SUBMISSION

PRODUCTIVITY COMMISSION ISSUES PAPER - MAY 2010

PERFORMANCE BENCHMARKING OF AUSTRALIAN BUSINESS: PLANNING, ZONING AND DEVELOPMENT ASSESSMENTS

Productivity Commission

Bulky Goods Retailers Association (BGRA)
31st August 2010

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1.0 Bulky Good Retailers Association (BGRA) Overview

The Bulky Goods Retailers Association Limited (BGRA) is the national peak industry association whose primary focus is on issues relating to appropriate planning and responsible development of bulky goods retailing outlets.

Deep End Services estimates bulky goods sales for the financial year ending 30th June 2010 were **$58.1 billion** nationally and **21.3%** of all retail sales. Further Economic research by Deep End Services estimates that bulky good retailers nationally employ approximately 173,000 people directly and a further 215,000 people indirectly.

Retail members of the BGRA consists of some of Australia's largest and most respected bulky goods retailers including Harvey Norman, Bunnings, IKEA, Forty Winks, Snooze, Spotlight, Beacon Lighting, The Good Guys, Bedshed, Autobarn, Fantastic Furniture, Super Cheap Auto, Freedom, Bay Leather Republic, Anaconda, BCF, Plush, OZ Design Furniture, Barbeques Galore, The Outdoor Furniture Specialists, JB Hi-Fi, Domayne, Super A-Mart, PETstock, Petbarn and Repco. *(For a complete list of our Retail members please refer to our website, www.bgra.com.au)*

The BGRA also has a large number of associate members, many of whom are significant developers, owners, service suppliers and agents of bulky goods developments across Australia including Charter Hall Group, Valad Property Group, Mirvac, AXIOM Properties Limited, Primewest Management, Arise Developments, McMullin Group, Terrace Tower Group, BB Retail Capital, Northern Territory Airports Corporation, Deacons, Gadens Lawyers, Cornwall Stodart, Blueprint Group Australia, The Buchan Group, Major Media, CB Richard Ellis, Colliers International, Century Funds Management and The Belgrave Group of Companies. *(For a complete list of our Associate members please refer to our website, www.bgra.com.au)*

Our representation is extremely diverse. The BGRA clearly represent the interests of large national bulky goods retailers, but we also represent the interests of small retailers as many of our members have franchised businesses.

The BGRA is a key stakeholder in planning and zoning laws that regulate this market sector. Consequently, we are actively involved across Australia in numerous reviews of planning policy and planning regulations that affect our industry. We are a keen observer of the recent findings of the Productivity Commission's Inquiry into the Market for Retail Tenancy Leases in Australia and the Australian Competition & Consumer Commission Grocery Price Inquiry into the Competitiveness of Retail Prices for Standard Groceries. Both inquiries noted the need to review planning and zoning laws. The Bulky Goods industry in Australia is also facing difficulties as a direct result of planning and zoning legislation across Australia. This is particularly relevant in relation to Land Use Definitions and the current trend in Activity Centre Policy. These issues are discussed in detail in this submission.

2.0 Economic Overview

Bulky Goods/Homemaker Retail is a well-established retail sector. Recent figures from Deep End Services estimate that the sector represents **21.3%** of all retail sales or a massive **$58.1 billion** annually.

The BGRA estimates that direct employment in Australia in this market sector amounts to more than 173,000 full-time equivalent jobs. The multiplier effect of this employment generates an additional 215,000 full-time equivalent jobs in the supply of goods and services.

A tabulated summary of the key economic research is included in this section of the submission.

The Bulky Goods/Homemaker Retail market has, in recent times, been the fastest growing sector in the retail market. Economic research undertaken by Deep End Services estimates that the Bulky Goods retail sector has grown on average 3% greater per annum for the past 6 years compared with the remainder of the retail market. This can be attributed to a variety of reasons including:

- The increase in demand for 'do-it-yourself' home improvement products brought about by the strong growth in the Australian economy and the recent property boom;

- The technology revolution has provided a substantial increase in new consumer products and the obsolescence of traditional household goods;

- The emergence of the internet and particularly online shopping has increased access to retail goods and services;

- Shopping has evolved into a leisure and lifestyle experience for many Australian families, particularly in relation to household goods expenditure;

- Increased supply of Bulky Goods/Homemaker Retail facilities and the provision of choice, convenience and competition provided by this increase in supply;

- The emergence of the green market due to climate change and the drought.

- The market for Bulky Goods / Homemaker Retail products is estimated to continue its current strong growth, particularly in response to the planned increase in population and number of new households planned for Australian capital cities up to 2030.

Bulky goods retail market
Australia
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	8,568	15,646	16,421	16,098	16,270	16,993	-
Furniture, furnishings, floor coverings & electric light fittings	7,220	11,194	10,807	10,837	11,341	12,374	-
Household appliances & electrical goods	5,339	8,946	9,190	9,671	9,995	10,609	-
Hardware and landscaping supplies	4,626	6,666	7,164	7,448	7,514	7,869	-
Bedding, manchester & window coverings	2,507	3,480	3,523	3,537	3,601	3,824	-
Automotive parts & accessories	1,830	2,514	2,633	2,826	2,988	3,205	-
Other bulky goods*	4,925	6,969	7,336	7,736	8,216	8,833	-
Total bulky goods	35,015	55,415	57,074	58,152	59,925	63,707	-
Total retail	167,137	254,809	269,497	273,489	285,666	302,717	-
Bulky goods proportion of total retail (%)	20.9%	21.7%	21.2%	21.3%	21.0%	21.0%	-
Average annual change (%)							
Home entertainment goods	-	9.0%	5.0%	-2.0%	1.1%	4.4%	1.1%
Furniture, furnishings, floor coverings & electric light fittings	-	6.5%	-3.5%	0.3%	4.7%	9.1%	4.6%
Household appliances & electrical goods	-	7.7%	2.7%	5.2%	3.3%	6.1%	4.9%
Hardware and landscaping supplies	-	5.4%	7.5%	4.0%	0.9%	4.7%	3.2%
Bedding, manchester & window coverings	-	4.8%	1.2%	0.4%	1.8%	6.2%	2.8%
Automotive parts & accessories	-	4.6%	4.7%	7.3%	5.7%	7.3%	6.8%
Other bulky goods*	-	5.1%	5.3%	5.4%	6.2%	7.5%	6.4%
Total bulky goods	-	6.8%	3.0%	1.9%	3.1%	6.3%	3.7%
Total retail	-	6.2%	5.8%	1.5%	4.5%	6.0%	4.0%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
New South Wales
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	2,817	4,790	4,812	4,659	4,603	4,733	-
Furniture, furnishings, floor coverings & electric light fittings	2,494	2,961	3,226	3,335	3,424	3,686	-
Household appliances & electrical goods	1,739	2,822	2,962	3,081	3,141	3,292	-
Hardware and landscaping supplies	1,448	1,750	1,828	1,878	1,861	1,920	-
Bedding, manchester & window coverings	879	1,098	1,145	1,155	1,162	1,219	-
Automotive parts & accessories	694	889	894	960	1,000	1,061	-
Other bulky goods*	1,636	2,013	2,025	2,138	2,232	2,365	-
Total bulky goods	11,707	16,322	16,893	17,208	17,423	18,277	-
Total retail	58,516	83,981	88,134	88,730	91,899	96,147	-
Bulky goods proportion of total retail (%)	20.0%	19.4%	19.2%	19.4%	19.0%	19.0%	-
Average annual change (%)							
Home entertainment goods	-	7.9%	0.5%	-3.2%	-1.2%	2.8%	-0.6%
Furniture, furnishings, floor coverings & electric light fittings	-	2.5%	8.9%	3.4%	2.7%	7.7%	4.5%
Household appliances & electrical goods	-	7.2%	5.0%	4.0%	2.0%	4.8%	3.6%
Hardware and landscaping supplies	-	2.7%	4.5%	2.7%	-0.9%	3.2%	1.6%
Bedding, manchester & window coverings	-	3.2%	4.3%	0.9%	0.6%	4.9%	2.1%
Automotive parts & accessories	-	3.6%	0.6%	7.4%	4.2%	6.1%	5.9%
Other bulky goods*	-	3.0%	0.6%	5.6%	4.4%	6.0%	5.3%
Total bulky goods	-	4.9%	3.5%	1.9%	1.3%	4.9%	2.7%
Total retail	-	5.3%	4.9%	0.7%	3.6%	4.6%	2.9%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Victoria
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	2,074	3,708	3,722	3,730	3,850	4,014	-
Furniture, furnishings, floor coverings & electric light fittings	1,729	2,708	2,486	2,523	2,713	2,958	-
Household appliances & electrical goods	1,301	2,135	2,131	2,336	2,465	2,615	-
Hardware and landscaping supplies	1,115	1,763	1,810	1,921	1,966	2,052	-
Bedding, manchester & window coverings	649	926	863	864	892	946	-
Automotive parts & accessories	399	590	592	642	696	748	-
Other bulky goods*	1,125	1,630	1,638	1,759	1,912	2,050	-
Total bulky goods	8,392	13,461	13,242	13,775	14,493	15,384	-
Total retail	39,869	61,742	63,591	66,324	70,042	73,874	-
Bulky goods proportion of total retail (%)	21.0%	21.8%	20.8%	20.8%	20.7%	20.8%	-
Average annual change (%)							
Home entertainment goods	-	8.7%	0.4%	0.2%	3.2%	4.3%	2.5%
Furniture, furnishings, floor coverings & electric light fittings	-	6.6%	-8.2%	1.5%	7.5%	9.1%	6.0%
Household appliances & electrical goods	-	7.3%	-0.2%	9.6%	5.5%	6.1%	7.1%
Hardware and landscaping supplies	-	6.8%	2.7%	6.1%	2.3%	4.4%	4.3%
Bedding, manchester & window coverings	-	5.2%	-6.8%	0.1%	3.3%	6.1%	3.1%
Automotive parts & accessories	-	5.8%	0.4%	8.4%	8.4%	7.4%	8.1%
Other bulky goods*	-	5.4%	0.5%	7.4%	8.7%	7.3%	7.8%
Total bulky goods	-	7.0%	-1.6%	4.0%	5.2%	6.1%	5.1%
Total retail	-	6.4%	3.0%	4.3%	5.6%	5.5%	5.1%

*Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Queensland
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
<u>Sales (Y/E June) ($m) (incl GST)</u>							
Home entertainment goods	1,702	3,324	3,524	3,388	3,447	3,644	-
Furniture, furnishings, floor coverings & electric light fittings	1,338	2,696	2,514	2,452	2,569	2,838	-
Household appliances & electrical goods	1,066	1,798	1,820	1,877	1,950	2,095	-
Hardware and landscaping supplies	851	1,317	1,360	1,371	1,381	1,460	-
Bedding, manchester & window coverings	418	653	685	695	716	772	-
Automotive parts & accessories	371	448	475	498	530	578	-
Other bulky goods*	1,051	1,535	1,627	1,673	1,789	1,943	-
Total bulky goods	6,797	11,771	12,006	11,954	12,382	13,329	-
Total retail	31,603	50,914	54,419	54,032	56,379	60,295	-
Bulky goods proportion of total retail (%)	21.5%	23.1%	22.1%	22.1%	22.0%	22.1%	-
	19.4%	21.2%	21.0%				
<u>Average annual change (%)</u>							
Home entertainment goods	-	10.0%	6.0%	-3.9%	1.7%	5.7%	1.1%
Furniture, furnishings, floor coverings & electric light fittings	-	10.5%	-6.8%	-2.5%	4.8%	10.4%	4.1%
Household appliances & electrical goods	-	7.8%	1.2%	3.1%	3.9%	7.4%	4.8%
Hardware and landscaping supplies	-	6.4%	3.3%	0.7%	0.8%	5.7%	2.4%
Bedding, manchester & window coverings	-	6.6%	4.9%	1.5%	3.0%	7.8%	4.1%
Automotive parts & accessories	-	2.7%	6.0%	4.9%	6.4%	8.9%	6.7%
Other bulky goods*	-	5.6%	6.0%	2.8%	6.9%	8.6%	6.1%
Total bulky goods	-	8.2%	2.0%	-0.4%	3.6%	7.6%	3.5%
Total retail	-	7.1%	6.9%	-0.7%	4.3%	6.9%	3.5%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Western Australia
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	934	1,893	2,220	2,124	2,209	2,406	-
Furniture, furnishings, floor coverings & electric light fittings	768	1,299	1,236	1,164	1,248	1,412	-
Household appliances & electrical goods	583	1,112	1,113	1,117	1,163	1,279	-
Hardware and landscaping supplies	593	883	1,001	1,005	1,032	1,123	-
Bedding, manchester & window coverings	263	412	403	382	392	432	-
Automotive parts & accessories	168	247	289	325	346	383	-
Other bulky goods*	584	942	1,101	1,155	1,237	1,371	-
Total bulky goods	3,893	6,787	7,363	7,271	7,628	8,406	-
Total retail	16,129	26,085	28,363	27,593	29,211	31,996	-
Bulky goods proportion of total retail (%)	24.1%	26.0%	26.0%	26.4%	26.1%	26.3%	-
Average annual change (%)							
Home entertainment goods	-	10.6%	17.3%	-4.3%	4.0%	8.9%	2.7%
Furniture, furnishings, floor coverings & electric light fittings	-	7.8%	-4.8%	-5.9%	7.3%	13.1%	4.5%
Household appliances & electrical goods	-	9.7%	0.1%	0.3%	4.2%	9.9%	4.7%
Hardware and landscaping supplies	-	5.8%	13.4%	0.4%	2.7%	8.8%	3.9%
Bedding, manchester & window coverings	-	6.6%	-2.2%	-5.2%	2.7%	10.2%	2.4%
Automotive parts & accessories	-	5.7%	17.0%	12.2%	6.5%	10.8%	9.8%
Other bulky goods*	-	7.1%	16.9%	4.9%	7.1%	10.8%	7.6%
Total bulky goods	-	8.3%	8.5%	-1.2%	4.9%	10.2%	4.5%
Total retail	-	7.1%	8.7%	-2.7%	5.9%	9.5%	4.1%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
South Australia
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	567	967	1,138	1,175	1,162	1,168	-
Furniture, furnishings, floor coverings & electric light fittings	492	894	773	756	757	795	-
Household appliances & electrical goods	356	525	573	614	620	635	-
Hardware and landscaping supplies	347	520	698	760	767	785	-
Bedding, manchester & window coverings	177	234	258	262	262	269	-
Automotive parts & accessories	112	207	243	263	274	284	-
Other bulky goods*	268	475	558	610	636	668	-
Total bulky goods	2,319	3,821	4,241	4,440	4,478	4,603	-
Total retail	12,073	18,541	20,646	21,768	22,624	24,024	-
Bulky goods proportion of total retail (%)	19.2%	20.6%	20.5%	20.4%	19.8%	19.2%	-
Average annual change (%)							
Home entertainment goods	-	7.9%	17.6%	3.3%	-1.1%	0.5%	0.9%
Furniture, furnishings, floor coverings & electric light fittings	-	8.9%	-13.5%	-2.3%	0.2%	4.9%	0.9%
Household appliances & electrical goods	-	5.7%	9.1%	7.2%	1.0%	2.3%	3.5%
Hardware and landscaping supplies	-	5.9%	34.3%	8.9%	0.9%	2.3%	4.0%
Bedding, manchester & window coverings	-	4.1%	10.3%	1.5%	0.0%	2.6%	1.4%
Automotive parts & accessories	-	9.1%	17.8%	8.1%	4.0%	3.9%	5.3%
Other bulky goods*	-	8.5%	17.6%	9.2%	4.3%	5.0%	6.1%
Total bulky goods	-	7.4%	11.0%	4.7%	0.9%	2.8%	2.8%
Total retail	-	6.3%	11.4%	5.4%	3.9%	6.2%	5.2%

*Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Tasmania
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	193	420	417	405	396	407	-
Furniture, furnishings, floor coverings & electric light fittings	152	229	196	206	215	237	-
Household appliances & electrical goods	119	225	249	270	272	288	-
Hardware and landscaping supplies	112	187	191	206	210	224	-
Bedding, manchester & window coverings	45	59	64	65	65	68	-
Automotive parts & accessories	35	62	62	61	63	67	-
Other bulky goods*	114	183	181	185	191	204	-
Total bulky goods	770	1,366	1,360	1,397	1,412	1,495	-
Total retail	3,620	5,611	5,996	6,164	6,389	6,821	-
Bulky goods proportion of total retail (%)	21.3%	24.3%	22.7%	22.7%	22.1%	21.9%	-
Average annual change (%)							
Home entertainment goods	-	11.7%	-0.7%	-2.8%	-2.4%	2.9%	-0.8%
Furniture, furnishings, floor coverings & electric light fittings	-	6.0%	-14.4%	4.9%	4.8%	10.0%	6.5%
Household appliances & electrical goods	-	9.5%	10.7%	8.3%	0.9%	5.7%	4.9%
Hardware and landscaping supplies	-	7.6%	1.7%	7.8%	2.1%	6.6%	5.5%
Bedding, manchester & window coverings	-	3.9%	8.5%	1.6%	-0.4%	5.5%	2.2%
Automotive parts & accessories	-	8.5%	-0.4%	-2.6%	4.1%	6.9%	2.7%
Other bulky goods*	-	7.0%	-1.1%	2.4%	2.9%	6.8%	4.0%
Total bulky goods	-	8.5%	-0.4%	2.8%	1.0%	5.9%	3.2%
Total retail	-	6.5%	6.9%	2.8%	3.7%	6.8%	4.4%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
ACT
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	195	372	411	421	409	415	-
Furniture, furnishings, floor coverings & electric light fittings	179	330	259	261	267	285	-
Household appliances & electrical goods	121	211	215	233	242	255	-
Hardware and landscaping supplies	110	163	189	212	206	209	-
Bedding, manchester & window coverings	55	70	76	84	82	85	-
Automotive parts & accessories	36	47	52	57	58	61	-
Other bulky goods*	108	136	150	164	167	175	-
Total bulky goods	804	1,329	1,352	1,433	1,432	1,486	-
Total retail	3,489	5,216	5,451	5,559	5,703	5,911	-
Bulky goods proportion of total retail (%)	23.0%	25.5%	24.8%	25.8%	25.1%	25.1%	-
Average annual change (%)							
Home entertainment goods	-	9.7%	10.6%	2.4%	-2.8%	1.4%	0.3%
Furniture, furnishings, floor coverings & electric light fittings	-	9.1%	-21.5%	0.9%	2.2%	6.8%	3.3%
Household appliances & electrical goods	-	8.3%	1.9%	8.6%	3.6%	5.4%	5.9%
Hardware and landscaping supplies	-	5.8%	15.8%	12.4%	-3.1%	1.8%	3.5%
Bedding, manchester & window coverings	-	3.5%	8.6%	10.3%	-1.8%	3.5%	3.9%
Automotive parts & accessories	-	4.0%	10.5%	10.1%	2.6%	4.8%	5.8%
Other bulky goods*	-	3.4%	10.3%	9.1%	2.2%	4.5%	5.3%
Total bulky goods	-	7.5%	1.7%	6.0%	0.0%	3.8%	3.2%
Total retail	-	5.9%	4.5%	2.0%	2.6%	3.6%	2.7%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Northern Territory
2001 - 2012

BGRA bulky goods categories	2001	2008	2009	2010	2011	2012	2009-12
Sales (Y/E June) ($m) (incl GST)							
Home entertainment goods	86	172	177	195	194	206	-
Furniture, furnishings, floor coverings & electric light fittings	68	77	117	140	148	163	-
Household appliances & electrical goods	54	118	127	143	142	151	-
Hardware and landscaping supplies	50	84	87	94	92	97	-
Bedding, manchester & window coverings	21	28	29	30	29	31	-
Automotive parts & accessories	16	24	25	20	20	22	-
Other bulky goods*	39	55	56	52	53	57	-
Total bulky goods	334	558	618	674	678	727	-
Total retail	1,838	2,718	2,896	3,320	3,419	3,649	-
Bulky goods proportion of total retail (%)	18.2%	20.5%	21.3%	20.3%	19.8%	19.9%	-
Average annual change (%)							
Home entertainment goods	-	10.5%	2.8%	10.0%	-0.5%	6.4%	5.2%
Furniture, furnishings, floor coverings & electric light fittings	-	1.8%	51.9%	19.9%	5.3%	10.5%	11.7%
Household appliances & electrical goods	-	11.8%	7.6%	12.7%	-0.9%	6.5%	6.0%
Hardware and landscaping supplies	-	7.6%	4.0%	8.3%	-2.0%	4.9%	3.6%
Bedding, manchester & window coverings	-	4.2%	3.6%	3.9%	-2.2%	6.4%	2.6%
Automotive parts & accessories	-	6.6%	2.6%	-20.2%	2.4%	7.7%	-4.2%
Other bulky goods*	-	4.9%	2.6%	-7.9%	2.3%	7.3%	0.4%
Total bulky goods	-	7.6%	10.8%	9.1%	0.6%	7.2%	5.6%
Total retail	-	5.8%	6.5%	14.6%	3.0%	6.7%	8.0%

* Other bulky goods comprises:
- Office equipment & supplies
- Camping and sporting equipment
- Swimming pools, equipment & accessories
- Baby equipment & accessories
- Equestrian & pet supplies

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market growth
Summary by state
2001 - 2012

State	2001	2008	2009	2010	2011	2012	2009-12
Bulky goods sales - average annual change (%)							
NSW	-	4.9%	3.5%	1.9%	1.3%	4.9%	2.7%
Victoria	-	7.0%	-1.6%	4.0%	5.2%	6.1%	5.1%
Queensland	-	8.2%	2.0%	-0.4%	3.6%	7.6%	3.5%
WA	-	8.3%	8.5%	-1.2%	4.9%	10.2%	4.5%
SA	-	7.4%	11.0%	4.7%	0.9%	2.8%	2.8%
Tasmania	-	8.5%	-0.4%	2.8%	1.0%	5.9%	3.2%
ACT	-	7.5%	1.7%	6.0%	0.0%	3.8%	3.2%
NT	-	7.6%	10.8%	9.1%	0.6%	7.2%	5.6%
Australia bulky goods	-	**6.8%**	**3.0%**	**1.9%**	**3.1%**	**6.3%**	**3.7%**
Australia total retail	-	**6.2%**	**5.8%**	**1.5%**	**4.5%**	**6.0%**	**4.0%**
Australia bulky goods as % of total retail	**20.9%**	**21.7%**	**21.2%**	**21.3%**	**21.0%**	**21.0%**	-

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods retail market
Employment by state
June 2009

State	Bulky goods sales ($m)	Estimated floorspace (sqm)	Direct FTEs (No.)	Indirect FTEs (No.)	Total FTEs (No.)
New South Wales	16,893	5,118,975	51,190	63,578	114,767
Victoria	13,242	4,012,869	40,129	49,840	89,969
Queensland	12,006	3,638,087	36,381	45,185	81,566
Western Australia	7,363	2,231,162	22,312	27,711	50,023
South Australia	4,241	1,285,210	12,852	15,962	28,814
Tasmania	1,360	412,017	4,120	5,117	9,237
ACT	1,352	409,695	4,097	5,088	9,185
Northern Territory	618	187,267	1,873	2,326	4,199
Total	**57,074**	**17,295,281**	**172,953**	**214,807**	**387,760**

Assumptions:
Average trading level = $3300 per sqm
Direct employment rate = 1 FTE / 100 sqm
Indirect employment ratio = 1.242 FTE for every 1 direct FTE

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

Bulky goods and total retail market
Definitions

A national bulky goods categorisation has been adopted from the BGRA constitution.

The following items have been matched to ABS HFCE National Accounts categories (or part thereof) to determine historical and forecast retail market sizes:

BGRA bulky goods categories	National accounts category
Home entertainment goods	Audio visual equipment
Furniture, furnishings, floor coverings & electric light fittings	Furniture & floor coverings
Household appliances & electrical goods	Household appliances
Hardware and landscaping supplies	Household tools and Flowers & garden supplies
Bedding, manchester & window coverings	Household textiles
Automotive parts & accessories	Motoring goods
Other bulky goods comprises:	
- Office equipment & supplies	Newspapers, books & artists goods
- Camping, sporting & swimming pool equipment	Other major durables for recreation
- Baby equipment & accessories	Personal effects
- Equestrian & pet supplies	Pet foods & pet products

A similar approach is adopted in assessing historical and forecast total retail market sizes

Source: Deep End Services; BGRA; Australian Bureau of Statistics; Access Economics (as at November 2009)

3.0 Response to Key Issues

The BGRA has undertaken a review of the Productivity Commission Issues paper dated May 2010 and held a meeting in Melbourne on June 2010 with representatives of the Productivity Commission to discuss key issues. We provide the following submission which is structured around some of the key issues raised in the Issues Paper that we believe are most relevant to our industry.

3.1 Government Coordination and Cooperation in Planning, Zoning and Development Assessments.

KEY ISSUES

On what matters should the planning, zoning and DA related decisions and actions of governments be coordinated? How should performance on these matters be benchmarked?

Are there particular examples of where land development and development of other urban infrastructure (such as transport and schools) are or are not well coordinated?

What costs (benefits) does poor (good) coordination between levels of government create?

The BGRA strongly advocate there is a need to coordinate the various State Governments in order to standardise planning regulations across the various States of Australia and in particular; to standardise land use definitions.

Bulky Goods Retailing is a legitimate form of retailing that is separately defined in all State and Territory planning schemes across Australia. Common to all planning laws across Australia, is the premise that Bulky Goods Retailing is a separate category of retailing distinct from core Retail/Shops. Based on this separate definition, Bulky Goods Retailing can locate on land that is zoned for purposes other than core Retail/Shops. In this regard, Bulky Goods Retailing is a permissible and encouraged land use on lower order Business/ Commercial and Industrial zoned land.

The BGRA is concerned with the current "inconsistencies" in the definitions of Bulky Goods Retailing across Australia whereby each State and Territory; and in some States, each local Council, has a different definition of Bulky Goods Retailing. Our retail members operate businesses on a national basis and the current inconsistencies across different States and Local Councils result in much uncertainty and frustration in obtaining planning permits to lawfully conduct our business. Some of the major consequences of these inconsistent definitions include; increased time and costs associated with obtaining planning approvals and planning compliance; increased legal action arising from planning permit appeals and third party objections.

There are fundamentally two types of definitions contained in planning laws across Australia that define Bulky Goods Retailing including;

- Performance based definition relating to “Bulky Goods”. This type of definition has been adopted in New South Wales, and in part, in other States.

- List of specific product categories. This type of definition has been adopted in Victoria, and in part in other States.

In summary, the BGRA strongly advocates there is a need to standardise planning laws and specifically - land use definitions, across Australia to provide certainty to our industry and remove the current complications that directly result in increased time and cost to businesses and ultimately consumers.

In the BGRA’s newly revised constitution is the adoption of the following definition of Bulky Goods. The following definition is, to a large extent, based on the current New South Wales definition of Bulky Goods & the Victorian definition for Restricted Retail Premises, but also provides a level of consistency with other States and municipalities.

*“**Bulky Goods** means a building or place used primarily for the sale by retail; wholesale or auction of (or for the hire or display of) goods that are such size, shape or weight as to require:*

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

(b) direct vehicular access to the site of the building or place by members of the public, for the purpose of loading and unloading the items into their vehicle 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 the sale of bulky goods.

Products that are deemed to comply as bulky goods are (but not limited to);

- *Automotive parts and accessories;*

- *Camping, outdoor equipment and recreation supplies;*

- *Electric light fittings;*

- *Equestrian, pet supplies;*

- *Floor and/or window coverings;*
- *Furniture, bedding, furnishings, fabrics, manchester and homewares;*
- *Household appliances, household electrical goods, home entertainment goods;*
- *Party supplies;*
- *Swimming pools, equipment and accessories;*
- *Office equipment supplies;*
- *Baby equipment, children's play equipment and accessories;*
- *Sporting, cycling, fitness equipment & accessories; and*
- *Trade supplies including building products, timber and hardware, landscaping supplies, and the like in predominantly indoor and/or enclosed buildings…"*

3.2 Competition and Regulation of Land Markets

KEY ISSUES

Are there particular examples where planning, zoning and DA systems are especially effective at encouraging competitive outcomes?

What are some ways that governments could address anti-competitive practices in the planning, zoning and DA systems?

To what extent do planning and zoning systems have the effect of unnecessarily limiting the entry of new industries or supporting the continued existence of particular industries in some locations?

The BGRA believe the planning systems in most States generally do not go far enough to actively encourage competition in the marketplace. This has resulted in an ‘in-balance’ in favour of regulating and constraining development rather than actively encouraging appropriate development.

However, the recent measures that have been initiated by the NSW Government will greatly improve this situation and should be effective at encouraging competitive outcomes.

The Draft Centres Policy recently exhibited by the NSW Department of Planning in late 2009 will greatly assist in actively encouraging competition. The Draft Centres Policy included the positive policy statement that; *“...the market is typically best placed to determine the need for retail facilities…”* and the key role of the planning system is in “*…helping to deliver capacity for the appropriate location and scale of development to meet consumer demand…*”

The Draft Centres Policy also advocated a Net Community Benefit (NCB) test in assessing rezoning proposals and removes the requirement to consider competitive impacts on individual businesses in the merit assessment process. The BGRA strongly supported these policy initiatives contained in the Draft Centres Policy as ways in which the benefits of competition can be delivered while balancing the public interest.

The implementation of a Centres Policy via a State Environmental Planning Policy (SEPP) in New South Wales is considered the best example of removal anti-competitive practices and encouraging competitive outcomes. We also support the proposal to create a The New South Wales Government has also proposed to introduce a separate SEPP to cover Planning and Competition issues in more detail.

The BGRA supports both of these key projects on the basis that they will streamline the planning process; increase competition and facilitate growth. We have made separate submissions to the NSW Government in this regard.

In relation to the limiting the entry of new industries, the planning and zoning system can inadvertently constrain new business entrants and innovation due to the fact that planning regulations remain static while industry is constantly evolving. This is most relevant in relation to land use definitions and is discussed in the following decision in the Victorian Civil & Administrative Tribunal (VCAT) –

In the decision - Radford v Hume CC VCAT 2662 (21 December 2006) the presiding member stated:

"…Retailing is a dynamic industry driven by competition and consumer demand, changes in technology and shifts in consumer patterns… 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. That would be contrary to the general principle of economic wellbeing …that planning should support and foster economic growth and development as a means of contributing to the economic wellbeing of communities and the State as a whole. 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 needs of 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…"

The BGRA advocate that planning and zoning regulations need to contain an inherent flexibility to cater for new business entrants and innovation in certain industries. This flexibility needs to cater for discretionary decision making in the development assessment process rather than relying upon planning scheme amendments to cater for proposals which are non-conforming or non-compliant due to static or outdated planning regulations.

3.3 Impact on Compliance Costs

KEY ISSUES

What measurable factors would best be used to compare the compliance burden of planning, zoning and DA processes across jurisdictions?

Is the uptake of state planning/zoning policies /overlays consistent between regions or local government areas?

The key measurable factors that need to be adopted to benchmark the compliance burden associated with planning are time and cost. The assessment of cost needs to include the direct cost of the development application process as well as the indirect cost of holding land or property pending the issue of development approval. The time factor obviously contributes to the holding costs of land and delays in obtaining development approvals are a source of great frustration for retail businesses and property developers. Any measures that can reduce the time and cost associated with obtaining development approvals is supported by the BGRA.

The BGRA continues to advocate for consistency of planning regulations between the States particularly in terms of land use definitions and retail planning policy. There is also a need for consistency of planning regulations within each State to reduce conflict and inefficiencies that arise between local government boundaries. There are measures in place in most States to reduce conflict and standardise local government planning schemes. However there will always be some degree of conflict or tension between State and Local government planning policies and regulations as long as there remains a two tiered system of government within the States.

3.4 Impact on the Efficiency and Effectiveness in the Functioning of Cities

KEY ISSUES

Which cities should be included in the benchmarking for this study?

Where it has occurred, what effect has the removal of local government from decision making processes (and replacement by state agencies or regional planning panels) had on the efficiency and effectiveness of the functioning of your city?

This study should include all capital cities in Australia in order to provide a balanced view of the entire market. It is also necessary to compare benchmarks across the various States to determine the efficiency and effectiveness of each individual State. This is an important comparative measure given that each State has its own unique planning system.

There is an increasing need for the removal of local government from the decision making responsibility on major projects and projects which are of regional or State significance. State Governments are responsible for creating and implementing strategic planning policies for the benefit of the entire State. Local government is responsible for implementing State policies at a macro level but are often more focused on the micro level of implementing local government policies.

In the context of major retail development proposals the BGRA supports the flexibility for decision making to be removed from local government and transferred to the Minister for Planning or Advisory Panels. Examples of this process are the major project assessment process in NSW (part 3A) which has demonstrated significant reductions in processing time for major development applications. In Victoria, the Minister for Planning has taken the responsibility to assess and determine various development proposals for the new Woolworths hardware business rollout which includes a number of development projects (10-12) which are all located in different local government areas. In this case, the appointment of a central advisory panel affords a central decision making process that in turn delivers efficiencies in terms of times and cost. This type of process also ensures the consistent application of planning policies across the various projects without undue political influence form Local government.

3.5 Ensuring Adequate Supply of Land for Different Uses

KEY ISSUES

Are the current methods employed by planners for determining forward demand for the different uses of land appropriate? If not, why not and how could they be improved?

Is there land in your district that is suitable for a certain purpose (housing, commercial, industrial, other) but cannot be used for that purpose due to planning restrictions, zoning or DA conditions?

Determining forward demand for retail floorspace is an area that can be greatly improved by Government. The current assessment of demand for retail floorspace is undertaken jointly by government in their strategic planning and associated economic forecasting as well as the development sector in their application for development assessments Recent strategic planning work undertaken by State Government has established the case for a large increase in retail floor space is required to meet the future needs of an increased population in most capital cities in Australia. The only way to provide this increased retail floor space is to increase the supply of suitably zoned land for these uses to locate.

The BGRA strongly believe that State governments should take the lead role in managing the preparation of economic forecasts and the setting of floorspace supply targets for each respective municipality. This is essential if regional assessments are to be accurate and effective. Regional assessments by their definition will straddle local government areas, and as such, responsibility for undertaking Regional assessments must reside with a Regional or State body.

The BGRA believe there is a need for a comprehensive State-wide retail floor space census to inform future planning that will set economic benchmarks. This should be undertaken before any benchmarks targets are settled. Economic research needs to be carried out in a coordinated manner so that amounts of supportable floor space by category are properly assessed by reference to state averages but adjusted to account for demographics, variations in average spending levels, geographical constraints etc. Also, such studies must also take into account volume, type and quality of existing retail facilities. Areas containing regional shopping centres or significant bulky goods precincts will contain substantially more retail floor space than average. This contributes to the reason for State Government to undertake the work rather than responding to the development sector on an ad-hoc basis.

In summary, the BGRA believes that State Governments should prioritise the economic research associated with an existing floorspace census and the preparation of floor space forecasts to ensure the implementation of floorspace targets. This will assist in providing an increase in the supply of suitably zoned land which will in turn act to facilitate growth.

The BGRA has consistently advocated that Industrial land is suitable for the development of Bulky Goods Retailing and other landuses but is currently constrained by planning policy restrictions. However there is a current trend in planning policy making to protect industrial land for industrial purposes despite the economic fact that there is a significant and ongoing decline in demand.

The demand for industrial land for manufacturing purposes has been in decline for more than 10 years reflecting trends in the global economy. The majority of industrial activity in the Australian economy is now focused on the warehousing and distribution of imported goods manufactured overseas. As a result there has been increasing demand for industrial land located in close proximity to major airports/sea ports with easy access to freeways for the transportation of those goods. This has led to the development of industrial parks located on ring road and freeway locations.

The industrial precincts in inner metropolitan areas can no longer provide the locational criteria sought by modern distribution businesses and have experienced a decline in demand over the years which in some cases have been met by other land uses including bulky goods retailing. The BGRA believes that underutilised industrial land provides an immediate opportunity for the development of bulky gods retailing as well as longer term re-development opportunities to cater for residential and other commercial landuses.

4.0 Conclusion

The BGRA welcomes this opportunity to contribute to the Productivity Commission for this project.

The BGRA is a key stakeholder in planning and zoning laws that regulate the retail market sector. Consequently, we are actively involved across Australia in numerous reviews of State Government planning policy and planning regulations that affect our industry.

The BGRA welcomes further consultation with the Productivity Commission in relation to this review and would be pleased to discuss any issues raised in further detail.

Please contact the undersigned regarding any aspect of this submission.

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