

The GSC has failed to engage with the Large Format Retail sector. The GSC has not responded to any of the research or submissions prepared by the LFRA to demonstrate the importance of the sector in terms of providing employment and economic outcomes for Sydney. These issues have been raised previously with the GSC and it was the hope of the LFRA that they would have been addressed in the final versions of the *'Regional'* and *'District Plans'*.

Given the above, the LFRA considers that the LSPSs and any other policy direction that responds solely to the *'District'* and *'Regional Plans'* will not achieve positive outcomes for the Large Format Retail sector as:

- They would give too much weight on what the LFRA considers to be the highly deficient *'District'* and *'Regional Plans'*;
- The *'one size fits all'* approach to new centres creation, disadvantages forms of retail which are not as compatible with the vision for centres as other fine-grain, every day retail;
- No existing strategic planning document identifies suitable locations for the Large Format Retail sector to expand; and
- Large Format Retail typically does not meet the objectives required to strategically justify new land through Planning Proposals due to the requirement for the sector to be treated as part of the general retail sector existing in Sydney's existing centres.

Recognise and Proactively Plan for Large Format Retail

The LFRA requires the NSW Government to introduce a State-wide Retail Policy, and provide advice to councils on how to consider retail supply and demand as part of their local strategic plans in-line with Minister Roberts commitment in early 2019. As outlined above, to rely and respond to existing strategic planning policy within the *'District'* and *'Regional Plans'* will fail to achieve positive outcomes and encourage investment and increased productivity within for the Large Format Retail sector.

Any future retail policy will need to recognise and proactively plan for the Large Format Retail sector. It will need to recognise the diversity of the retail sector, and that different formats require different sites in terms of scale, access, activity and exposure. Whereby a shopping mall or supermarket may require everyday access and contribute to a centre, Large Format Retail has different requirements that need separate strategic planning visions.

Any retail narrative needs to recognise Large Format Retail. The REAC report (page 7) acknowledges this “...new thinking...” and recognises that “...complementary business zone can accommodate other [non-traditional] forms” of retail, “...centres are not able to accommodate all retail formats...” and there needs to be a “...proactive accommodation of sector needs...”. The LFRA encourages any Retail Policy to guide Councils on how to recognise and proactively plan for suitable sites for the expansion of the sector.

In terms of how this could be enacted, the LFRA agrees with the recommendations of the ‘REAC Report’, which seeks to amend the Standard Instrument LEP to prioritise retail in the business zones, review and consolidate the existing zones and broaden their permissible use. Key measures recommended include:

- Introducing a broader zoning framework – by collapsing and redrafting the standard instrument’s business zones;
- Increased mandated permissible retail uses within zones and across local government areas to improve flexibility;
- A review of all standard definitions relating to retail; and
- Review the use and application of industrial zones to maximise opportunities as employment locations through the creation of a new ‘employment zone’.

Further to the above, the LFRA agrees with the ‘REAC Report’ that the NSW Government should provide updated best practice planning guidance on a range of common retail issues such as ancillary use and out of centre development.

As noted above, the NSW planning system's excessive prescription does not allow it to be responsive to the introduction of new entrants into the market. This position is supported in the REAC report which acknowledges that over regulation prevents innovation and new emerging business. The 'REAC Report' further states on 'page 16' that:

"...anecdotal evidence, including feedback received during the Committee's consultations, suggests that a range of planning policy consequences has constrained the ability for shopping centres to evolve, and for emerging and other retail opportunities to establish in NSW. Planning policies and the supply of suitable land have not kept pace with a rapidly changing retail environment, community needs and simple population growth..." In addition, the 'REAC report' reflected the need for a planning system that was responsive, flexible and adaptive to emerging retail trends by highlighting this position as a key issue under 'Retail Driver 5'. Whilst this 'Retail Driver' specifically related to mixed use areas, the Large Format Retail sector is also evolving, with new entrants from overseas wishing to enter the Large Format Retail market in NSW, and existing retailers becoming more innovative and wishing adapt to ensure the future expansion of their business.

As noted in 'Investment + Competition = Jobs', *"...an insistence on new entrants being required to meet the same prescriptive planning requirements that existing businesses are required to meet when establishing, is non-conducive to an adaptable regulatory system and does not encourage innovation. It would be of potentially greater benefit to the competitiveness of market outcomes in the longer term if zoning and definition requirements were flexible enough to allow both the entry of alternative business models and the modification of existing models..."*.

Retail is a constant changing dynamic, new ways to bring goods and services to market are constantly evolving. A vibrant world class retail environment encourages a vibrant dynamic manufacturing section. Manufacturers who create world class goods generally export to the worldwide market and emerging retail formats provide an important role in selling, promoting and establishing competition and innovation in the retail market.

Entrepreneurs and small businesses employ more people and create new dynamic ways to bring a variety of goods and services to market, all of which bring benefits to consumers and manufacturers. Productivity is also increased.

However, it has been the experience of LFRA members that have emerged into the Large Format Retail sector in NSW in recent years, that the NSW planning system discourages competition, does not promote speculative investment and growth by retailers and retail manufacturers and does not promote the dynamic change or competition. A planning system that requires 'spot rezonings' on an individual basis to foster development and rollout of a retail format such as Costco does not support or promote the levels of confidence and certainty for large scale investment.

A 2006 VCAT decision (*Radford vs Hume City Council*) set out a role for a planning system faced with new format businesses:

“...an expansive rather than a restrictive approach should be adopted that makes allowance for the evolution of the retail industry but in a way that will achieve a net community benefit....it would be inappropriate to constrain opportunities for the retail industry to develop on the basis that new types of retail premises do not fit comfortably within existing definitions and traditional concepts of retailing which may have informed earlier decisions about how specific uses ought to be characterised...As new forms of retailing evolve, the role of planning is to ensure that they locate in appropriate places where they will best meet the net community benefit and sustainable development. It is not the role of planning to frustrate the development of retailing or try to force uses into inappropriate locations by taking a restrictive view about which definition certain activities fall within...”

Any new NSW Retail Policy therefore needs to focus on the growth of retail activity as opposed to concentrating retail activity within existing centres. It is imperative for the policy to increase flexibility and a level playing field for the whole retail sector, in order to provide more certainty and investment incentives for the entire NSW retail sector.

The LFRA encourages the NSW Government to adopt an ‘*innovation in retail*’ provision when formulating a flexible NSW Retail Policy. However, instead of evaluation against how a proposal aligns with strategic planning objectives, matters to consider could include:

- The economic impact of the retail proposal in terms jobs, economic benefits, innovation and social benefits;
- The general strategic locations that each particular form of known retail is best suited;
- A clear set of criteria for new entrants that will allow them to understand the location that they would be best suited, based on their own business model;
- How weight could be given to merit-based arguments, where new retailers do not ‘*fit*’; and
- The evaluation of the matters considered in ‘*section 4.15*’ of the ‘*Environmental Planning & Assessment Act*’.

4.1.3 How Could the NSW Government Ensure Regulations Around Zoning, Building Codes and Design Guidelines are Flexible and Aligned with Demand Preferences?

Regulations within the NSW legislative system in regard to zoning, building codes and design guidelines are invariably inflexible, prescriptive and outdated. Furthermore, they cannot quickly and easily adapt to new enable new and innovative business models, consumer preferences or design ideas to emerge and be delivered.

For example, *‘Investment + Competition = Jobs’* investigated the use of fine-grained controls such as floorspace restrictions to limit or control development. The research found that some NSW Councils still apply a minimum tenancy size to Large Format Retail, or a maximum floorspace limit. The application of floorspace restrictions on retail uses, and in particular Large Format Retail uses is considered anti-competitive. In short, they date easily and can result in poor design outcomes.

Further, *‘section 8.4’* of the Productivity Commission’s report on the *‘Economic Structure and Performance of the Australian Retail Industry’*, (December 2011) noted:

“...Prescriptive Local Planning Restrictions on Retailers

To meet evolving product market requirements, store formats must also be allowed to adapt. Restrictions on store formats impact on a retailer’s ability to adapt to new competition and changing consumer preferences within the market.

The Commission’s recent benchmarking report identifies that even where businesses are allowed to operate in a particular locality — because their business model is consistent with the overarching activity centre policy or zone description — they then face a raft of local planning restrictions. This regulatory overlap arises because the legal framework for zones is at the state and territory level, but the detailed specification of zones is at the local level.

It is recognised that at times restrictions on competition may be required to achieve the objectives of the planning system, such as public amenity or equitable access to facilities and services. This is because commercial businesses are usually focused on the private costs and benefits of a development or planning proposal and may not necessarily consider the public environmental, social or economic costs and benefits associated with their decisions. Consistent with this rationale for government intervention, Stockland suggests:

... local governments should focus on those issues with external impact (either on the community or sites) such as traffic, servicing, noise, overshadowing where such issues impact public space or adjoining site amenity. (sub. DR203, p. 3)

Nonetheless, there are large numbers of prescriptive requirements which can be found in approved council plans in some or all jurisdictions which appear to unjustifiably or needlessly restrict competition, including:

- *restrictions on business type (defined retail categories) allowed in particular zones in some council plans in New South Wales, Victoria and Western Australia*
- *site-specific restrictions on type and size of businesses allowed*
- *restrictions on business numbers (maximum) for different activities*
- *restrictions on business size via use of floor space minimums and/or caps in all states and territories, but particularly in the ACT and some councils in Victoria and South Australia*
- *restrictions on business location (zones for individual retailer types)*
- *restrictions on business mix (floor space ratios)*
- *detailed specifications on aspects such as the internal fit-out of developments, landscaping, advertising signage, and the minimum provision of vehicle and bicycle parking (PC 2011b).*

Many of these local restrictions limit business expansion opportunities and capacity to compete. At worst, they may even discourage or prevent some businesses from entering the market in the first place. For example, restricting competition by placing limits on the number of a type of business that can establish in a particular geographic area or activity centre can have a number of adverse consequences. Protected from localised competitive pressure, incumbent businesses have greater incentive and more opportunity to charge higher prices and/or offer a lower quality..."

The full report can be accessed via the following link:

<http://www.pc.gov.au/inquiries/completed/retail-industry/report>

In contrast, the Victorian Government has introduced a number of changes to the 'Restricted Retail Premises' definition (the Victorian equivalent of the NSW definition for 'Bulky Goods Premises') over the past 20 years that has enabled the planning system in Victoria to evolve with the sector and provide certainty for investment.

The LFRA supports the Discussion Paper's statement (page 113) that acknowledges that "...'changes in businesses' land use requirements are a natural part of an evolving economy and essential for productivity growth. An effective planning system seeks to regulate those changes only where it has identified a market failure or equity objective, and does so in a way that enables and supports businesses to innovate and evolve."

The NSW Government, should therefore look to other jurisdictions, such as the Victorian Government as an example of how to evolve and respond to the dynamic and investment-ready Large Format Retail sector to capture and promote the input it can make.

4.2 Planning For The Jobs NSW Needs

On 23rd October 2019, the Australian Competition and Consumer Commission (ACCC) provided final authorisation for competing Large Format Retail businesses to form the first ever national collective buying group to negotiate a better electricity deal than they could individually. The group comprises 41 of the LFRA members, which are the largest and best-known companies in the industry, that include Harvey Norman, Spotlight, Beacon Lighting, Bunnings and IKEA and spans 4,096 individual sites across every State and Territory in Australia. The ACCC authorisation provides the opportunity to double the current energy consumption of the group to no greater than 1% in State or Territory in Australia.

In 2018, the Large Format retail sector consumed over 1 TWh, with approximately 942GWh in the NEM, 86 GWh in the WEM and almost 10GWh in the Northern Territory and the combined annual cost of electricity between the 41 participating members in 2018 was over \$200 million.

The collective ACCC authorisation means that the collective Buyers Group will be able to conduct a tender process for the supply of their aggregated electricity demand.

Further details of the LFRA's authorisation by the ACCC can be accessed via the following link: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/large-format-retail-association-limited-ors>

The LFRA is now in the strategy and implementation phase of the ACCC approved authorisation. The use of sustainable energy sources, robotic technology with regards to data aggregation, bill validation and procurement as well as block chain technology is being evaluated.

The LFRA recognises that the formation of a national collective buying group to negotiate a better electricity deal that they would individually, however support the NSW Productivity Commission's acknowledgement that greater policy certainty to reduce costs and guarantee supply from sustainable energy sources would undoubtedly improve the investment outlook.

5. Conclusion

The LFRA welcomes this opportunity to make comment on the NSW Productivity Commission's Discussion Paper *'Kickstarting the Productivity Conversation'*. The Large Format Retail sector has faced many challenges when it comes to the supply of available land suitable for our members. Furthermore, like many industries, the retail sector has experienced enormous disruption over the last five (5) years.

To ensure that the Large Format Retail sector continues to invest in NSW and the physical supply of floorspace meets the current and forecast levels of demand within the NSW and in particular the Sydney Metropolitan Area, it is imperative that strategic planning that seeks to facilitate suitable sites for Large Format Retail is undertaken.

It is important to acknowledge the contribution that Large Format Retail makes to the economy and the wider retail sector. The retail sector is more diverse than just shopping centres and malls.

This submission has reiterated the deficiencies in the current zoning system and regulatory system and offers an insight into the necessary policy options that the NSW Government should consider to ensure that the planning system supports job creation within the State. In the absence of specific strategic planning that seeks to support the Large Format Retail industry, the LFRA encourages the NSW Government to proactively plan for the delivery of Large Format Retail floorspace in the highly anticipated future retail policy.

Furthermore, the LFRA supports the NSW Productivity Commission's acknowledgement that greater electricity policy certainty to reduce costs and guarantee supply from sustainable energy sources would undoubtedly improve the investment outlook.

The LFRA would be happy to meet with the NSW Productivity Commission to discuss this submission and further detail and reinforce the critical importance to plan appropriately for the Large Format Retail sector.

Please contact [REDACTED] [REDACTED] should you wish to discuss any aspect of this submission.