



26th September 2024

Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senators,

The Large Format Retail Association (LFRA) welcomes the opportunity to respond to the Senate Standing Committees on Economics regarding the 'Big Box' Inquiry, and we thank you for your consideration of this submission.

As the national peak body representing Australia's Large Format Retail (LFR) sector, the LFRA advocates to drive growth and sustainability in the LFR sector, and mainly works to ensure as alignment with planning and property. We believe that aligning planning regimes and easing zoning rules across Australia would provide greater clarity, consistency, and certainty, and would facilitate more investment in competition and job creation.

As an Association, the LFRA does not have any influence or authority over how its members structure or develop their business models. Matters such as product sourcing [locally and internationally], pricing strategies, and site locations are entirely commercial decisions made independently by the members for their businesses. The LFRA does not engage with or influence these areas.

Whilst we cannot respond on matters that pertain to individual retailers, we are eager to provide valuable context regarding the sector's evolution and highlight the unique challenges it faces today. By doing so, we hope to offer insights that will assist the Committees in understanding the broader landscape in which Large Format Retail operates and the regulatory environment that influences its growth and sustainability, and competition.

1. About the Large Format Retail Association

The Large Format Retail Association (LFRA) works with its membership – comprising Large Format Retailers, investors, owners, developers, and service suppliers - to enhance the effectiveness and sustainability of the LFR sector through:

- a) Innovation, and the promotion of sustainable and innovative practices in the sector; and
- b) Advocacy in specific areas that impact the sector, such as promoting clarity, consistency, and certainty in Australia's various planning regimes as they relate to Large Format Retail.

2. Contribution of Large Format Retail to the Australian Economy

The unique nature of Large Format Retail centres fosters healthy competition and competitive pricing, for the benefit of consumers. With approximately 35% of Australia's retail floor space and almost \$1 of every \$4 in retail spend going through Large Format Retailers, the sector's contribution to the Australian economy is significant.

The sector employs almost 471,000 people (FTE) both directly and through indirect employment (Source: Deep End Services; LFRA; Australian Bureau of Statistics, June 2024).



3. What is 'Big Box' Retail?

The term 'Big Box' retail is another phrase for Large Format Retail (LFR). However, in urban planning terms, each State and Territory has significantly different definitions for LFR.

The following are the names that Large Format Retail is called in each State and Territory in Australia. Each name comes with a different definition and some of the definitions have common themes.

State/Territory	Name of Large Format Retail
ACT	<i>'Bulky Goods Retailing'</i>
New South Wales	<i>'Specialised Retail Premises', 'Hardware and Building Supplies' and 'Garden Centres'</i>
Queensland	<i>'Showroom', 'Garden Centre' and 'Hardware and Trade Supplies'</i>
Victoria	<i>'Restricted Retail Premises' and 'Trade Supplies'</i>
Tasmania	<i>'Bulky Goods Sales'</i>
Northern Territory	<i>'Showroom Sales'</i>
South Australia	<i>'Bulky Goods Outlet'</i>
Western Australia	<i>'Bulky Goods Showroom' and 'Trade Supplies'</i>

These variations in definitions and zoning create challenges for businesses operating nationally in this sector, as the requirements for what can be sold and where it can be sold differ significantly across jurisdictions.

In many jurisdictions zoning restrictions mean land supply for the sector is difficult to obtain. In turn, this hampers development of the sector, reducing further investment, inhibiting more competition and stopping job creation.

Aligning planning regimes and easing zoning rules across the country would provide greater clarity, consistency, and certainty, and would facilitate more investment in competition and job creation.

4. Evolution of the Large Format Retail Sector

Large Format Retail has evolved significantly, driven by consumer demand for larger product ranges predominantly of a homemaker nature - like household appliances and furniture - as well as automotive parts, and outdoor recreation goods, along with the need for spaces that can adequately display and stock goods.

Generally, Large Format Retail is often aligned with the housing market and consumer demand where purchases are less frequent and more considered. The sector is characterised by a diverse range of products, many uniquely available through Large Format Retailers, with some businesses vertically or partially vertically integrated.

These characteristics and Large Format Retail's structural differences set it apart from other parts of retail formats, such as supermarkets, which offer a different shopping experience, focussed on everyday essential needs for consumers.

Key drivers of the Large Format Retail market include:

- The increase in demand for *'do-it-yourself'* (*'DIY'*) home improvement products;
- The home renovation market;
- The technology revolution which has provided a substantial increase in new consumer products and the obsolescence of traditional household goods;
- The evolution of shopping into a leisure and lifestyle experience for many Australian families, particularly in relation to household goods expenditure; and
- The emergence of the green market due to climate change.

Extending the Grocery Code of Conduct to include retailers from industries other than supermarkets fails to acknowledge the background and purpose of the Code, which originated from consultation with food and grocery participants and was designed to address concerns specific to this industry. Furthermore, extending the Code could result in unintended consequences such as unwarranted compliance costs and regulation, even though they may already be covered adequately by other codes or legislation and may not require these regulations in their industries to function fairly and efficiently.

5. Land Acquisition and Use

The acquisition and use of land for Large Format Retail are subject to a multifaceted regulatory framework involving both State and Local Government.

Different Local and State Governments have their own specific set of rules concerning land zoning, usage, and development standards, which can result in a fragmented and inconsistent regulatory environment. This complexity causes higher and unnecessary costs and can manifest in several ways for the Large Format Retail sector overall, including:

- Inconsistent zoning regulations;
- Varying approval processes;
- Complexity in compliance; and
- Impact on investment decisions.

The Impact of Planning and Zoning Regulations Ultimately Affects Customers

The sector is closely tied to both the new home and renovation markets, whether people are building, buying, or preparing to sell. Housing development drives demand for discretionary purchases like kitchen and furniture supplies. However, the thick layer of planning and zoning red tape stifles the sector's growth and limits its ability to support the housing market, whether through new builds or renovations, hindering efforts to address the housing crisis.

Various reports and reviews, such as those by the Productivity Commission, the Harper Review and many more, have highlighted the restrictive nature of local planning regulations, which often include:

- Restrictions on business types allowed in particular zones;
- Site-specific restrictions on the type and size of businesses;
- Limitations on business numbers and size through floor space minimums and caps;
- Detailed specifications on internal fit-out, landscaping, and parking provisions; and
- Land use and planning regulation are state issues with local government often determining land use on a local level causing inconsistencies within state jurisdictions.

Reforms that would streamline planning and zoning processes will reduce unnecessary restrictions and promote an even more competitive retail environment.

6. Concluding Remarks

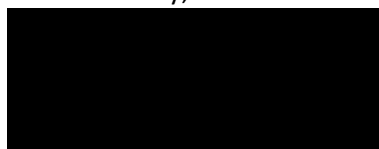
The Large Format Retail (LFR) sector is a cornerstone of Australia's economy, offering consumers a broad selection of products and contributing significantly to local communities through employment.

We encourage the Senate Committee to consider the unique characteristics and diverse nature of the Large Format Retail sector. A balanced approach that avoids unnecessary regulatory duplication and overreach will help sustain innovation, preserve consumer choice, and support economic growth.

The LFRA looks forward to collaborating with government and regulatory bodies to ensure that the Large Format Retail sector continues to prosper, benefiting both businesses and consumers alike while upholding a fair and competitive marketplace.

We thank you for your consideration of the issues outlined within this submission.

Yours sincerely,



Philippa Kelly
Chief Executive Officer