Large Format Retail Association

Submission to Productivity Commission A More Dynamic and Resilient Economy

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PO Box 78 Balwyn North VIC 3104 | 10/828 High Street Kew East VIC 3102
P (03) 9859 5000 F (03) 9859 6077

www.lfra.com.au ACN 131 555 612 ABN 31 131 555 612

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1. Introduction

This submission has been prepared by the Large Format Retail Association (LFRA) in response to the Productivity Commission's inquiry into *'A More Dynamic and Resilient Economy'*.

The input contained herein is restricted to areas that the LFRA has a direct perspective on.

We have a clear appreciation of the various commercial and industrial planning and zoning policies, regulations and systems across states and territories (states) as they relate to the Large Format Retail Sector.

We also have a clear vision of the various property and other taxes impeding the Large Format Retail sector.

The LFRA's vision is for clarity, consistency and certainty of the various laws and government regulations that relate to the Large Format Retail Industry in Australia. The LFRA's policy agenda encourages investment and employment growth and opportunities. Good urban planning, smart competition policy and sustainable and cheaper energy underpin our agenda.

We welcome the opportunity to provide the Productivity Commission with insights from the Large Format Retail sector, specifically regarding:

- How the Large Format Retail sector is classified within each planning jurisdiction;
- The consistency (or lack thereof) of these classifications;
- The application of development controls across the jurisdictions, including the identification of inconsistencies and recommendations for best practice approaches; and
- Common planning and regulatory barriers to competition.

2. Large Format Retail Association and Sector Overview

The LFRA is Australia's peak industry body which supports and advocates for Australia's Large Format Retail sector. Our membership base comprises of Large Format Retailers, investors, owners, developers and service suppliers. The LFRA's policy agenda strongly encourages investment and employment growth and opportunities. Issues such as good urban planning, smart competition policy, and sustainable and cheaper energy underpin our agenda. Our vision is clarity, consistency and certainty of the various laws and government regulations that relate to the Large Format Retail industry in Australia.

Retail members of the LFRA include some of Australia's largest and most respected Large Format Retailers including the 64 individual business brands listed in the following table:

Adairs	Fernwood Women's Health Club	Petbarn
Adairs Kids	Fitness Cartel	PETstock
Amart Furniture	Focus on Furniture	Pillow Talk
Anaconda	Harris Scarfe	Planet Fitness
Animates	Harris Scarfe Home	Provincial Home Living
Baby Bunting	Harvey Norman	Rebel
Barbeques Galore	House	Reece
BCF	House Bed & Bath	Revo Fitness
Beacon Lighting	IKEA	Robins Kitchen
Beacon Trade	Jaycar Electronics Group	RSEA
Beaumont Tiles	JB Hi-Fi	Secret Sofa
Bedshed	JB Hi-Fi Home	Sleepys
Bunnings	Joyce Mayne	Snooze
Burnsco	Kitchen Warehouse	SPACE
Chemist Warehouse	Macpac	Spotlight
Clark Rubber	Mitre 10	Supercheap Auto
Costco	Mocka	Sydney Tools
Dan Murphys	Mountain Designs	The Good Guys
De Rucci	My House	Tool Kit Depot
Domayne	Officeworks	Totally Workwear
E & S Trading	OZ Design Furniture	Total Tools
Early Settler		

The LFRA is supported by the following 102 Associate members that comprise of Large Format Retail developers, investors, owners and service suppliers:

Acuity Development Group	Cygnet West	Meyer Shircore Architects
ADCO Constructions	Deluca	MPG Funds Management
Advent Security Services	Deep End Services	Moebotics
Agora Property Group	Development Directive	Moray & Agnew Lawyers
Aigle Royal Properties	DOME Property Group	National Storage
Albion Property	Edgewise Insurance Brokers	Newmark Capital Limited
Altegra Property Group	Ethos Urban	Norman Global Projects
Amphis Commercial	FAL Lawyers	Onefin
Arise Developments	FLNT	Perth Airport
AsheMorgan	FTI Consulting	Planning Solutions
Arkadia	Gazcorp	Precise Air Group
Associated Projects	Gibb Group	Pro Grind Australia
AXIMA Logistics	Geon Property	Properties and Pathways
AXIOM Properties Limited	Greenfields Development	RACV Solar
Barings	Grosvenor Engineering Group	Ranfurlie Asset Management
Baycrown Property Group	Henry & Hymas	Ray White Commercial
Bayleys	HLC Constructions	Re-Grow Capital Group
BDC Property Partners	Home Co.	Savers
Bentleigh Group	Investore	Schaffer Corporation
Birdsong Legal	Jape Group Australia	Sentinel Group Australia
Blueprint	JVL Investment Group	Signify
Buchan	KD Special Projects	Stevens Group
Burgess Rawson	Knapp Property Group	Stockland
BWP Trust	Leedwell Property	Stonebridge Property Group
Capital Property Group	Leffler Simes Architects	Terrace Tower Group
CBRE	Lester Group	Titanium Property Investment
Centuria	Leyton Property	TK Maxx
Charter Hall	Liuzzi Group	Transact Capital
Cherry Energy Solutions	lpc	Troon Group
Citinova	Mainbrace Constructions	Tuatara Structures
Colliers International	Major Media	Tutch
Coombes Property Group	Marked Property	Unita
Cosgrove Group	McGees Property	Upstream Energy
COVA Group	McMullin	Vend Property
CV Media & Signage		

Whilst there is continued but modest sector growth, growth has been hampered by planning and zoning laws due to minimal reform over the last few years; an array of Local, State and Federal Government taxes and the cost of construction.

Demand assessment economists, Deep End Services, estimates the following approximate key industry metrics as at 30th June 2024 as set out in Table 1.

Table 1.

Key Industry Metrics As At 30 June 2024	Australia	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Australian Capital Territory	Northern Territory
Large Format Retail percentage of total retail sales	23.9%	23.9%	24.1%	23.3%	23.8%	24.3%	24.5%	25.3%	22.7%
Large Format Retail sales (per annum)	$102.33 billion	$ 32.01 billion	$ 26.61 billion	$ 20.47 billion	$ 11.47 billion	$ 6.73 billion	$ 2.10 billion	$ 2.09 billion	$ 0.89 billion
Number of direct employees in Large Format Retail	209,735	62,795	57,369	42,281	24,015	12,886	4,599	4,027	1,763
Number of indirect employees in Large Format Retail	261,202	77,991	71,252	52,513	29,827	16,004	5,712	5,712	2,190
Total number of employees both directly and indirectly in Large Format Retail	470,937	140,786	128,621	94,795	53,842	28,890	10,312	9,739	3,952
Large Format Retail floor space	21.4 million m2 which equates to approximately 35% of all retail floor space	6.4 million m2	5.8 million m2	4.3 million m2	2.4 million m2	1.3 million m2	467,400 m2	409,200 m2	179,200 m2

Source: Deep End Services, LFRA, Australian Bureau of Statistics (as at June 2024)

3. Section 2. Support Business Investment Through Corporate Tax Reform

Question: What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

Question: What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

Question: Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the corporate tax system be reduced?

A liberalised market is one where regulation is reduced and efficiency is promoted, which ultimately drives prices down. However, the majority of planning jurisdictions contain lengthy development assessment processes, and where rezoning is required to remedy restrictive planning controls and insufficient supply, rezonings can take anywhere between 1 - 3 years.

Concurrently, Large Format Retail operators are faced with a range of taxes and regulatory burdens which only drive up costs and discourage new development. These include a range of property-related taxes:

- General land taxes;
- Stamp duty;
- Land holding taxes;
- Infrastructure contributions; and
- Capital gains taxes.

Moray & Agnew Lawyers and Birdsong Legal, have prepared a comprehensive overview of the key property-related charges and levies across all Australian states and territories. This is included at Attachment A. It highlights significant differences in land tax structures, transfer/stamp duties, foreign owner structures, vacant land levies and payroll tax obligations, with each jurisdiction applying its own thresholds, rates, and exemptions.

Notably, Victoria imposes the most extensive range of additional levies (including a COVID debt surcharge, windfall gains tax, and short stay levy), while the Northern Territory stands out for having no land tax at all.

Diversity, inconsistency and the sheer quantum of the various taxes are impacting the Large Format Retail sector, and whilst Victoria is considered to have the best planning framework for the Large Format Sector, it has the most stringent and extensive taxes in the country.

4. Section 3. Reduce the Impact of Regulation on Business Dynamism

Question: What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

The LFRA's vision is for clarity, consistency and certainty of the various laws and Government regulations that relate to the Large Format Retail Industry in Australia. The LFRA's policy agenda encourages investment and employment growth and opportunities.

A key area of regulation is urban planning, which is the first hurdle for any Large Format Retail development. Urban planning is currently responsible for significant red tape, which hampers growth of the large format retail industry that requires ongoing supply of appropriately sized and zoned sites. Urban planning that reduces red tape and streamlines approvals, will ultimately enable investment and drive competition, thus reducing prices and improving product quality and range.

With regards to clarity, consistency and certainty, in the area of land use planning, clear land use definitions allow Large Format Retail operators to definitively determine whether their operation is permissible. This certainty promotes dynamism and agility in markets where competition for land is high and decisions need to be made in a timely manner.

Furthermore, it is critical that there is consistency of zoning, land use definitions and land use permissibility within States and across Australia. This gives Large Format Retail operators confidence to expand into new markets without having to alter their operations to fit into different land use definitions.

Each State has a different type of planning system across Australia. States like NSW, Victoria, Western Australia and Tasmania have strict land use zones and require development applications or permits for most types of development. However, states like Queensland and South Australia have performance-based systems which contain detailed development codes which if complied with, do not require development applications and approvals.

Overall, planning systems which exhibit the following characteristics are most likely to enhance business dynamism and resilience:

- Developing a Code for commercial and industrial development, with defined acceptable solutions or performance criteria with minimal controls for alternative solutions, which if complied with, must be approved.
- Creating broad, objective based zones with minimal prohibitions, so that rezoning of land can be minimised.
- Creating a regime where private certifiers can sign off on development which complies with the relevant codes and zoning objectives.
- Clear land use definitions which are consistent across States and even nationally.

At present, across Australia there are 14 different land use definitions that our Retail members utilise to gain approvals, however not one of these definitions are 100% fit for purpose and accurately apply to the sector.

Victoria however is widely regarded to have the best-practice definition for Large Format Retail. Best-practice definitions provide clarity and certainty through a wide product-based definition but also provides flexibility to capture eligibility based on operational characteristics. Definitions that require an Large Format Retail operation to have a large area and direct vehicle access, are problematic as many Large Format Retailers do not meet both operational characteristics. For example, kitchen showrooms do not require direct vehicle access, while a lighting shop does not necessarily require a large area for display of goods.

There is little consistency across jurisdictions. An implication of these inconsistencies is that LFR operators find it difficult to expand into all States and Territories and when they do, they often incur high costs to navigate different regulatory processes and planning systems. This creates inefficiencies in back-of-house resourcing, budgetary planning, and standardisation of business administration processes across states for national businesses, as planning approvals have vastly varied timeframes and complexities.

Broadly, Victoria is considered to have the planning framework which is most conducive to Large Format Retail development, and therefore is more attractive to Large Format Retail operators than other jurisdictions. Accordingly, the LFRA would like to see all jurisdictions adopt the Victorian definition of *'Restricted Retail Premises'*, but also remove restrictions on the selling of foodstuffs, clothing and footwear. This would facilitate Large Format Retailers like Costco which require much larger floorplates than traditional supermarkets and instead introduce merit-based impact assessments which allow these retail warehouse type retailers to be able to locate in areas that meet their operational requirements where they can demonstrate that their impacts are minimal. This would provide Large Format Retail operators with certainty and consistency across Australia.

Regarding zoning, Large Format Retail should be permissible in all commercial, employment and industrial zones.

In addition, the LFRA also support smart competition policy and cheaper energy, which we consider enhances business dynamism and resilience.

Question: How has your regulatory burden changed over time?

The LFRA experiences regulatory burdens across the following spheres:

- Planning and building compliance; and
- Compliance with corporate taxes

The majority of planning jurisdictions contain lengthy development assessment processes, and where rezoning is required to remedy restrictive planning controls and insufficient supply, rezonings can take anywhere between 1-3 years. In most cases, timeframes have only increased over time, as additional layers of environmental assessment are added.

Concurrently, Large Format Retail operators are faced with a range of taxes and regulatory burdens which only drive up costs and discourage new development. These include a range of property-related taxes that vary between States:

- General land taxes;
- Stamp duty;
- Land holding taxes;
- Infrastructure contributions;
- Capital gains taxes;

Across Australia there are significant differences in land tax structures, transfer/stamp duties, foreign owner structures, vacant land levies and payroll tax obligations, with each jurisdiction applying its own thresholds, rates, and exemptions.

Notably, Victoria imposes the most extensive range of additional levies (including a COVID debt surcharge, windfall gains tax, and short stay levy), while the Northern Territory stands out for having no land tax at all.

Diversity, inconsistency and the sheer quantum of the various taxes are impacting the Large Format Retail sector, and whilst Victoria is considered to have the best planning framework for the Large Format Sector, it has the most stringent and extensive taxes in the country.

A general sentiment of our members, is that considerable time and effort is required to adapt operations between States, and hinders centralised business administration models. In some cases, national businesses have State-based compliance teams that specialise in their respective State, but this makes national reporting and efficient centralised management more difficult.

Question: What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

Development Assessment

States which require rigorous and merit-based development assessment are often complex and add 1 - 3 years of regulatory burden before construction and trading can commence.

For example, in NSW, development applications often take 6 - 12 months to be approved. This is made more complex because issues of environmental planning are blurred with building compliance. States like Victoria have *'as of right'* land uses for each zone, which don't need planning permits. This restricts approvals to building permits which deal only with matters of building compliance and safety, rather than the merits of a land use.

Furthermore, Development applications themselves (particularly in NSW) often require up to 20 - 30 different consultants to be engaged on a project to prepare reports to address every possible impact that could be considered.

Rezoning

Rezoning regulations and processes are also lengthy across Australia, taking between 12 - 36 months, and often requiring two administrative bodies to review, and public hearings. Proponent-initiated rezoning processes and associated delays can be reduced if plan-making authorities centrally and directly review existing zoning and rezone more land to increase supply of land for Large Format Retail. While government-led rezonings still require public consultation, the intrinsic positive government will reduces the difficult process of establishing site and strategic merit to obtain government support, which can often result in a combative and adversarial process. Lengthy rezoning processes which have unpredictable prospects of success reduce certainty, especially for prospective market entrants.

Appeals Processes

All jurisdictions except for NSW and WA allow third party appeals for LFR uses. While some jurisdictions like Victoria prohibit baseless and vexatious third-party appeals, other jurisdictions have no such limitations. In Queensland, any third party can object to a development, which often results in competitors lodging objections, as well as various government departments joining in appeals processes to ensure that their interests are met. In some cases, competitors may object with little prospects of success, in order to delay commencement of operation to preserve their market share for a longer period. Consequently, third party objections and appeals by competitors can significantly delay approvals, drive up start-up costs or render a development so cost-prohibitive to prevent market entry.

The vehicle for appeals processes also affects costs and complexity. While Queensland and South Australia have formal court processes for development appeals, Victoria, Tasmania, ACT, Western Australia and the Northern Territory have planning or civil/administrative tribunals. Planning tribunals are less formal and therefore less costly and lengthy in process. NSW provides a middle ground as compulsory conciliation can reduce costs and formalities. Queensland is the most formal court process for third party objections, with matters costing over $500,000 and taking up to 3 years to run.

Planning Controls that Restrict Regulatory Burdens

Australia's planning controls broadly reflect Large Format Retail business models that have not kept pace with innovation. Moreover, the planning controls do not provide flexibility for new and innovative market entrants. There is a fundamental disconnect between planning and innovation - planning controls are static for far too long and at-best responsive to innovation, whereas competitive markets are ever-evolving.

The majority of States have land use definitions for Large Format Retail which are overly prescriptive in terms of both operational characteristics and location. An insistence on new entrants being required to meet the same prescriptive planning requirements that existing businesses were required to meet when establishing is not 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.

Moreover, many states still impose floor space restrictions on Large Format Retail, which may not reflect current retailing requirements or new entrants which sell a broader range of items are require more floorspace.

For example, in Queensland, many Local Government planning schemes apply a 1,500 sqm Gross Floor Area threshold to Showroom uses *'as of right'*. This presents challenges for many Large Format Retail developments. It is understood to have been a carry-over of the same threshold applied to 'Shop' use to control the scale of supermarket offerings in previous decades, but it is questionable whether the same control is required for Showroom uses.

Overall, the best planning systems that facilitate competition are those that enable a wide range of permissible uses in the spirit of flexibility, but do not require subjective and purely merit-based considerations. Instead, clarity and certainty through clearly defined objective parameters is required to reduce discretion and over-deliberation of issues.

Question: Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

NSW – Introduction of *'Specialised Retail Premises'* Land Use Definition

Following advocacy from the LFRA over several years, the *'Specialised Retail Premises'* land use definition was introduced into the New South Wales planning system on 21st August 2018 to better reflect the changing nature of retail and the types of products that are being sold in Large Format Retail stores. The new definition replaced the old definition of *'Bulky Goods Premises'*.

The key change was removing the qualification that products sold must require a large area for handling, storage and display or direct access for customer loading.
The *'Specialised Retail Premises'* land use definition is as follows:

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

- *A large area for handling, display or storage, or*
- *Direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire, but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to those goods being sold, hired or displayed.*

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

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

In 2018, alongside the introduction of the *'Specialised Retail Premises'* land use definition, the New South Wales Government released a *'Planning Circular'* to provide additional guidance and advice on the retail land use changes.

According to the 'Planning Circular', the purpose of the *'Specialised Retail Premises'* definition *"…is to reflect changing business models in the large format retail industry. This includes uses such as homemaker centres, and the changing nature of retail and products that are being sold in the large format retail sector since the introduction of the term 'bulky goods premises'…"*

To provide clarity, the *'Planning Circular'* provides the following examples of goods that might fall within the new definition:[1]

- *"…Animal supplies including equestrian and pet goods; Automotive parts and accessories;*
- *Camping, outdoor and recreation goods; Electric light fittings;*
- *Floor, wall and window coverings;*
- *Furniture, bedding, furnishings, fabric and manchester and homewares; Household appliances and fittings;*
- *Household electrical goods and home entertainment goods; Party supplies;*
- *Swimming pools and spas; Office equipment and supplies;*
- *Baby and children's goods, children's play equipment and accessories; Barbeques, fireplaces and gas appliances;*
- *Sporting, cycling, leisure, fitness goods and accessories…"*

While the Planning Circular provides some guidance and clarity, the legislative land use definition for *'Specialised Retail Premises'* is not product-based. As best practice, including a wide list of products within the definition for *'Specialised Retail Premises'* would provide utmost legislative clarity while maintaining some flexibility.

Nonetheless, this was an example of how the NSW Department of Planning responded to a lack of clarity and certainty for the Large Format Retail sector, and proceeded to introduce change that improved consistency with States exhibiting best-practice.

NSW Complying Development Reform

On 1st February 2022, amendments to the *'State Environmental Planning Policy (Exempt and Complying Development) 2008'* (Codes SEPP) came into effect. These sought that sought to support industrial and commercial investment in the existing employment lands by expanding the range of development that could be undertaken as Complying Development.

Part 5A – Industrial and Business Buildings Code within the Codes SEPP now enables a change of use under a Complying Development Certificate irrespective of the previous use. It also enables an extended range of development works that don't require a Development Approval, so long as *'Specialised Retail Premises'* is permissible with consent, and that the land is located within an Industrial or Business zone and all relevant provisions and development standards are met.

The LFRA welcomed the changes to the Codes SEPP as it undoubtedly rectified previous change of use issues and provides significant flexibility and a reduction in red tape for LFRA members. In particular, fitouts, minor external works to buildings and changes of use can often be progressed without a DA, reducing approvals timeframes by at least 6 months.

Whilst not perfect, this reform has provided more certainty for LFR operators as approvals risk and for their proposed use can be removed, and approval timeframes are being substantially reduced.

Tasmanian Planning System Reform

In late 2015, the *'Land Use Planning and Approvals Act 1993'* was amended to allow for the *'Tasmanian Planning Scheme'* (TPS) to be established. The intent of the TPS was to deliver greater consistency in the planning rules across the State, providing greater certainty to investors and the community. The TPS comprises two main parts:

1. State Planning Provisions; and
2. Local Provisions Schedules.

The State Planning Provisions provide a consistent set of planning rules for 23 generic zones and 16 codes making up a suite of controls that can be applied by local Councils.

In March 2017, State Planning Provisions came into effect as part of the TPS. A number of relatively minor amendments to the TPS of limited relevance to the Large Format Retail sector took effect on 19th February 2020.

However, the State Planning Provisions have no practical effect until a Local Provisions Schedule is in effect in a municipal area. Implementation has been staggered as the local provisions are approved for each Local Government Area (LGA). State-wide adoption progressed through 2023 and 2024 but has not been approved in 7 Councils including Hobart City.

Changes to the Land Use Definition for Large Format Retail

In 2016, the Government released the draft *'State Planning Provisions'* and *'Local Provisions Schedules'* for public exhibition and comment during March – May 2016.

The LFRA made submissions to the Tasmanian Government in relation to the proposed new planning scheme provisions and representation at a public hearing in late 2016.

The issue of most concern for the Large Format Retail sector was the proposed land-use class definition *'Bulky Goods Sales'* to be adopted across Tasmania.

The definition of *'Bulky Goods Sales'* is the *"…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…"*

The definition of *'Bulky Goods Sales'* is outdated. It was misaligned with the retail sector and not consistent with similar definitions in other States and Territories.

The Tasmania Planning Commission recommended in its December 2016 report the need for further consideration of the scope of the *'Bulky Goods Sales'* use class and the need to differentiate between various Large Format Retail activities. It also pointed to the need for more detailed policy consideration and assessment and potential changes to the *'State Planning Provisions'* at a future time.

Despite this recommendation, the *'State Planning Provisions'* were adopted, and Local Governments commenced work in preparing their *'Local Provisions Schedules'.*

However, the reform has failed the Large Format Retail sector. It includes additional Use Standards, being objectives, performance criteria and 'acceptable solutions' which create an additional layer of compliance and difficulties for certain types of Large Format Retail that do not fit neatly within the criteria. These standards vary between zones and are discussed further below.

Furthermore, the focus on the activity centre hierarchy and imposition of floorspace restrictions for *'Bulky Goods Sales'* are considered overly restrictive and do not take account of the important and separate role that the Large Format Retail sector undertakes.

The effect of implementing the TPS planning reform as currently drafted is expected to lead to a suppression of investment in Tasmania at a time when the retail sector is looking for clarity, consistency, and certainty. Despite this, the Tasmanian Government is, at the time of writing, scoping out a 5-year review of the State Planning Provisions and it will be interesting to see how this will impact the sector.

Western Australia Model Land Use Provisions

Western Australia has a relatively decentralised planning system in which each Local Government has a planning scheme that regulates land use and development.

While the Western Australian State Government can introduce standard provisions that apply to all planning schemes through '*Deemed Provisions'*, to date, this has only been to standardise planning processes rather than land uses and zones within planning instruments.

Some model scheme text has been introduced in recent years, such as the model land use definition for *'Bulky Goods Showroom'* in 2015. However, model scheme text is only required to be incorporated into a planning scheme when an amendment to that scheme is specifically implemented.

Therefore, it can be years, if not a decade (or longer), for such changes in state policy to filter down into local planning schemes. The efficacy and take-up of this reform is discussed in the following sections.

In 2015, the model *'Bulky Goods Showroom'* and *'Trade Supplies'* land use definitions and regulations were introduced as deemed provisions following proactive and prolonged advocacy by the LFRA. This was a major step towards standardising land use definitions within the state, aligning with other state planning regimes.

The definition of *'Bulky Goods Showroom'* is very similar to the Victorian definition of *'Restricted Retail Premises*', which the LFRA considers as best practice.

"…Bulky Goods Showroom means premises –

(a) Used to sell by retail any of the good and accessories of the following types that re principally used for domestic purposes –

i. Automotive parts and accessories;
ii. Camping, outdoor and recreation goods;
iii. Electric light fittings;
iv. Animal supplies including equestrian and pet goods;
v. Door and window coverings;
vi. Furniture, bedding, furnishings, fabrics, Manchester and homewares;
vii. Household appliances, electrical goods and home entertainment goods
viii. Party supplies;
ix. Office equipment and supplies;
x. Babies' and children's goods, including play equipment and accessories;
xi. Sporting, cycling, leisure, fitness goods and accessories;
xii. Swimming pools;

Or

(b) Used to sell by retail goods and accessories by retail if –
(i) A large area is required for the handling, display or storage of the goods; or
(ii) Vehicular access is requite to the premises for the purpose of collection of purchased goods…"

Importantly, the LFRA support that the *'Bulky Goods Showroom'* definition does not specifically prohibit or restrict the sale of food or clothing, which is the case in other jurisdictions including Victoria. As such, the operational part of the definition under (b), allows Large Format Retailers that sell food and clothing, such as Costco, to be included in the definition. However, the inclusion of a specific prohibition on the sale of food or clothing was identified by the Department of Planning, Lands and Heritage (DPLH) in May 2023 as a matter to be reconsidered as part of ongoing reviews of model land definitions. To date, following consistent advocacy from the LFRA, this change has not progressed.

However, as discussed above, the model land use provisions do not automatically apply to all planning schemes, rather they only come into effect when a Local Government initiates a planning scheme amendment to replace their current land use definitions with the model land use definitions. This results in ongoing inconsistency and certainty which is antithetical to reducing regulatory burdens.

The new model land use definition for *'Bulky Goods Showroom'* was first gazetted in 2015 and was met with considerable resistance by Local Governments such as the Cities of Bunbury and Vincent, and other smaller Local Governments. As a result, the Western Australia Planning Commission (WAPC) supported alterative definitions for *'Bulky Goods Showroom'* which were contrary to the model definition and ultimately approved by the Minister of Planning, further exacerbating legislative inconsistency and uncertainty.

Given this early resistance, the LFRA made strong representations to the Minister, WAPC and Local Governments, and continue to do so, to advocate for consistent adoption and application of the model definitions in all planning schemes. The LFRA has had a high-level of success, with the WAPC and Minister for Planning since reaffirming their expectation for consistent application and adoption of the model definition in new and updated planning schemes. They have since consistently rejected proposals from Local Governments to impose alternate definitions, and in the case of the City of Bunbury, the WAPC and the Minster approved a second amendment to adopt the model definition into the City of Bunbury Planning Scheme.

The LFRA has been tracking the uptake in the model definition of *'Bulky Goods Showroom'*, finding that considerable, but mixed progress has been made, as follows:

- 70.5% of WA LGAs with a significant Large Format Retail presence (projected to increase to over 85% in the next two years).
- 45% of all Perth metropolitan LGAs (projected to increase to 55% over the next two years).
- 27% of all WA LGAs (though noting that many of the remaining local government areas are rural or remote, and have no Large Format Retail presence).

Notwithstanding, it is clear that the appropriate definition for Large Format Retail will continue to be a contested topic, with local and state authorities likely to come up with new strategies and arguments to justify greater local control over Large Format Retail. However, the LFRA, in monitoring the uptake, has and will continue to engage with decision-makers on this matter. Given the national push for consistency and competition, further accountability an oversight from a Federal level would be welcomed.

The volatility of Large Format Retail planning reform was recently demonstrated in April 2023, when the DPLH advertised a proposal to amend the model definition of '*Bulky Goods Showroom'* by deleting the comprehensive product-based definition (part (a)), and replacing it with a requirement for all goods sold or displayed to be classified as *'bulky'*. The LFRA led a campaign, supported by its members, against this proposal, culminating in the DPLH reconsidering its position in May 2024, and the WAPC recommending that the definition should instead be amended to limit the amount of ancillary good and items sold. The LFRA maintains that a comprehensive product-based list in conjunction with a broader operational-component of the condition, provides utmost certainty and clarity. It is pleasing that to date, the model definition has not changed.

Notwithstanding, the WA State Government continues to advance planning reform proposals on several fronts. These include:

- The investigation of implementation mechanisms to achieve greater consistency in the planning system across WA, including additional *'deemed provisions'* a single planning scheme and/or additional planning guidelines for local authorities.
- Review of the existing Regulations and model scheme text with respect to land use definitions, zones, zone objectives and the introduction of standard development requirements and zoning tables for Commercial and Industrial zones.

Furthermore, since 31st March 2025 the modernised Metropolitan Region Scheme has taken effect, which has removed significant duplicate application processes, provided new provisions for the preparation of strategic land use and regional infrastructure plans to accommodate future housing and businesses, and given WAPC new powers to prepare and approve regional planning scheme policies, to provide clear and consistent processes for future zoning, subdivision and development of land. Furthermore, WAPC has also undergone structural changes to confirm its role as an expert and independent planning advisor and statutory decision maker. These amendments aim to rationalise its functions and improve efficiency of its operations.

NSW Housing Development Authority

The NSW Government is to be commended for understanding the pressing housing crisis and the difficulty developers are having with securing timely approvals, often due to Councils which are unsupportive of or require onerous development assessment of new housing development. Therefore, where Governments are required to respond to a certain public issue, there is great opportunity to reduce and streamline the complexity of the approvals system. As an example, the NSW Government has recently introduced a new State-led concurrent rezoning and state significant development approvals pathway for major housing projects. This is a fast-tracked pathway for types of residential development that meet the set Expression of Interest criteria and can submit an application within 9 months, and commence construction within 2 years of receiving consent.

It is interesting to note that the National Housing Accord is championed as a mechanism to address the Housing Crisis, and (as noted above) the Australian States and territories are looking at methods to increase the housing shortage. However, the Large Format Retail Sector is closely aligned with the housing market (i.e. every home needs a fridge, a couch, a bed, a washing machine etc), yet there is no mechanism to address the shortage in demand for Large Format Retail floorspace, whilst is it expected that as new houses are built the productivity of the sector will increase.

NSW Employment Zone Reforms

In December 2021 the Department of Planning, Housing & Infrastructure (DPHI) introduced five (5) new employment zones and three (3) new supporting zones into the Standard Instrument in December 2021. These new zones are listed below and replaced the existing eight business (B) zones and four industrial (IN) zones in 135 Local Environmental Plans with zones:

- E1 – Local Centre;
- E2 – Commercial Core;
- E3 – Productivity Support;
- E4 – General Industrial ;
- E5 – Heavy Industrial;
- MU1 – Mixed Use;
- SP4 – Special Enterprise; and
- W4 – Working Waterfront.

Councils are not obliged to utilise all land use zones within the Standard Instrument, therefore these reforms simplified and consolidated land use zones, resulting in more consistency across LGAs.

Of relevance to the LFRA, the E3 - Productivity Support zone is currently the only zone within which *'Specialised Retail Premises'* are explicitly mandated as a permissible use. With consolidation of the former B5, B6, B7 and some cases IN2 land, into the E3 zone there has been a net increase in the amount of zoned land available for Large Format Retail development.

However, in contrast, *'Specialised Retail Premises'* are generally prohibited in most E4 – General Industrial zones, despite some of that land previously being zoned IN2 – Light Industrial, where such uses were often allowed.

This inconsistency is problematic, and a missed opportunity as part of the Employment Zone Reforms. In the E4 zone, uses such as hardware and business supplies, industrial retail outlets and garden centres are typically permitted. These businesses operate similarly to *'Specialised Retail Premises'* – they sell comparable goods, require large floorplates and share similar operational characteristics. Yet, *'Specialised Retail Premises'* are excluded.

This exclusion reduces competition and creates an uneven playing field by artificially favouring Large Format Retailers that sell '*Hardware and Building Supplies'*.

Accordingly, a Planning Proposal is required to rezone the site, or introduce an additional permitted use on a site. From project inception, a planning proposal of this nature usually takes around 1.5 - 2 years through to approval with development applications not being able to be determined until the planning proposals are completed. As part of a Planning Proposal application, it must be demonstrated that the proposal aligns with the current strategic planning framework, which is often outdated and/ or is written in such a way to it is impossible to meet the relevant criteria.

NSW Industrial Lands Policy Review

In August 2021, the LFRA made a submission to the Greater Cities Commission (GCC) in respect of its' review of the Industrial and Urban Services lands 'Retain and Manage' policy that sits under the Greater Sydney Region Plan. This review was known as the Industrial Lands Policy Review.

As it currently stands, the majority of Greater Sydney's Industrial Land is classified as 'Retain and Manage', which effectively was a moratorium on rezoning the land to a higher and better use. The LFRA's position was that *"…continuing to restrict the flexibility of development on the 'Retain and Manage' industrial areas was likely to limit the ability of these areas to adapt and evolve and it also prevents investment by existing sectors, such as the Large Format Retail sector, as well as new and innovative entrants to the market..."*

The Industrial Lands Policy Review, therefore was an opportunity to protect significantly important industrial lands, which the LFRA supports, however the '*Review*' also presented an opportunity to promote and support the evolution of industrial lands that are no longer fit-for-purpose.

The Industrial Lands *'Retain and Manage'* Policy Review – Findings Paper, dated June 2022, confirmed the LFRAs prediction that the GCC would maintain the status quo and do little to change the current situation. However, the *'Findings Paper'* went a step further and strengthened the 'Retain and Manage' policy approach by proposing eight draft Guiding Principles, which in 2022, were likely be implemented into the next iteration of the Regional Plan.

This additional red tape and hurdles ultimately make it totally impossible to transition industrial lands to transfer to alternatives uses. It is hard to find any examples of planning proposals in NSW that have successfully been able to be rezoned (unless with significant State intervention) to alternative uses. This is due to the current 'Retai and Manage' policy.

Undoubtedly there are industrial lands throughout Sydney which are classified as 'Retain and Manage' that have declined, are under-utilised and have little prospect of returning back to their former productive selves. However, with the continued application of the 'Retain and Manage' policy in place, we are not aware of any Planning Proposals that have been successful.

Industrial Lands Action Plan 2025

The NSW Government's release of its Industrial Lands Action Plan in January 2025 marks a shift from the 'Retain and Manage' policy. The plan introduces a new approach to planning, securing and managing the supply of industrial land. It sets out four (4) key initiatives:

1. Deliver a Statewide policy for industrial lands and categorise them in to:
    - State significant;
    - Regionally significant;
    - Locally significant; and

- Other Industrial lands;

2. Investigate planning and policy interventions to support intensification of State and Regionally significant industrial lands;
3. Finalise and release a statewide approach for an industrial lands supply pipeline; and
4. Create an Employment Land Development Program to manage supply and coordinate infrastructure investment.

The Industrial Lands Action Plan does not provide an immediate solution to this issue the shortage of suitable land for the LFR sector, however once categorised, we foresee there being potential opportunity non-State Significant and Regionally Significant industrial land to be rezoned for alternative uses on under-utilised sites.

5. Conclusion

The LFRA would be happy to meet with the Productivity Commission to discuss this submission and further detail and reinforce the critical importance of the issues that have been raised in this submission.

Please contact the LFRA's Chief Executive Officer, Philippa Kelly on 03 9859 5000 or pkelly@lfra.com.au should you wish to discuss any aspect of this submission.

Australia – 2025 Property Related Rates, Taxes, Charges, Levies, Etc in relation to Real Property (Current as of 1 April 2025)

	DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
LAND TAX	**General Land tax (Resident individuals/companies)**	For Individuals and companies **< $1,075,000**: Nil **$1,075,001-$6,571,000:** $100 + 1.6% UV **$6,571,001 or more:** $88,036+ 2% UV >$6,571,000	For Individuals and companies **< $50,000:** Nil **$50,000 -$100,000:** $500 **$100,000 -$300,000:** $975 **$300,000 -$600,000:** $1,350 + 0.3% UV > $300,000 **$600,000 - $1,000,000:** $2,250 + 0.6% UV > $600,000 **$1,000,000 - $1,800,000:** $4,650 + 0.9% UV > $1,000,000 **$1,800,000 - $3,000,000:** $11,850 + 1.65% UV > $1,800,000 **$3,000,000 or more:** $31,650 + 2.65% UV > $3,000,000	For resident individuals: **<$600,000:** Nil **$600,000–$999,999:** $500 + 1% UV > $600,000 **$1,000,000–$2,999,999:** $4,500 + 1.65% UV > $1,000,000 **$3,000,000–$4,999,999:** $37,500 + 1.25% UV > $3,000,000 **$5,000,000–$9,999,999:** $62,500 + 1.75% UV >$5,000,000 **$10,000,000 or more:** $150,000 + 2.25% > UV $10,000,000 For companies: **<$350,000:** Nil **$350,000–$2,249,999:** $1,450 + 1.7% UV >$350,000 **$2,250,000–$4,999,999:** $33,750 + 1.5% UV >$2,250,000 **$5,000,000–$9,999,999:** $75,000 + 2.25% UV > $5,000,000 **$10,000,000 or more:** $187,500 + 2.75% UV > $10,000,000	For Individuals and companies **≤ 732,000:** Nil **$732,001-$1,176,000:** 0.5% UV > $732,001 **$1,176,001 - $1,711,000:** $2,220 + $1% UV >$1,176,001 **$1,711,001 - $2,738,000:** $7,570 + $2% UV > $1,711,001 **$2,738,001 or more:** $28,110 + 2.4% UV > $2,738,001	For Individuals and companies **≤ $300,000:** Nil **$300,001 - $420,000:** $300 **$420,000 - $1,000,000:** $300 + 0.25% UV > $420,000 **$1,000,000 - $1,800,000:** $1,750 + 0.9% UV > $1,000,000 **$1,800,000 - $5,000,000:** $8,950 + 1.8% UV > $1,800,000 **$5,000,000 - $11,000,000:** $66,550 + 2% UV > $5,000,000 **$11,000,000 or more:** $186,550 + 2.67% UV > $11,000,000	For Individuals and companies **<$124,999.99:** Nil **$125,000 - $499,999.99:** $50 +0.45% UV > $125,000 **$500,000 or more:** $1,737.50 + 1.5% UV > $500,000	Commercial: Nil Residential: **≤ $150,000:** 0.54% AUV **$150,001 - $275,000:** $810 + 0.64% AUV > $150,000 **$275,001 - $1,000,000:** $1,610 + 1.24%% AUV > $275,000 **$1,000,001 - $2,000,000:** $10,600 +1.25%% AUV > $1,000,000 **$2,000,001 or more:** $23,100 + 1.26%% AUV > $2,000,000	Nil

DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
Land Tax Trust (resident trusts)	Generally, the same land tax rates as companies – see above[1]	**< $25,000:** Nil **$25,000 -$50,000:** $82 + 0.375% UV > $25,000 **$50,000 -$100,000:** $676 + 0.375% UV > $50,000 **$100,000 -$250,000:** $1,338 + 0.375% UV > $100,000 **$250,000- $600,000:** $1,901 + 0.675% UV > $250,000 **$600,000 - <$1,000,000:** $4,263 + 0.975% UV > $600,000 **$1,000,000 - $1,800,000:** $8,163 + 1.275% UV > $1,000,000 **$1,800,000 - $3,000,000:** $18,363 + 1.1072% UV > $1,800,000 **$3,000,000 or more:** $31,650 + 2.65% UV > $3,000,000	Same land tax rates as companies – see above	**$0-$25,000:** Nil **$25,001-$732,000**: $125 + 0.50% UV>$25,000 **$732,001- $1,176,000:** $3,660 + $1% UV>$732,000 **$1,176,001- $1,711,000:** $8,100 + $1.5% UV>$1,176,000 **$1,711,001- $2,738,000:** $16,125 + 2.4% UV>$1,711,000 **$2,738,001 or more:** $40,773 + 2.4% UV>$2,738,000	Same land tax rates as individuals and companies – see above	Same land tax rates as individuals and companies – see above	Same land tax rates as individuals and companies – see above	Nil
Principal place of residence exemption	✓	✓$614,650	✓	✓	✓	✓	✓	N/A
Payable on $25 million UV (R)[2]	$465,616	$614,650	$600,000	$562,398	$594,930	$369,238	Nil	Nil

[1] In NSW, a special trust does not receive land tax threshold. Special trusts are taxed at a flat rate of 1.6% for amounts up to the premium land tax threshold (currently, $6,571,000), then at 2%. A special trust must meet one of the following trust definitions (as per section 3A of the Land Tax Management Act 1965): (a) most family trusts and discretionary trusts; (b) most unit trusts, or (c) some trusts created by a will.
[2] Assumes commercial land held by a non-trust, and non-absentee/foreign, landowners, and rounds up to the nearest whole dollar.

DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
Joint ownership	• Primary assessment to joint owners are jointly if it were a single person. • Secondary assessment to each joint owner in respect of their total landholdings that include their proportionate interests in the jointly owned land, with a credit for the land tax paid on their proportionate interest in the jointly owned land.		Each joint owner will be separately assessed for land tax in respect of their total landholdings that include their proportionate interests in the jointly owned	Same as NSW and Victoria's.	Joint owners are assessed jointly and are jointly and severally liable for land tax on jointly owned land[3].	Joint owners are assessed jointly and are jointly and severally liable for land tax on jointly owned land[4].	Joint owners are assessed jointly and are jointly and severally liable for land tax on jointly owned land[5]	Nil
Foreign/Absentee Owner Land Tax Surcharges[6]	Residential: 5% UV Commercial: Nil[7]	*Applicable to both Residential and commercial* For individuals and companies: **< $50,000:** Nil **$50,000 or more:** 4% (UV -$50,000) For trusts **< $25,000:** Nil **$25,000 or more:** 4% (UV -$25,000)	For individual absentees (Residential & Commercial) : **<$350,000:** Nil **$350,000 or more:** 3% (UV - $350,000)	Residential: 7% UV Commercial: Nil	Residential: Nil Commercial: Nil	Residential: 2% UV Commercial: Nil	Residential: 0.75% AUV Commercial: Nil	Residential: Nil Commercial: Nil
Vacant Residential Land Tax[8]	Nil	1% to 3% of CIV annually[9]	Nil	Nil	Nil	Nil	Nil	Nil
COVID Debt Surcharge – Land Tax[10]	Nil	$500 or $975	Nil	Nil	Nil	Nil	Nil	Nil
Who is liable?[11]	Landowner	Landowner	Landowner	Landowner	Landowner	Landowner	Landowner	Landowner

[3] In WA, special rules apply where one of the joint owners / co-owners is exempt from land tax, or where the land is jointly held by owners that include a foreign owner.
[4] In TAS, special rules apply where one of the joint owners / co-owners is exempt from land tax, or where the land is jointly held by owners that include a foreign owner.
[5] In ACT, special rules apply where one of the joint owners / co-owners is exempt from land tax, or where the land is jointly held by owners that include a foreign owner.
[6] The Foreign Owner Land Tax Surcharge is in addition to the general Land Tax and Land Tax Trust Surcharge.
[7] The tax applies to all NSW residential land held by a foreign person at a flat rate, with no tax-free threshold.
[8] The VRLT is in addition to the Foreign Owner Land Tax Surcharge, the general Land Tax and Land Tax for trusts Trust Surcharge.
[9] This is in addition to the Federal Government's Residential Vacancy Fees for residential properties left vacant for at least 6 months per year.
[10] The COVID Debt Surcharge – Land Tax is in addition to the VRLT, the Foreign Owner Land Tax Surcharge, the general Land Tax and Land Tax Trust Surcharge.
[11] Landowner means any person deemed to be the owner of the land.

DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
Can a landowner recover the land tax from tenants?	<u>Residential leases</u> No <u>Retail shop leases</u> Yes, subject to limitation[12] <u>Commercial leases</u> Yes	<u>Residential and Retail leases</u>[13] No <u>Commercial leases</u>[14] Yes	<u>Residential and Retail leases</u> No <u>Commercial leases</u> Yes	No (with exception of Excepted Leases[15]).	<u>Residential leases</u> No <u>Retail shop leases</u>[16] Yes, with limitation[17] <u>Commercial leases</u>[18] Yes	<u>Residential leases</u> No <u>Retail and commercial leases</u> Yes	<u>Residential leases</u> No <u>Retail and commercial leases</u> Yes[19]	N/A
Examples of the types of leases that are <u>Not</u> (✓) retail leases / retail shop leases [20]								
Type of leases								
Listed entities (or subsidiaries of listed entities)[21]	N/A	✓[22]	N/A	✓	✓	N/A	✓ Limited to premises with a lettable area of $1,000^2$ or more	✓
Shops that have a lettable area of $1,000m^2$ or more	✓	N/A	✓	N/A	✓	✓	✓ Limited to premises leased to a listed public company or a subsidiary of a listed public company	✓
Shops that are used wholly or predominantly for the carrying on of a business by the lessee on behalf of the lessor	✓	✓	✓	N/A	N/A	✓	N/A	✓

[12] The RLA(NSW) provides that the landlord cannot recover from a tenant under a <u>retail shop lease</u> an amount of land tax that exceeds the amount of land tax that would have been assessed on the landlord on a single holding, non-special trust and non-concessional company basis.
[13] Retail leases are defined in the RLA (Vic).
[14] That is, any lease that is not a "retail lease" (as defined in the RLA (Vic)) and is not a residential lease.
[15] Landlords under any retail or commercial leases to which the RLA (SA) does not apply (**Excepted Leases**), can recover land tax from the tenants.
[16] "Retail shop leases" are defined in the RLA(WA). In this regard, any lease entered into with a listed company or a subsidiary of a listed company is not a retail shop lease for the purposes of that Act.
[17] RLA (WA) provides that the landlord cannot recover from a tenant under a retail shop lease an amount of land tax that exceeds the amount of land tax that would have been assessed on the landlord on a single holding basis.
[18] For example, any lease entered into with a listed company or a subsidiary of a listed company.
[19] Section 70(1)(b) of the RLA (ACT)
[20] The list of non-retail leases covers the types of leases that are commonly engaged in large retail tenants. It is not intended to provide an exhaustive list the leases that do not constitute retail leases for the purposes of the retail leases / retail shop legislations in each State and Territory. There may be other types of leases or premises that may not constitute retail leases/ retail shops under the RLA in the relevant State or Territory.
[21] For the purpose of this table summary, listed entities have the meaning ascribed to that term under the Corporations Act 2001 (cth), and include any other Additionally, body corporate whose securities are listed on a stock exchange outside Australia and the external territories that is a member of the World Federation of Exchange.
[22] In Victoria, any lease to a body corporate listed on a stock exchange outside Australia (including companies listed on the NZ Stock Exchange) or to a subsidiary of any such body corporate is also not a retail lease. See **Determination 6**

DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
Shop operating principally for the prescribed entertainment purposes	✓ Limited to premises used principally to operate a cinema, bowling alley or skating rink	N/A	✓ Limited to premises in a theme or amusement park, a temporary retail stall at an agricultural or trade show a carnival, festival or cultural event.	N/A	N/A	✓ Limited to premises used principally to operate a cinema, bowling alley, skating rink, indoor cricket centre, basketball stadium or netball centre, by the operator of the principal business.	N/A	✓ Limited to premises used principally to operate a cinema or bowling alley by the operator of cinema or bowling alley
Short-term leases [23]	✓ Maximum term: less than 6 months.	✓ Maximum term: one year, provided that the tenant is not in continuous possession of the property for more than one year)	✓ Maximum term: less than 6 months[24]	✓ Maximum term: 1 month or less.	N/A	N/A	✓ Maximum Term: less than 6 months, unless the lease is a continuous occupation of lease	✓ Maximum term: less than 6 months[25]
Long-term leases of not less than the prescribed minimum term (including option to renew)	✓ Minimum term: 25 years	✓ Minimum term: 15-years, where the leases impose substantial works or financial obligations on the tenant. [26]	N/A	N/A	N/A	N/A	N/A	✓ Minimum term: 25 years
Located in a multiple-story building that are wholly or predominantly used for the provision of retail services	N/A	✓ Excluding those located entirely on any one of the first three storeys of the building as determined without	N/A	N/A	N/A	N/A	N/A	N/A

[23] A short-term lease is any lease of a retail shop for a term not exceeding the prescribed maximum term , and without any right for the lessee to extend the lease (whether by means of an option to extend or renew the lease or otherwise)
[24] The RLA in Queensland has limited applications to short team retail shop leases. Relevantly, the restriction on a landlord recovering land tax from its tenant does not apply to short term retail shop lease.
[25] If the lease is less than 6 months and the tenant is continuously in possession of the retail shop for 6 months or more because the lease is renewed, then RLA (SA) applies to the lease on and from the day the tenant has continuously been in possession of the retail shop for 6 months.
[26] See **Determination 3**

	DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
			regard to any basement levels[27]						
	Located inside a shopping centre	✓ Limited to any premises in an office located above a retail shopping centre	N/A	✓ subject to limitations[28]	N/A	N/A (with one exception[29])	N/A	✓ Limited to excluded area of the shopping centre	N/A
	Rent and/or other occupancy costs (as applicable) exceeding the prescribed amount.	N/A	Occupancy costs[30] > currently $1,000,000 per annum exclusive of GST.	N/A	✓ Rent > $400,000[31] (excluding GST).	N/A	N/A	N/A	N/A
	Retail shops in markets	✓ This Act does not apply to a retail shop that is a stall in a market unless the market is a permanent retail market.	✓ Limited to 'Market land' as defined by the *Melbourne Market Authority Act 1977*. [32]	N/A	N/A	N/A	N/A	N/A	N/A

[27] See **Determination 1**
[28] Limited to:
(1) premises that, if the premises were not leased, would be premises within a common area of a retail shopping centre, but only if the premises are used for 1 or more of the following: (a) an information, entertainment, community or leisure facility; (b) -telecommunication equipment; (c) an automatic teller machine; (d) a vending machine; (e) an advertisement display; (f) storage; (g) parking; and
(2) premises located in a retail shopping centre, where the premises are not mainly used for retail and, at the time of the lease:
(i) in a multi-level building, retail space on the level is 25% or less of that level's total lettable area; or
(ii) in a single-level building, retail space is 25% or less of the building's total lettable area.
[29] The RLA (WA) does not apply to any any license or agreement relating to the common area of a retail shopping centre by reason only that it provides for a person to use a portion of the common area the continued use of which as a portion of the common area is not intended to be otherwise precluded.
[30] Occupancy costs are defined in section 4(3) of the RLA (Vic) to include rent payable under the lease (excluding rent based on turnover), outgoings and any other costs of a prescribed kind that a tenant is liable to pay under the lease.
[31] Note the threshold will be increased to $420,000 (excluding GST) from 1 July 2025.
[32] See **Determination 4**

	DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
	Leases for certain excluded uses	✓[33]	✓[34]	✓[35]	✓[36]	✓[37]	✓[38].	✓[39]	N/A
DUTY	**Transfer Duty (maximum)** (See notes i, iii and iv)	$49,069 + 5.5% UV > Upper Threshold [40]	$110,000 + 6.5% UV > Upper Threshold [41]	$38,025 + 5.75% UV > Upper Threshold	$21,330 + 5.5% UV > Upper Threshold	$28,453 + 5.15% UV > Upper Threshold	$27,810 + 4.5% UV > Upper Threshold	4.54% (R)[42] or 5% (C)	5.95%
	Lower Threshold	$0	$0	$5,000	$0	$0	$0	$0	$0
	Upper Threshold	$1,212,000	$2,000,000	$1,000,000	$500,000	$725,001	$725,000	$1,455,000 (R) or $1,900,000 (C)[43]	$5,000,000
	Payable on $50 million transfer[44]	$2,732,409	$3,230,000	$2,855,525	$2,743,830	$2,566,116	$2,245,185	$2,500,000	$2,975,000
	Foreign Purchaser Additional Duty (See note iii)	9% (R)	8% (R)	8% (R)	7% (R)	7% (R)	8% (R) or 1.5% (PP)	Nil	Nil
	Duty on Property Insurance[45]	9%	10%	9%	11%	10%	10%	Nil	10%
OTHER LAND HOLDING	Commercial and Industrial Property Tax	Nil	1% annually on UV[46] *Not recoverable from the tenants under the Retail and Residential leases*	Nil	Nil	Nil	Nil	Nil	Nil

[33] Excluded uses to which the Retail Leases Act 1994 (NSW) applies are listed in Schedule 1A. These include, without limitation, automatic teller machine, self-storage units, storage of goods for use or sale in a retail shop (not including storage on premises from which goods are sold), storage lockers etc.
[34] Excluded uses to which the Retail Leases Act 2003 (VIC) applies are prescribed by its related regulation. These include, without limitation, Barristers' chamber etc.
[35] The RLA in Queensland does not apply to service station franchises caught by the Competition and Consumer (Industry Codes – Oil Code) Regulation 2006 (Cth), nor the lease to any business engaging in the wholesale of goods (which is not regarded as a retail business).
[36] The RLA (SA) does not apply to any tenant that is: (i) an ADI; (ii) a licensed insurer; (iii) the Crown or a government agency, or (iv) a local council or similar authority.
[37] The RLA (WA) does not apply to a lease of premises for the purpose of the lessee operating only a vending machine or automatic teller machine on those premises (s 3AB(c) Regulations). In addition, it does not apply to a lease of premises if the premises are **not retail premises** at the time. Retails premises include premises used for any business in a shopping centre, premises used for any business that wholly or predominantly involves the sale of goods by retail, and premises used for any specified business (which include drycleaning, hairdressing, beauty therapy and treatments, shop repair (which may include key cutting and engraving), and sale or rental of video tapes, DVDs, electronic games or other similar amusements.
[38] The RLA (Tas) does not apply to a lease of premises if the premises are not retail premises at the time at which the retail lease is entered into or is renewed. Retails premises include premises used for any business in a shopping centre, and any other business listed in Annexure A of that code.
[39] The RLA (ACT) does not apply to premises used by a business not involving the sale or hire of goods by retail, or supply of services by retail, where the premises have a lettable area of 300m^2 or more.
[40] Residential properties with dutiable value in excess of $3,636,000 are subject to premium transfer duty rates of $182,389 plus $7 for every $100 over $3,636,000.
[41] Generally, transfer duty is not payable to any transfer of commercial or industrial land that has entered into the CIPT regime. In addition, concessional duty is available for regional commercial, industrial and extractive industries property.
[42] Applicable to transferees who are **not** eligible owners-occupiers.
[43] Applicable to non-residential properties
[44] This is based on the transfer of a non-residential property to non-foreign buyers.
[45] Percentage of premium.
[46] CIPT is only payable 10 years after the relevant land first entered into the CIPT regime. A reduced rate of 0.5% applies to build to rent land.

	DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
	Fire / Emergency Services Levy[47]	✓	✓[48]	✓	✓	✓	✓	✓	Nil
	Congestion / Parking Space Levy	✓	✓	Nil	Nil	✓	Nil	Nil	Nil
	Municipal Rates and Charges	✓	✓	✓	✓	✓	✓	✓	✓
	Short Stay Levy	Nil	7.5%[49]	Nil	Nil	Nil	Nil	Nil	Nil
	Growth Areas Infrastructure Charge	Nil	$115,530 or $137,230 per hectare[50]	Nil	Nil	Nil	Nil	Nil	Nil
DEVELOPMENT TAXES	Infrastructure Levies / Contributions	✓	✓	✓	✓	✓	✓	Nil	Nil
DEVELOPMENT TAXES	Public Open Space Contributions	Not specified	Up to 5% land / value[51]	✓	✓	✓	✓	✓	Nil
DEVELOPMENT TAXES	Windfall Gains Tax	Nil	50% CIV uplift on rezoning [52]	Nil	Nil	Nil	Nil	Nil	Nil
DEVELOPMENT TAXES	Metropolitan Improvement / planning Levy	Nil	$1.30 per every $1,000 development cost[53]	Nil	Nil	0.14% for every $1 above $300,000[54].	Nil	Nil	Nil

[47] Generally, location dependent.
[48] Fire Services Property Levy is an annual levy collected by councils via rates notices. The Fire Services Property Levy comprises a fixed charge and a variable component. The fixed charge is different for residential and non-residential properties and increases annually based on CPI. In 2024-25, the residential fixed charge was $132 and non-residential fixed charge was $267. From 1 July 2025, Fire Services Property Levy will be replaced with new Emergency Services and Volunteers Fund. In addition, from 1 July 2025, the vacant land category will be abolished, with vacant land allocated to its corresponding land use classification (e.g. vacant industrial land will be reclassified as industrial land), and variable rates will increase to raise additional revenue to fund the services being covered by the ESVF – refer to the Link for a comparison of the variable rates between 2024/25 and 2025/26 years. From 1 July 2026, a new category will be created for residential PPR, with non-PPR residential properties incurring non-residential fixe charge.
[49] Percentage on short stary accommodation booking revenue.
[50] The GAIC rates increase annually by CPI. The lower rate applies to type A land; whilst the upper rate applies to types B-1, B-2 and C land.
[51] Under the Subdivision Act, a person who applies to subdivide land may be required to: (a) set aside up to 5% of the land for public open space; (b) pay up to 5% of the site value of the land; (c) a combination of both.
[52] This WGT rate is applicable only if the total CIV uplift on rezoning is $500,000 or above. If the total uplift is > $100,000, but <$500,000, the WGT rate is 62.5% of the CIV uplift above $100,000. No WGT is payable if the CIV uplift on rezoning is $100,000 or less.
[53] Applicable only if the estimated development cost is more than $1,271,000, and the land is metropolitan Melbourne.
[54] This is in addition to land tax for property located in metropolitan area.

	DESCRIPTION	NSW	Victoria	Qld	SA	WA	Tasmania	ACT	NT
PAYROLL TAXES	**Payroll Tax (basic flat rate)**[55] (See note ii)	**5.45%**	**4.85%**[56]	**4.75%**[57] or **4.95%**[58]	**4.95%**[59]	**5.5%**	**4%**[60] or **6.1%**[61]	**6.85%**[62]	**5.5%**[63]
	Tax Free Threshold (AW) (See note ii)	$1,200,000	$900,000 (or $1,000,000 from 1 July 2025)	$1,300,000	$1,500,000	$1,000,000	$1,250,000	$2,000,000	$1,500,000[64]
	Maximum Annual Deduction[65] (See note ii)	$1,200,000	$900,000 (or $1,000,000 from 1 July 2025)	$1,300,000	$600,000	$1,000,000	$1,250,000	$2,000,000	$1,500,000[66]
	Max. AW Threshold for Annual Deduction	Nil	$5,000,000	$10,400,000	Nil	$7,500,000	Nil	Nil	$7,500,000
	Payable on $10,000,000[i] payroll	$479,600	$441,350	$492,171	$465,300	$495,000	$518,000	$548,000	$550,000
	COVID Debt Levy								
	AW > $10,000,000 to $100,000,000	Nil	0.5%	Nil	Nil	Nil	Nil	Nil	Nil
	AW > $100,000,000	Nil	1.0%	Nil	Nil	Nil	Nil	Nil	Nil
	Mental Health Surcharge / Levy								
	AW > $10,000,000 to $100,000,000	Nil	0.5%	0.25%	Nil	Nil	Nil	Nil	Nil
	AW > $100,000,000	Nil	1.0%	0.75%	Nil	Nil	Nil	Nil	Nil

[55] Payroll tax is based on the applicable rate on AW above the tax free threshold.
[56] A reduced payroll tax rate of 1.2125% applies to regional Victorian employers. Employers and groups with total annual taxable Australian wages between $3,000,000 and $5,000,000 are eligible for a reduced deduction, where the deduction is subject to a degree of phasing out.
[57] Applicable to employers whose AW $6.5 million or less. Regional employers are entitled to 1% discount until 30 June 2030.
[58] Applicable to employers whose AW is more $6.5 million wages. Regional employers are entitled to 1% discount until 30 June 2030.
[59] Applicable to employers whose AW is more than $1,700,000. Employers whose AW is $1,700,000 or less, the payroll tax rate varies between 0% to 4.95%.
[60] This rate is levied on any AW between $1,250,001 to $2,000,000 (inclusive of both values).
[61] This rate is charged on the amount of AW above $2,000,000.
[62] Additional surcharge of 0.25% for employers with AW above $50 million, and a surcharge of a further 0.25% (that is, 0.5% in total) for AW above $100 million.
[63] From 1 January 2025, the Treasurer will waive payroll tax, for liabilities incurred between 1 January 2025 to 30 June 2025, for employers with 2024-25 taxable Australian wages of $2.5 million or less.
[64] The Tax Free Threshold will increase to $2,500,000
[65] In Victoria, Queensland, WA and NT, the annual deductions will be reduced progressively if the AW exceeds the tax free threshold (for Queensland, WA and NT), or $3,000,000 (in Victoria)
[66] The Tax Free Threshold will increase to $2,500,000

Notes

i. The transfer rates are based on the applicable fixed amounts plus the maximums rates on land above the Upper Threshold.
ii. The Lower Threshold and the Upper Threshold for payroll tax and mental health levy in each State and Territory are based on the annual wages paid or payable in that State or Territory only and assumes no interstate wages.
iii. Generally applicable to residential land only, but this often includes mixed use developments – i.e. residential development anchored by commercial tenancies or commercial developments with residential towers / elements. It also includes large parcels of land to be developed for a range of uses such as housing estates with neighbourhood activity centres and other commercial developments.
iv. Duty is payable upon the GST inclusive purchase price. Hence a tax on a tax in relation to development of unimproved land where a going concern exemption is not available.

General matters

1 Definitions :

i. **AUV** means average UV over a 5-year period.
ii. **AW** means annual wages.
iii. **CIV** means capital improved value.
iv. **DU** means dutiable value of the land.
v. **PP** indicates applicable primary production land.
vi. **R** indicates applicable to residential land.
vii. **RLA** means the legislation governing the leases of retail premises or retail shops in the relevant State or Territory, being:
   (a) ***Retail Leases Act 1994 (NSW)***
   (b) ***Retail Leases Act 2003 (VIC)***
   (c) ***Retail Shop Leases Act 1994 (Qld)***
   (d) ***Retail and Commercial Leases Act 1995 (SA)***
   (e) ***Commercial Tenancy (Retail Shops) Agreements Act 1985 (WA)***
   (f) ***Fair Trading (Code of Practice for Retail Tenancies) Regulations 1998 (TAS)***
   (g) ***Leases (Commercial and Retail) Act 2001 (ACT)***
   (h) ***Business Tenancies (Fair Dealings) Act 2003 (NT)***

viii. **UV** means the unimproved value of land (used interchangeably for convenience with "site value" despite slight differences in meaning).

2 Federal Taxes

In addition to the various state taxes and levies, the following federal taxes and levies apply:

i. income tax (including CGT); and
ii. GST.

3 Currency

This paper is current as of 1 April 2025