

# ***Planning for the Future of Retail***

Response to the NSW Government's discussion paper



Prepared by the National Retail Association

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## 1.0 About the Submitter

The National Retail Association (NRA) is a not-for-profit industry organisation providing professional services and critical information and advice to the retail, fast food and broader service industry throughout Australia. The NRA is Australia's largest and most representative retail industry organisation, representing more than 24,000 stores and outlets nationwide.

The NRA's membership is comprised of members from all the sub-categories of retail including fashion, groceries, department stores, home wares, hardware, recreational goods, newsagents, fast food, cafes and personal services like hairdressing and beauty. It also includes both large and small businesses, including the majority of national retail chains, as well as independent retailers and franchisees, and other service sector employers.

The NRA has represented the interests of retailers and the broader service sector for almost 100 years. The NRA's aim is to help Australian retail businesses grow.

## 2.0 Overview

The NRA endorses the observations made in the discussion paper that globalisation and technology "have significantly heightened competitive pressures on local retailers and driven dramatic changes to customer behaviour and expectations". Moreover, we strongly support the notion that the NSW planning system can be improved to support the efforts of the state's retail businesses to remain at the forefront of global trends.

We support the concept of using the state's planning instruments to encourage:

- clustering of retail businesses for consumer ease;
- greater efficiency in retail supply chains;
- development of new retail formats and opportunities; and
- revitalisation and growth in strategic regional centres.

Most of all, we urge governments to tend towards the lightest touch possible in its dealings with the retail sector. Unlike other major employment sectors – construction, tourism, education, health, mining or agriculture – retail has no dedicated voice inside governments at any level. While other major industry sectors have Departments and Ministers at either the state or federal level (and often both), the retail sector has no such privilege.

This means that retail can often be the forgotten sector of the economy when it comes to governments protecting and enhancing the job-creating capacity. Retailers don't seek such an arrangement. Rather, they ask governments to do everything reasonable and lawful to ensure that retailers can go about their business unhindered by red tape and regulation. We urge the NSW Planning authorities to keep this principle at the front of mind in all future dealings with the retail sector.

### 3.0 Supporting consumers

Everything retail businesses do is geared towards meeting the needs of their customers. As such, retailers are best placed to determine precisely what the customers' needs are. The owners, landlords and developers of retail businesses use highly sophisticated economic and demographic modelling, coupled with the benefit of their experience, to determine the best locations for a potential centre, as well as the mix of tenancies and retail offering.

We support the notion that careful, informed clustering of retail options serves the needs of customers and – by default – the needs of retailers. However, as outlined above, this should be considered a guiding principle. Planning regulations should never become a proxy for the rights of business owners to operate as and where they believe they can best meet the needs of their customers, create economic activity and generate jobs.

### 4.0 Supporting the needs of small businesses

Small business are, historically, much more likely to be the innovators and those embracing new formats and service offerings in the retail sector. This is largely because small, independently owned businesses can be more nimble and move more quickly to take advantage of sudden market opportunities. An example of this is where a pop-up business suddenly established to take advantage of a product fad or sudden market trend.

However, it's important to remember that any decision within government that will advantage one business, large or small, has the potential to adversely affect another business. On the whole, the NRA urges regulators to err on the side of what is best for the consumer. However, we ask planners to consider the impact that forcing the creation new retail precincts may have on existing shopping centres. If the net result of planning policy is to shift shoppers to new centres entirely at the expense of established centres, this risks creating areas of retail stagnation that in turn require government intervention and rejuvenation in the future.

Ultimately, we return to the guiding principle that business owners are the ones who take the risks (and reap the rewards) when making decisions about where to locate their businesses. While we welcome the understanding that NSW Planning and Environment is showing towards the future needs of retail, this must only ever reach the level of guidance, rather than compulsion, when it comes to when and how businesses operate.

### 5.0 Supporting the needs of large format retailers

The NRA's membership includes a number of large format retail businesses. These businesses provide furnishings, white goods and electronics, and they already tend to cluster in shopping centres designated by developers as furnishing precincts or "homemaker" centres. Industry research suggests large format retail accounts for 40 per cent of retail floor space demand in Sydney. Further, the State Government projections showing an extra 725,000 new homes in Sydney by 2036 point to a need for more large format retail space. Specifically, large format retail is projected to need the equivalent of 20 new homemaker centres by 2026 to support home construction.

Planning instruments that guide sensible, sustainable and leading-edge retail offerings will be crucial to the success of large format retailers. Equally important, however, will be the availability of land to create these centres. The NRA urges NSW Planning and Environment to use all its authority to encourage local councils to set aside appropriate areas to support the large format retail centres that will service growing communities in the years ahead.

**In relation to the needs of large format retailers, the NRA supports and endorses the submission of the Large Format Retail Association.**

## 6.0 Contact information

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