SHOPPING CENTRE
COUNCIL OF AUSTRALIA

Productivity Commission Draft Report '*Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments'* – February 2011

A submission by the
Shopping Centre Council of Australia

31 March 2011

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EXECUTIVE SUMMARY

The Shopping Centre Council of Australia (SCCA) welcomes the opportunity to comment on the Productivity Commission's Draft Report *Performance Benchmarking of Australian Business Regulation*: *Planning, Zoning and Development Assessments*, which was released for comment on 25 February 2011.

Our response to the draft report concentrates on Chapter 7 of Volume 1 ('Competition') and Chapter F of Volume 2 ('Competitive aspects of retail markets'), although in responding to the matters raised in these chapters we also touch on aspects of other chapters of the report, including Chapter 4 of Volume 1 ('Supply of Land'), concerning activity centres policies and land banking.

We believe the Commission has made some pertinent observations; presented a reasonably balanced report; and formed reasonable and practical conclusions on competition and planning issues. We have, however, suggested additional 'leading practices' to improve the competitiveness of land use markets, including for activity centres planning. It is concerning, however, that competition issues are still presented in a simplistic manner, and blatant anti-competitive practices, such as the ongoing pleading for special treatment (including exclusive access to lower cost developable land) from so-called 'new retail formats', continues to be glossed over. Retail companies such as Costco and Aldi (which has now been in Australia for ten years, opening more than 250 stores across only three states and the ACT) continue to seek privileged treatment on the spurious grounds that they are 'new', 'innovative', and 'different' to other retail formats and as if they are the only retail companies that experience restrictions and problems under the planning system. They advocate fair and open competition, but, in reality, are simply making special pleadings which are misleading, do not confer any strategic planning benefits, nor provide any net community benefits (such as transport efficiency) or any of the competition benefits that can derive from 'clustering'. These pleadings are not in line with the Commission's observations (at pages 16-17) on the need for government planning frameworks to respond to a range of challenges to urban efficiency and effectiveness (e.g. infrastructure, environment, ease of doing business, social and community connectivity).

We hope the Commission will bring some common sense analysis to this issue and highlight that the built form or operations of such companies, in planning or any other terms, are barely distinguishable from those of any other supermarket or discount department store. They should not, therefore, gain special treatment under the planning system. We are particularly concerned that the Commission did not test Aldi's claims that it can't get access to activity centres or refer to the Urbis analysis attached to our previous submission (which we have provided again through this submission at **Appendix 1**), which clearly illustrates the growth in the number of supermarkets, including Aldi, in a sample of activity centre markets in Brisbane, Sydney and Melbourne.

We also consider the draft report, while acknowledging the role that activity centres policies have in land use planning (in Chapters 4 and 7), does not sufficiently acknowledge the economic, environmental and social benefits that such policies deliver, particularly given the extensive commentary against such policies in relation to 'restrictions' and 'barriers'. This includes the clear competition benefits. Nor does it highlight that any perceived failure, in relation to competition issues, is not the fault of centres policies per se, but the result of poor implementation – through the absence of state and local planning instruments to enable existing centres to grow, and legitimate new activity centres to be identified.

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We therefore commissioned *SGS Economics and Planning* to prepare an independent report on the benefits of activity centres policies, and identify new directions for activity centres planning to address the current problems. No other planning approach or discipline provides the broad range of net community benefits, including competition benefits, as the activity centres approach to land-use planning. In fact, the centres approach aligns with the Commission's 'leading practices' for strategic planning, and its view that "the underlying approach is to focus efforts more on the earlier stages of planning when strategic land use policy and its associated plans are decided" (page XXXVIII). Sporadic, out-of-centre development, that serves the special pleading of 'new formats' is the antithesis of this sensible, strategic approach. We have included SGS's draft report as **Appendix 2** to this submission. (Please note that, at this stage, although substantially complete, this is still a draft report and for this reason we would ask that it not be included on the Commission's website until we have lodged the final report which we expect to be able to do in early April.)

SGS's draft 'new directions for centres planning' respond to these issues, and aim to provide a better framework for activity centres policies, including optimal planning and competition outcomes. The Commission has noted on page XXXI that, in relation to the development of centres policies, "there is little to indicate that impacts of competition or an analysis of the benefits of the desired outcome versus the costs of restricted competition, were considered in establishing these regulations". This might be the case, however, conversely, there is little to indicate that when governments provide one retail format with a competitive advantage over others, by enabling them to locate in an out-of-centre location, that this restriction in competition, or the lack of overall planning benefits, was considered.

We therefore reaffirm our view, expressed in our earlier submission, that "activity centres policies that promote commercial and retail developments to co-locate within identified activity centres (such as regional, town and village centres) should remain the cornerstone of orderly and proper planning and must be maintained". We endorse the comment of the draft report that "contrary to the position advanced by some to the Commission during consultations, it is not clear that restrictive zoning policies would necessarily provide benefits to incumbent businesses over potential new entrants. The potential for higher land costs and more price competition associated with clustering in activity centres, for example, may mean that activity centres are a viable option for only the more efficient operators" (page X).

We strongly support planning systems that strategically plan for, and enable, a broad range of retail uses on an equal footing. We continue to oppose anti-competitive approaches to planning, whereby certain retail companies are provided benefits over others; where the impact on competition between businesses is a planning consideration; or where special pleading occurs in an attempt to highlight 'differentiation' that doesn't exist and seeks to paint traditional retailers in a negative light. It has been fashionable, of late, to accuse 'incumbent retail landlords' of engaging in anti-competitive behavior, simply because they are required to locate in activity centres. But our members probably experience more anti-competitive behavior than is commonly acknowledged. It is common for shopping centre developments to be subjected to factors such as opposition and objections from 'local' businesses (on the basis of a loss of trade); having their expansions thwarted through planning impositions (such as height restrictions); seeing competitors get access to sites that they wouldn't (such as industrial sites), or, in a government policy sense, the bizarre ACT Supermarket Policy which is handing sites to Aldi and Supabarn, and the Draft NSW Activity Centres Policy which provides a vehicle for out-of-centre development for certain retailers, and not others, including shopping centres.

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Our submission is structured as follows:

- Section 1 – Response to the Commission's five leading practices to improve the competitiveness of land use markets.
- Section 2 – SGS draft new directions for activity centres planning (which we believe should be considered as part of the Commission's final leading practices).
- Section 3 – Response to other commentary within the report as it relates to competition and planning.

We congratulate the Commission on the largely-balanced draft report and appreciate the consultative approach to date. We would welcome the opportunity to discuss this submission with the Commission. Our contact details appear at the end of this submission.

1.0 PRODUCTIVITY COMMISSION IDENTIFIED 'BEST PRACTICES'

The draft report identifies, on pages 296-299, leading practices "which, if implemented, would be likely to improve the competitiveness of land use markets". We have listed these below and have commented on each.

1.1 Less Prescriptive Land Use Zones

Land use zones (and overlays) in activity centres which are less prescriptive and exclusionary to businesses and industrial zones which are available only to industry would enable planning and zoning systems to facilitate improvements in the competitiveness of city land use.

We generally support the proposed leading practice, including the remark that "a reduction in the prescriptiveness of zones and allowable uses (particularly those relating to business definitions and/or processes) would facilitate new retail and business formats to locate in existing zones without necessitating rezonings and other changes to council plans to accommodate various business models". We have always supported a broader range of retail uses to be included in activity centres through less prescriptive zones and permissible uses.

However, we believe the proposed leading practice is incomplete and has a number of limitations.

The objective of this leading practice should be that all retail businesses have equal access through zoning to enter a market, and that no business or format has an advantage over another.

Firstly, in addition to providing less prescriptive zones that apply in activity centres, all jurisdictions need to be proactive in enabling existing activity centres to grow and new ones to be identified. This has been a key failure in planning for activity centres, even for existing centres identified in strategic and statutory plans. All activity centres need to be able to expand retail diversity, through lateral and upwards expansion (increased density) and through expanded business / allowable use zoning. Shopping centres in existing activity centres are currently limited from expanding due to restrictive zoning and development standards and have experienced other problems with the planning process such as ongoing delays. The most prominent example, until changes were made last year, was the WA activity centres policy which, since 1991, imposed retail floor space caps.

Mr Matthew Quinn, the Chief Executive Officer of Stockland (a member of the SCCA), stated last year that Stockland had stopped all work in brownfield sites nationally due to major problems with planning approval processes. He said: "The fact is that it just takes so long to go through the process and because of the capital invested, it just kills us. It's the planning approval process" (SMH, 25 June 2010). An example cited by Mr Quinn was the Stockland Balgowlah mixed-use project (which includes a retail component) in Sydney, located in an activity centre, which experienced many years of delays, and took around eight years from site acquisition to operation. This example highlights that it is not only the so-called 'new formats' who experience problems with the zoning process, and this should be acknowledged by the Commission in its final report.

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Secondly, the proposed leading practice appears limited to activity centres. We have elaborated on this below, but we believe that out-of-centre retailing should be limited to genuine bulky goods outlets, in accordance with certain conditions (such as limitations on general retailing). But where general retailing is permitted outside activity centres, such as a result of rezoning industrial zones, efforts should be made to enable a broader range of retail formats, as opposed to these areas just being limited to 'new retail formats' through definitions such as 'showrooms' or 'retail warehouses', or other limitations. The rezoning of the Costco site in Auburn, Sydney (which was rezoned from industrial to enable a retail use), is a glaring example of this, whereby only a retail premises of 10,000m2 or more (Costco's proposal is around 14,000m2 of retail) is able to locate there. This is effectively a minimum cap. A shopping centre with multiple tenants, but less than 10,000m2, would not be able to locate there. The Productivity Commission has already acknowledged in its draft report that the imposition of retail caps is an anti-competitive approach to planning.

Thirdly, a key point that the Commission should acknowledge is that the so-called new retail formats and entrants have created a rod for their own back. These companies effectively argue for their own planning system, based on spurious claims that they are 'different' and, therefore, need 'special treatment'. When they receive such treatment, such as in the form of a certain land-use definition or rezoning, they then complain that this isn't extended across the board through all land-use zones. If these companies, and the planning agencies they seek to influence, accepted the reality that they are no different to traditional retail formats, they wouldn't experience the zoning problems they seem to be having. The most classic example to illustrate this point is Costco's Managing Director (Australia), Patrick Noone, suggesting that:

> "We're a new type of retailer, we don't fit into most planning laws…You have to be a supermarket or department store. We're none of that, but we're all of that".
>
> "The Costco business model…is that of a 'retail warehouse' which is not recognised as an individual form of development under the Standard Instrument definitions… Whilst Costco cannot be properly characterised as 'Bulky Goods Retailing' the Costco wholesale and retail warehouse shares many structural and operational characteristics with bulky goods retailing but equally cannot be considered to solely be a traditional retail centre development".

It is difficult to conclude what this means, other than a desire by Costco wanting an advantageous position over all retail competitors. Mr Noone acknowledges in this comment that Costco's operations and retail offer are barely distinguishable from that of any other supermarket or discount department store. There can therefore be no justification for receiving special treatment under the planning system?

Are 'new formats' like Costco suggesting that a traditional shopping centre, with up to 500 tenancies comprising various retail models and retail offer, can be classified under a simple definition of "shop" for the purposes of a planning scheme, but Costco's business is so different and complicated, despite being a single operator, that it needs a tailored approach and its own definition? The Commission notes at page 276 that "there is a point at which business models should be somewhat adaptable to local conditions." There is no sign, however, that Costco is prepared to adapt and the preparedness of the NSW Government, at Auburn, to bend the planning system to suit Costco's demands gives no incentive for it to seek to adapt. Similarly Aldi's claim, noted at page 269, of a 'lack of land in the business 1 zone in existing activity centres' would best be resolved by the business 1 zone being expanded in those particular areas. A 'lack of sites' is hardly the fault of the planning system. Aldi should also be prepared to pay market price, amalgamate sites (and pay the transaction taxes), and rezone, as others have to do in order to develop or expand their assets and businesses.

It is important that, in light of the proposed leading practice above, retail formats are not able to define themselves as 'industry' (such as a 'retail warehouse', which, through the use of the term 'warehouse', which would be an attempt to imply an industrial use), to enable them, and not others, to locate as a permissible use in industrial areas. This remains a critical concern, particularly given such practice is gaming the system. As an example, under the NSW Standard LEP Template, a 'warehouse or distribution centre' is a standard permissible use in certain industrial zones. New retail formats should not be able to pick and choose their definitions.

1.2 As-Of-Right Development Process

Facilitation of more 'as-of-right' development processes for activities would reduce uncertainty for businesses and remove scope for gaming by commercial competitors.

We support the proposed leading practice, so long as all retail development is given the same treatment and all retailers have equal access to certain locations and zones. Obviously all developers would support 'as-of-right' development, as described by the Commission, which would effectively enable development to proceed without requiring a rezoning. This would particularly be most useful for companies with existing centres, where it is illogical that expansions of the same use require a full rezoning process. Enabling this would limit gaming by commercial competitors or people acting on their behalf, such as local councils or business chambers.

It would be an absurd result if only new formats are able to locate within business zones in which they aren't technically allowed (as a result of the zone and/or permissible uses), but traditional formats are unable to locate within these zones.

1.3 Impacts on Existing Businesses

Impacts on existing businesses should not be a consideration during development assessments. To minimise the adverse impacts on competition, it is highly desirable that the broader implications of business location on the viability of activity centres be considered at a generic level during city planning processes rather than in the context of specific businesses during development assessment processes.

This has been the headline issue in the 'competition in planning' debate, with the allegation that councils consider and make decisions based on a new development's impact on existing businesses' trade and viability. As the draft report notes (page 260), however, the High Court has ruled that the threat of competition to existing businesses, "if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to a local community" is not a relevant town planning consideration.

The draft report does not disagree that maintaining the commercial viability of a city's activity centres is an important planning objective but proposes that the impacts on activity centre viability be fully considered during plan preparation and review, rather than when a development application is lodged. We support this approach although we would note that applications for spot rezonings must be considered as plan making (or plan making review).

The Productivity Commission needs to acknowledge that, despite claims, it is not necessarily 'incumbent retail landlords' who benefit from the inclusion of 'impact on existing businesses' as a relevant planning consideration. There are plenty of examples where proposed expansions of shopping centres have been thwarted or delayed because

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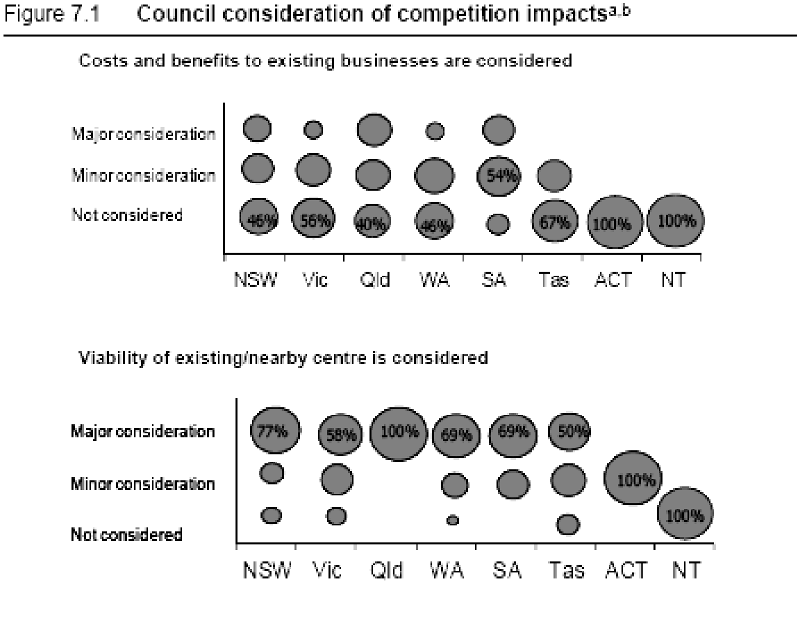
of objections by 'local' businesses (as if the tenants of the shopping centre are not 'local' retailers) that the expansion will drain business from other retailers or shopping strips.

Figure 7.1 (below) of the draft report indicates that based on local council feedback, the competition impacts on existing businesses continues to be a factor taken into consideration in planning decisions in NSW, Victoria, Queensland, Western Australia and South Australia, although to a varying extent. This evidence shows that, overwhelmingly, competition is either not considered or is a minor consideration.



[a] The size of bubbles represents the per cent of responding councils in each state/territory which reported in each category. [b] Council response rates to this question are less than 20 per cent in Victoria, Western Australia and South Australia.

Data source: Productivity Commission Local government survey 2010, Q42.

We note that the above results are summarised in the Commission's 'Overview' section, at Table 6 on page XXXII, but this table misrepresents the details of the above, to give the impression that consideration of each issue (competition between existing businesses and viability of nearby centres) is more significant or prevalent than it is. It does not distinguish between what is clearly a 'major' and 'minor' consideration. We submit that the summary at Table 6 should more accurately reflect Figure 7.1 above in the Commission's final report.

1.4 Alternative Assessment Paths

Legislated access and clear guidelines on eligibility for alternative DA paths (where they exist) would increase certainty and reduce scope for businesses to manipulate development assessment processes to their commercial advantage.

We support any development assessment path which enables a development application to be dealt with under clear, transparent rules. The Commission needs to acknowledge that councils, councillors, and 'local' community groups often hold up development, for 'local' reasons, and it is for this reason that there is pressure for alternative processes, such as state government assessment processes. Local councils can also significantly hold up projects with unreasonable delays and development conditions.

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Regardless of the development assessment path, all jurisdictions should provide clear guidance on the relevant assessment process, whether assessed at the local or state level, and the role of consultation and approvals required from state agencies such as road and environment agencies.

Alternative assessment paths have come into existence because the traditional paths have failed and have become the refuge of minority groups and local politics. It is for this reason that there has been pressure for regional and state-significant projects to be dealt with separately, on their merits.

There is an example in NSW where a proposal for an expansion of a long-established shopping centre became a political football because the local Mayor, who was also a candidate for a State seat, prejudged the redevelopment and actively campaigned against it. Without the alternative development path under the 'Part 3A' for major projects, this project could never receive natural justice in the traditional development pathway. Even though the fate of this development application is still undecided it is obvious that this project would never have been considered on its merits under the traditional development pathway. This project, and numerous other examples, highlights the need for, and our support for, a merits based assessment process and alternative assessment paths.

1.5 Third Party Appeals

Third party appeals which are appropriately contained in terms of the types of DAs which can be appealed and the parties which can appeal are a highly desirable approach to enable planning systems to support competitive outcomes.

We support the proposed leading practice, however the draft report (pages 292-293) notes claims by Woolworths and Aldi that its development applications are sometimes delayed by objections and objectors. The implication seems to be that the mere lodging of an objection to a development application is a 'gaming' of the planning process. This suggestion needs to be specifically rejected. In no way do we endorse any suggestion that people should not have the right to make a comment, including an objection, to a development proposal, based on legitimate planning or procedural grounds.

The draft report acknowledges that third party appeals of decisions on DAs should be possible but should be contained in various ways. We agree that measures to reduce vexatious appeals should be explored, including the capacity for courts to award costs against parties seen to be appealing for purposes other than planning concerns. It is not clear, however, what the draft report means by suggesting third party appeals should be limited to issues which were subject to DA consideration. This needs to be amplified. Similarly a compliant DA might not necessarily conform to all relevant development conditions. This too needs to be amplified.

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2.0 SGS (DRAFT) NEW DIRECTIONS FOR CENTRES PLANNING

One of the key features of SGS's draft report at Appendix 1, is the identification of eight new planning directions for activity centres planning. These new directions aim to address the current limitations, across Australia, of activity centres planning. These include, importantly, enabling activity centres to expand and grow and also ways to better manage out-of-centre proposals.

SGS's draft directions should be considered in addition to the Commission's five leading practices although some of these are similar to, or overlap, the Commission's leading practices. The main areas of similarity, or overlap, relate to the Commission's leading practice 1, regarding the prescriptive nature of land use zones, and SGS's new direction 3 (improved planning for centres and retailing) and 6 (ensuring retail use definitions support effective planning for centres).

The full details are in section 5 of the SGS report, however the new directions can be summarised as follows:

1. Improved representation and governance for the metropolitan area and its major centres.

2. Enhanced clarity on objectives and directions for centres and retail planning.

3. Improved planning for centres and retailing.

4. Clear and transparent accounting for benefits and costs.

5. Enabling activity centres to expand and grow.

6. Ensuring retail use definitions support effective planning for centres.

7. Review car parking rates and establish central or precinct based approaches to provision.

8. Better manage proposals for out-of-centre development.

We do not necessarily endorse all of these new directions, but believe that an overall new approach is needed for activity centres planning, including how to manage out-of-centre development and fair competition. We believe SGS's report provides a credible and practical starting point and framework for consideration by the Productivity Commission.

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3.0 ISSUES IN THE DRAFT REPORT

We have commented below on some of the key aspects of the Commission's draft report.

3.1 Lack of Development Sites

The draft report notes claims by Aldi that "a shortage of appropriately zoned land as a primary inhibitor on its growth", including a shortage of appropriately zoned space in activity centres (pages 89 and 251). To some extent Aldi's claims are not surprising: any new entrant to a mature market will inevitably find that most of the prime locations have already been taken; just as, for example, Woolworths or Coles would find, if they decided to enter the German market, that most of the best locations had already been taken by Aldi or Lidl and it would have to struggle to achieve prime locations.

Aldi has now been operating in Australia for 10 years. In that time it has opened, according to its website, "more than 250 stores". It should be noted that Aldi has not sought to expand beyond the three eastern mainland states and the ACT. This average rate of store opening by Aldi (25 a year) is actually faster than either Coles or Woolworths have historically achieved and these companies, unlike Aldi, have an Australia-wide presence.

It is worth pointing out that in the USA, Aldi has around 1,000 stores (the largest number it has outside Germany) despite having been operating in that country since 1976. According to the *New York Times* (30 March 2011) Aldi has opened stores in the USA at a rate of "25 or so on average", although it has apparently embarked on a period of expansion in recent years and this is now averaging around 29 stores per year. In only 10 years of operation in Australia, Aldi already has more stores, on a per capita basis, than it has in the USA.

Aldi Sud, which only operates in Western and Southern Germany, is the company which operates Aldi in Australia, and, has 1,720 stores in Germany (Aldi Nord, which operates in Western, Northern and Eastern Germany, has 2,400 stores). Aldi Sud's rate of store opening in Germany has been 26 stores per year, (since 1946) which is comparable to its rate of store opening in Australia, which is 25 stores per year (since 2001). Of the 18 countries in which Aldi (both Aldi Sud and Aldi Nord) has operations, in only two countries has it achieved an annual rate of store openings higher than in Australia. These are the USA (29) and France (30). Even in neighbouring European countries, Aldi has only managed stores openings at rates of up to less than half of that achieved in Australia, including Austria (10), Switzerland (17) and Hungary (20), since operations commenced in those countries.

We have also noted, both in our earlier submission and have repeated in this submission (**Appendix 1**), that in a sample of activity centres in Sydney, Brisbane and Melbourne, a new supermarket has opened, on average, every two years in these activity centres. Aldi's claims that a "shortage of appropriately zoned land" (in the only three States in which it operates) is inhibiting its growth, should not simply be accepted by the Commission at face value (as it was by the Australian Competition and Consumer Commission in the Grocery Inquiry), without being tested, as we have done.

Nevertheless, we have acknowledged in this submission (section 3.4) that one of the failures of activity centres policies has been the lack of planning instruments which will encourage the growth of activity centres, both upwards and outwards. This is a failure which the Commission should address in its final report.

3.2 Retail Space and Vacancy Rates

The Commission has noted the difficulties of sourcing comparable data on land supply outcomes (page 138). In particular, there is very little reliable data on the supply of land for retail purposes (pages 150-152), either in the aggregate or when calculated on a per square metre/per capita basis. The data which the Commission cites in Table 4.23 (page 151) is incomplete and, as the Commission notes, not comparable data. (It should be noted that the Commission concludes, on the basis of Table 4.23, that Hobart is possibly under-supplied with retail floor space. This conclusion is extremely doubtful. First, the data for Hobart in this table related only to shopping centres, which usually comprise much less than half of all retail space. Second, if Hobart was undersupplied with retail space, this would suggest that existing retailers were 'over-trading' and we could have expected additional retail floor space to be added. In fact there has been no significant retail development or redevelopment in Hobart for over a decade.) Even if there was reliable data, it would be difficult to draw conclusions from this data about whether Australia (or a particular jurisdiction) was over-supplied or under-supplied with retail floor space or whether it had the balance just right (at that particular point in time.) As we noted in our earlier submission, claims that Australia has a shortage of retail space (and that this is an outcome of the planning systems) must be treated with scepticism.

Such conclusions can only be drawn from an examination of retail vacancy rates and even here, as the Commission notes (page 116 of Volume 2), that data is also incomplete. Nevertheless, as the Commission has noted, and as we pointed out in our earlier submission, there is reliable data on vacancy rates in the shopping centre sector. This data is particularly relevant since it is the shopping centre sector that is allegedly 'protected from competition' by activity centres policies, which supposedly limit the types of retail which can be located outside these activity centres. If this claim was correct, then *prima facie,* we would expect that vacancy rates for all shopping centres would be consistently very low. In fact, as we pointed out in our original submission (see the table on page 7 of that submission), with the exception of regional shopping centres, over most of the decade between 2000 and 2010 there was an over-supply of shopping centre floorspace. This is despite the fact that retail sales increased substantially over most of the decade and, hence, the demand for retail space was high.

We acknowledged in our earlier submission (page 8) that there is a chronic undersupply of retail floor space in regional shopping centres but this is the result of a limited number of department store chains to 'anchor' these centres. While Australia remains limited in the number of department store chains to only two – and neither can be regarded as super-profitable – there will be a limit imposed on the growth of regional shopping centres which is unrelated to planning considerations.

There is, therefore, no evidence of a persistent shortage of retail space in Australia, and certainly no evidence of a shortage caused by the planning system, and the Commission should acknowledge this in its final report.

3.3 Rent Data for Activity Centres

As we noted in our earlier submission, if there was a chronic shortage of retail space in Australia (created by the planning system), then not only would vacancy rates in shopping centres be consistently low but also this would have led to consistently higher rents for retailers. Our earlier submission noted two measures to suggest this has not been so. First, average occupancy costs (total occupancy costs as a percentage of sales) for specialty retailers in shopping centres have moved within a fairly narrow band from year to year (page 13). Second, a cross-country comparison by Urbis of retail property returns in four other comparable countries (most with a less restrictive planning

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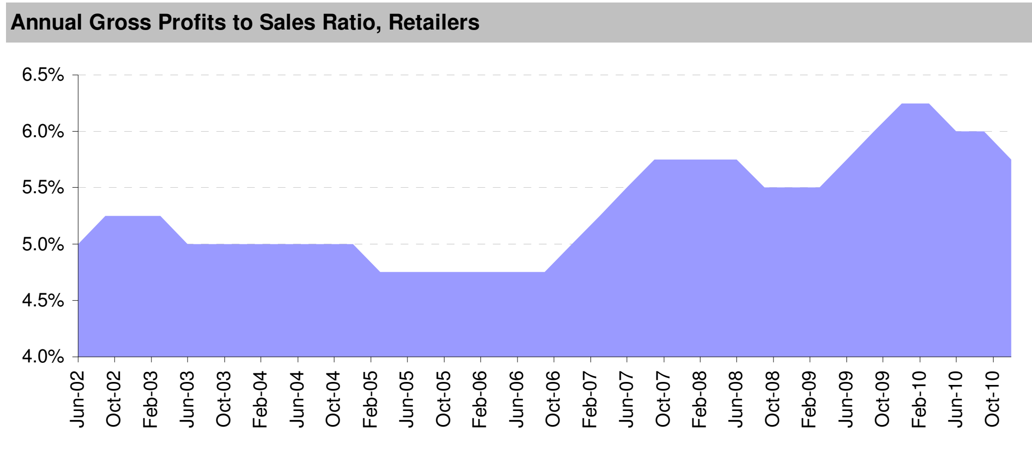
system), over the period 1993-2007, "does not provide any strong evidence of excess returns being generated in countries with more restrictive planning policies" (page 14.)

We would add a third measure. While occupancy costs are only one aspect of retailers' profitability, there is no evidence that retailers' gross profit margins have been squeezed over the past decade. The graph below, prepared by Urbis, shows retailers' annual gross profits as a percentage of sales, over an eight-year period. This shows the ratio was fairly consistent (around 5%) over the period 2002 to 2006 and then increased fairly significantly, to above 5.5%, from 2006 to 2010.



Source : ABS Cat 5676. Business Indicators Dec 2010; Urbis

We note that the Commission has not received any other data on shopping centre rents other than assertions, not backed by data, from the Australian Retailers Association (page 118 of Volume 2).

There is therefore no evidence of higher rents for retailers as a result of planning and zoning controls limiting the supply of retail space and this should be acknowledged by the Commission in its final report.

3.4 Centres Policies Restricting Retail Formats

It is disappointing that the Commission has not fully interrogated the claims that activity centre policies restrict certain retail formats. Restrictions and barriers are also presented in a one-sided manner, as if 'new retail formats' are the only companies which experience problems. Activity centres policies have long formed the foundation of land-use planning in most jurisdictions, acknowledging the multiple benefits of this approach. As we pointed out at section 3.1 in our previous submission, all jurisdictions have long-established activity centres policies of some kind, in full recognition of the multiple and public interest benefits they provide. As we also pointed out in our previous submission, and as the Commission has noted, all major cities have a network and hierarchy of activity centres. The Victorian Government provides that Melbourne has a network of around "1,000 activity centres of various types and sizes".

The failures surrounding activity centres policies are not the fault of centres policies per se but a failure of their proper implementation, whether through government commitment or the fail to properly reflect centres policies in local planning instruments. As an example, a key focus of centres policies is that a broad range of retail uses should be permitted, and that existing centres should be expanded. The draft report notes that recent developments in NSW (the proposed Competition SEPP and the draft Activity

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Centres Policy) relax some of the restrictions around the type and number of businesses, including supermarkets, which can locate in activity centres. However, there are cases where these objectives have failed to be incorporated at the local planning level (e.g. through LEPs in NSW) through the prescriptiveness of zoning (which restricts certain retail uses) or the failure to expand the 'centre' zoning to a broader area. This is a failure of local planning, not centres policies, and this should be acknowledged by the Commission in its final report.

It is interesting that, despite claims that centres policies restrict certain retail formats, Table 7.1 (below) in the draft report essentially highlights that centres policies are not broadly applied. NSW, which is often subjected to the most intense scrutiny on this issue, has the lowest proportion of local councils (22%; the closest is Tasmania with 40%) that claim to implement an activity centres approach. We believe this firmly emphasises the point we made above, that the failure is not centres policies per se, but the implementation at the local planning level. However, the Commission must note that this failure extends to state governments, who are responsible for approving local plans.

Table 7.1 **Council implementation of centres policies**

	Response rate to survey question	*Proportion of councils which implement an activity centres approach*	*DAs rejected because of activity centres policy*	
			Within activity centre	*Outside activity centre*
	%	%	Number	Number
NSW	67	22	1	1
Vic	70	91	5	11
Qld	77	90	8	12
WA	41	77	1	2
SA	48	54	0	2
Tas	45	40	0	0
ACT	100	na	na	na
NT	100	na	0	0

na Not applicable.

Source: PC Local govt survey 2010, Q43 and Q44.

3.5 Benefits of activity centres policies

As highlighted in previous sections of this submission, we also believe that the Commission has not sufficiently highlighted the benefits of activity centres policies. We provided a list of benefits, based on the benefits outlined by various jurisdictions in their own centres policies, in our previous submission. We believe that not articulating these benefits weakens the basis for centres policies, and fails to put the criticisms of centres policies into an appropriate context.

For this reason, as we have noted, we commissioned *SGS Economics and Planning* to undertake a study into the benefits of activity centres. The main benefits outlined by SGS are as follows (from section 3 of the SGS report):

- Reduced VKT (vehicle kilometres traveled) and greater physical activity.
- Labour productivity enhancement.
- Increased human capital.
- Housing diversity.
- Efficient utilisation of infrastructure and resources.
- Reduced consumption of land.

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Significantly, SGS has highlighted the competition benefits that come from activity centres policies, and related benefits through agglomeration such as labour productivity. We urge the Commission to examine the SGS report, and include reference to these findings, in the final report. We would expect that all jurisdictions that undertake work, or analysis, in relation to activity centres policies, would fully scrutinise and consider these benefits.

3.6 Restrictions on Bulky Goods Retailing

The Bulky Goods Retailers Association (BGRA) continues to argue for its own 'special needs. "There is no question that some planning regulation is necessary, however planning laws restrict bulky goods development in terms of what we can sell and where we can locate. Today's planning regulations need to recognize the specific nature of our sector and in particular that we can not be restricted to developing in and around centres" (BGRA Media Release 8 September 2008).

Such claims from the bulky goods sector that the sector suffers significant planning restrictions should be treated sceptically. This sector has long enjoyed special treatment under the planning system, given the ability to locate on cheap, out-of-centre land, such as in light industrial areas. Generally, no other retail format is able to locate in these areas. The restrictions placed on the sector in these locations (such as minimum floor plates), which actually reflected the sector's own arguments as to why it need to be in such locations in the first place, have been eroded over time, to the sector's commercial advantage.

We still support the principle that bulky goods formats should be able to locate in out-of-centre locations, but only once in-centre and edge-of-centre options have been investigated and exhausted. If permission is then given for out-of-centre locations, these zones should not then be turned into general retailing zones.

The Commission should note in its final report that the claims for special treatment by bulky goods retailers *in all instances* cannot be justified:

- Some bulky goods retailers are located in activity centres. This proves that the basis for their pleading for special treatment on economic grounds is somewhat flawed. You can buy a bed, along with a fridge or washing machine, in most David Jones or Myer outlets, or other outlets such as Bing Lee, which are located within activity centres.
- Bulky goods retailers also sell non-bulky goods, including where they are located in out-of-centre locations. Every major white goods retailer sells smaller items such as toasters, hair dryers, irons, kettles, mix-masters, and dust-busters. In some cases, our observation is that a large portion of the shop floor is dedicated to such goods.
- Their 'large format' floor-plate is no bigger than in-centre shopping centres, therefore the claim that they need to be located in industrial areas is misguided. In fact, most sub-regional and regional shopping centres have much large floor plates than a bulky goods centre.
- Shopping centres also have to provide ample car parking, a requirement no different to bulky goods centres, who claims that industrial areas are needed in order to provided for large parking areas. We have observed that for some large items, such as the purchase of a new bed, the retailer offers the choice to have the item delivered at a later date.

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- Logistics and deliveries to the bulky goods centre are often no different in terms of the number of truck movements and the size of goods being delivered than they are for shopping centres. Large delivery vehicles access to out-of-centre retailers are probably less frequent than to most shopping centres located in a CBD, particularly given the smaller number of retailers in a bulky goods centre.

3.7 Commercial Development on Airport Land

The draft report accurately summarises the considerable advantages which commercial developments on privatised airport land receive compared to commercial developments on non-airport land. No justification has ever been given why such an unlevel playing field should exist or should continue to exist. We believe the Productivity Commission, in its final report, should recommend that the *Airports Act* be amended to provide that non-aviation-related developments on airport land should be subject to the same development assessment processes as those on surrounding land.

It is interesting that Costco announced earlier this year that its third store, the latest store in its planned Australian roll out, will be in Canberra, on airport land. In this location they will escape all of the ACT's planning requirements and, most likely, will make no infrastructure charge contribution, including towards the recent road works surrounding the site and airport.

A critical issue, which demonstrates the unlevel playing field, is that Costco has announced it is likely to be open for trading before the end of 2011. This means that it will effectively announce interest in a site, prepare the development and construction plans, undergo construction and open within a 12 month period. No other private developer could match that timetable, with the delivery of 14,000m2 of retail space in less than 12 months. Compare this with examples from our members, where in one case, the delivery of a similar amount of retail space took around eight years from site acquisition to opening.

3.8 Land Banking

Land banking (although the term has not been defined) has been raised (at sections 4.3 and 7.6) as an issue affecting the supply of land, outside the control of the planning system – or beyond the control of planners. In the case of retail development, it has been suggested that this can be used to "game" the system and increase effective retail development returns such as through limiting supply to increase rents. A review of issues such as land banking – including investigating "reforms to tax and rating concessions that encourage speculative land banking to the detriment of land supply outcomes" (page 159 – 160) – has been proposed. We would oppose such a review, particularly given the flawed basis on which it commences.

The acquisition of sites to allow for expansion is a key part of real estate and development for all asset classes, including office, industrial, retail, residential, tourism and retirement living. To ignore this factor in any business strategy would be a recipe for business failure, particularly for listed companies that are constantly being assessed by the market in terms of their growth plans and opportunities and their development pipelines. Why is it that one company's common sense business approach, by acquiring sites for future development and expansion, is labeled in the negative tone of "land banking"? This is particularly the case when land is acquired next to an existing shopping centre, and when the planning controls do not enable an increase in height. Is

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the Commission seriously suggesting that the shopping centre owner should not acquire land in such a case?

The unsubstantiated comment at page 137 that "land banking is most often said to be motivated by developers' desire to increase the price of land by 'drip feeding' land onto the market and thereby restricting its supply" should be removed. The report should also include reference to the fact that land banking is undertaken by companies to enable future development and expansion. It should be noted companies pay substantial government imposed transaction and holding costs (e.g. land tax, rates), and take risks, to acquire and hold land. In the case of fragmented sites, they also have to pay amalgamation fees, such as bringing land title into common ownership, as a specific requirement of a planning approval. This also imposes transaction costs through stamp duty.

The report notes (at page 116) that Government land organisations also land bank. Why is it legitimate for these organisations to land bank, but not for commercial organisations? Adelaide Council has also been land banking to overcome issues in relation to fragmented sites (page 131).

The distinct impression is left that claims that land banking are a blight on the system, and should be reviewed, come from organisations that are, once again, seeking to game the system to their own advantage. All companies have to acquire and zone land as part of their growth and expansion, so new entrants to the market should not be any different.

We urge the Commission to fully consider all aspects of 'land banking', and acknowledge that it is a legitimate and necessary business activity for real estate companies, in its final report.

3.9 Gaming of Appeals Process

We object to the recommended approach in relation to third party appeals, which would effectively result in planning agencies 'picking winners' in terms of who can lodge a legitimate submission, and who can't.

As we stated in our previous submission, individuals and organisations should be allowed to make representations on planning proposals, including meetings with public officials and submissions (including objections) on planning proposals, provided they are legal (i.e. in accordance with relevant consultation periods and applicable laws) and provided they address legitimate planning concerns. This right is enshrined in all State and Territory planning legislation. The right to make a legal and legitimate representation on a public policy issue, including planning proposals, is a fundamental component of the democratic process and should not be undermined.

This needs to be emphasized by the Productivity Commission. Too often, appeals by rival organizations are seen as illegitimate or anti-competitive simply because they have been lodged. To take one example, the submission by the SCCA in relation to Costco's development at Auburn, Sydney, (which was being considered under Part 3A) was portrayed as 'anti-competitive', despite the fact that the submission raised only legitimate planning issues. Indeed, some of these issues were raised by other specialist agencies, such as the Roads and Traffic Authority (RTA).

The draft report does not include the special pleading of the so-called 'new retail formats' as an example of 'gaming' of the system. This is odd. A company seeking to protect and defend its own commercial interests is portrayed as 'anti-competitive' and

when it lodges an objection or appeal is regarded as 'gaming' the system. But other companies, which make misleading claims about being a 'new' and 'innovative' retail formats, or that the planning system doesn't 'fit' their business model, are portrayed as making a legitimate argument, not as seeking to gain a competitive advantage or as 'gaming' the system, even though the these retailers are seeking special consideration under the planning system at the direct expense of others.

An example on how this gaming is having a significant influence on public policy, at the expense of other retail formats and competitors, is the NSW Government's Draft Activity Centres Policy. It is stated at section 2.1 that "the Policy provides a framework for the consideration of innovative new business formats as these emerge to respond to the demands in the market". Further, the policy provides special treatment for 'particular classes of development' (section 5.7), where it states that "some uses present particular challenges when planning for activity centres…the retail sector is particularly dynamic and several of the uses referred to are from that sector, reflecting the innovative nature of that industry sector". The 'particular classes of development' referred to in the policy include a wide range of retail formats – including direct factory outlets, warehouses and cash and carry outlets, bulky goods, 'big box formats. All retail formats are included except shopping centres (despite there being little to no difference in terms of retail offer or built form and, accordingly, little difference in planning terms). This amounts to special treatment for certain retail formats over others.

Another example at the policy level is the Urban Taskforce's Media Release, dated 19 April 2010 (publicly available), in response to the establishment of this Inquiry:

> "These rules already prohibit planning authorities from considering the competitive impacts of businesses within an existing retail precinct, but they leave a giant loophole that has boosted the market power of the incumbent retail landlords.
>
> "Planning authorities will still be free to force new supermarkets seeking to set up outside of an established shopping precinct to produce evidence that they will not steal trade from competitors located in the existing precinct."

Apart from the fact that the second paragraph is plainly incorrect, it is obvious that the Urban Taskforce is attempting to game the policy process to the advantage of its developer members by tarnishing "incumbent retail landlords" and portraying them in a negative light. These businesses have done nothing illegal or wrong but simply operate their businesses (in areas where governments require them to locate in the first place).

3.10 Infrastructure levies

We note the Commission's comments in relation to infrastructure charges. Infrastructure charges, and development conditions, are a massive issue for shopping centre development and significant discrepancies exist across jurisdictions.

When our members were confronting major escalations in charges in Queensland, we commissioned Urbis to undertake a comparative analysis of charges for retail development across Queensland, NSW and Victoria. The final report (August 2010) is attached at **Appendix 3**. The methodology included the use of real data from comparable Coles and Woolworths retail projects across all three jurisdictions.

The report highlights that Queensland has by far the highest average charges for retail development, and is rapidly trending upwards. Charges have increased by an alarming 1300% from an average of $30 / m2 of gross lettable area of retail, to $400 / m2 over the past five years (refer to chart below, from page II of the report).

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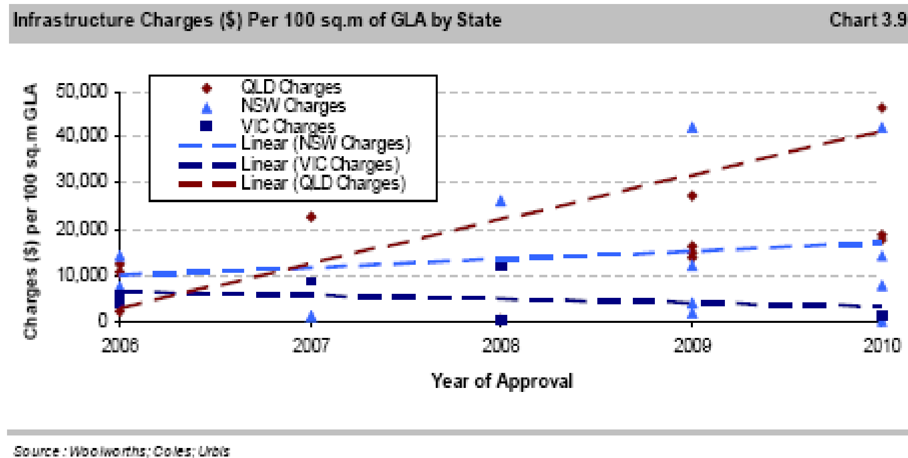

As a proportion of overall development costs, the average Queensland charges of 6.49% are also the highest in comparison to NSW (3.44%) and Victoria (1.46%). Queensland's charges have also increased well above price inflation indices such as the CPI and the Construction Price Index.

The Urbis report was provided to the Queensland Government as part of its current review of infrastructure charges. It should be noted that the Queensland Government recently released a final report on its reforms prepared by an independent taskforce, and a formal response by the Government is due in April 2011.

It is most interesting, and concerning, that the proposed standard infrastructure charge rate for shopping centres is $125-$200 / m2 of gross floor area, whereas the charge rate for centres such as bulky goods is only $100-$140 / m2. This once again highlights the significant competitive advantage provided to some retail formats over others, particularly where there is no actual differentiation. Even if a shopping centre development and bulky goods outlet are in the same location, there will be a differentiation of charges. This makes little sense, and is in no way competitive, fair or equitable.

We would welcome these comparisons forming part of the Commission's final report.

3.11 Planning delays and development conditions

One of the key factors that distinguishes the development costs between retail operators that must develop within activity centres, and those able to develop in out-of-centre locations, is planning delays and the scope and cost of development conditions. The Commission should acknowledge these differences, and the cost advantage provided to retailers that are able to locate in out-of-centre locations.

As an example, in relation to Costco's proposals, it seems they have been able to develop their preferred built form, in the form of an enclosed box, surrounded by a car park and loading docks, with a small number of access point from the car park. There is no requirement to 'address the street' in terms of activating the street frontage or major urban design requirements. In comparison, our members are increasingly required to amend their centre designs to deliver on so-called 'urban design' outcomes, such as 'main street' designs, pay significant development contributions and deliver other public amenities at their cost. All of these issues, including being forced into a particular centre design, have major impacts on project feasibilities and the operation of a centre.

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As an example, the NSW Department of Planning released Draft Centres Design Guidelines for comment in early March, with a principal focus to "improve the form and function" of activity centres. While the Guidelines are reportedly voluntary and not statutory (although our experience is that such Guidelines end up being picked up in statutory instruments), they reflect an urban designer's utopia with a bewildering grab-bag of 395 design principles and negative commentary about 'traditional' shopping centres. A real concern is that the principles, which largely ignore shopping centre and retail fundamentals, will emerge as a 'one-size-fits-all' (or one design fits all) approach in local council DCPs. In relation to shopping centre design, the Guidelines heavily favour the so-called 'main street' or 'new urbanism' approach. Retailers who locate in out-of-centre locations will not be required to comply with the Draft Guidelines.

Similarly, the new WA activity centres policy for Perth and Peel outlines a 'model centre framework', which outlines onerous and potentially costly processes and requirements in order for shopping centres to develop within activity centres. Given that the framework only applies to activity centres, out-of-centre development would not be required to go through a similarly rigorous process.

Of all of the examples from our members, one piece of feedback summarises the delays, constraints and frustrations being placed on a current shopping centre projects, located within a town centre:

> "Fundamentally, they did not let the planning process run its sequential course – jumping around with different tools / stages to determine what they wanted, what they could get out of us and often how they could continue to frustrate us, all the while changes their minds at regular intervals…
>
> Council had little care for the retail fundamentals of what makes a town centre work and essentially tried to externalise as much of the centre as possible…
>
> The commerciality of the scheme was not one of their concerns, so we spent an awful lot of time and money arguing about components that could never be delivered…
>
> The result is a relatively small town centre site that is significantly compromised by the weight of additional constraints imposed on it by Council, including…town square, 2 main streets, an additional road, no access to car parks form the main streets, and activation around the whole site…
>
> Council also engaged their urban design panel. This is not part of the statutory process, rather an additional process, an additional layer of opinion, which threw the process into more chaos as they voiced their views but failed to provide a report or rationale.
>
> Essentially (Council wanted) the public realm should be as big as possible, the retail as small as possible, and all of the public infrastructure should be delivered up front without a care to its commerciality".

The above processes and conditions have had a major impact on the project timeline. It has already taken up to two years to negotiate planning conditions, with a forecast 18 months to go.

We also have examples where our members have had to provide libraries, parks, all the way through to bus and highway interchanges. This clearly illustrates the development requirements within activity centres are much more stringent and restrictive compared to those required of retailers in out-of-centre locations.

We urge the Commission to note these issues in its final report.

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APPENDIX 1 – URBIS REPORT – MAJOR ACTIVITY CENTRE ANALYSIS

Urbis has examined the assertion that supermarkets have been locked out of activity centres by analysing three major activity centres in Sydney, the city where competition for developed land is obviously the most intense. Urbis looked at the number of supermarkets within a 5 kilometre radius of Westfield Bondi Junction, Westfield Burwood and Warringah Mall. Urbis has also examined a major activity centre in Brisbane (Chermside) and Melbourne (Knox).

The radius of 5km was selected because, as well as approximating the primary trade area of the shopping centre, it is the area the ACCC uses to approximate the 'local area' when deciding on approval for supermarket acquisitions under section 50 of the Competition and Consumer Act.

The Urbis analysis found that within a 5km radius:

- Westfield Bondi Junction had 20 supermarkets (compared to 15 in 2000)
- Westfield Burwood had 17 supermarkets (compared to 12 in 2000)
- Warringah Mall had 14 supermarkets (compared to 9 in 2000)
- Knox City had had 15 supermarkets (compared to 12 in 2000)
- Westfield Chermside had 18 supermarkets (compared to 10 in 2000)

We would urge the Commission to include this analysis in its final report.

Maps of each of the above centres and analysis are provided below.

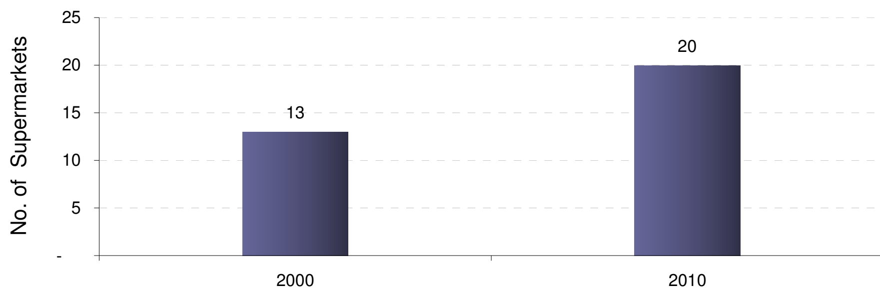
BONDI JUNCTION (SYDNEY)

Bondi Junction - Supermarket Development Activity within 5km, 2000-2010

Store Operator	Suburb	Development Type	Year Opened
Woolworths	Pagewood	new store	2002
Woolworths	Potts Point	new store	2004
Coles	Bondi Junction	new store	2004
Coles	Sydney CBD	new store	2005
Aldi	Edgecliff	new store	2005
Woolworths	Surry Hills	new store	2006
Coles	Rose Bay	new store	2006

Source : Urbis

Bondi Junction - Supermarket Development Activity within 5km, 2000-2010



Source : Urbis

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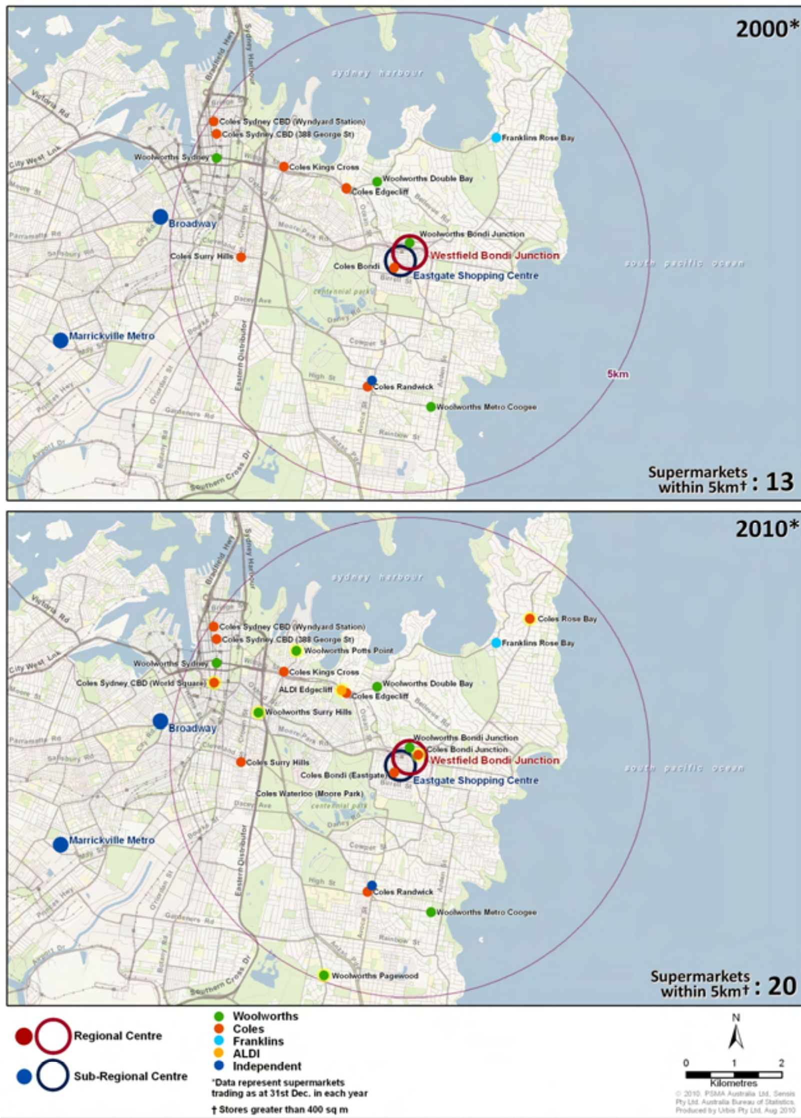
BONDI JUNCTION (SYDNEY) (Continued)



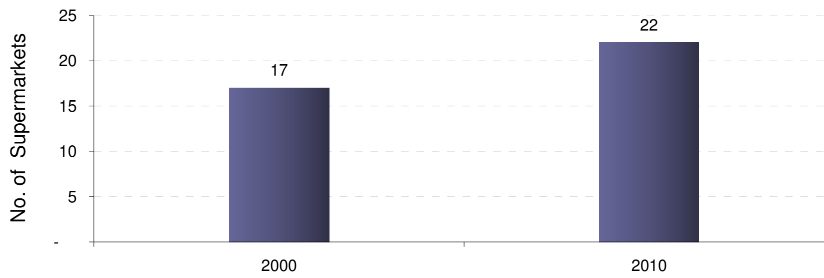
BURWOOD (SYDNEY)

Burwood - Supermarket Development Activity within 5km, 2000-2010

Store Operator	Suburb	Development Type	Year Opened
Supabarn	Five Dock	new store	2002
Aldi	Canterbury	new store	2003
Coles	Rhodes	new store	2004
Aldi	North Strathfield	new store	2004
Aldi	Leichardt	new store	2006

Source : Urbis

Burwood - Supermarket Development Activity within 5km, 2000-2010



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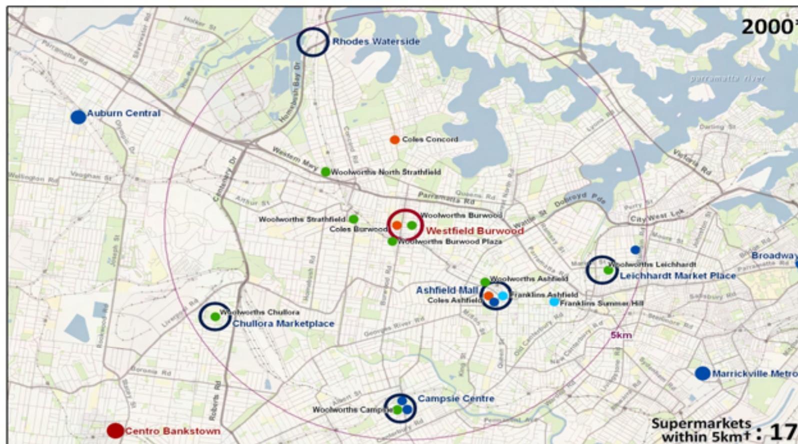

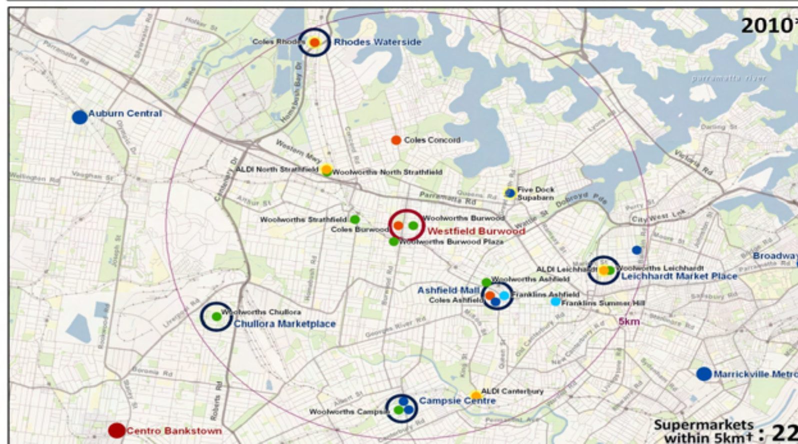

Regional Centre
Sub-Regional Centre
Woolworths
Coles
Franklins
ALDI
Independent
*Data represent supermarkets trading as at 31st Dec. in each year
† Stores greater than 400 sq m

WESTFIELD BURWOOD urbis

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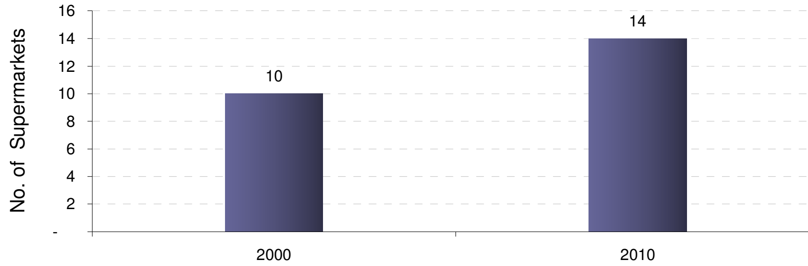
WARRINGAH MALL (SYDNEY)

Warringah Mall - Supermarket Development Activity within 5km, 2000-2010

Store Operator	Suburb	Development Type	Year Opened
Coles	Forestville	new store	2002
Aldi	Brookvale	new store	2003
Aldi	Manly	new store	2005
Coles	Balgowlah	new store	2009

Source : Urbis

Warringah Mall - Supermarket Development Activity within 5km, 2000-2010



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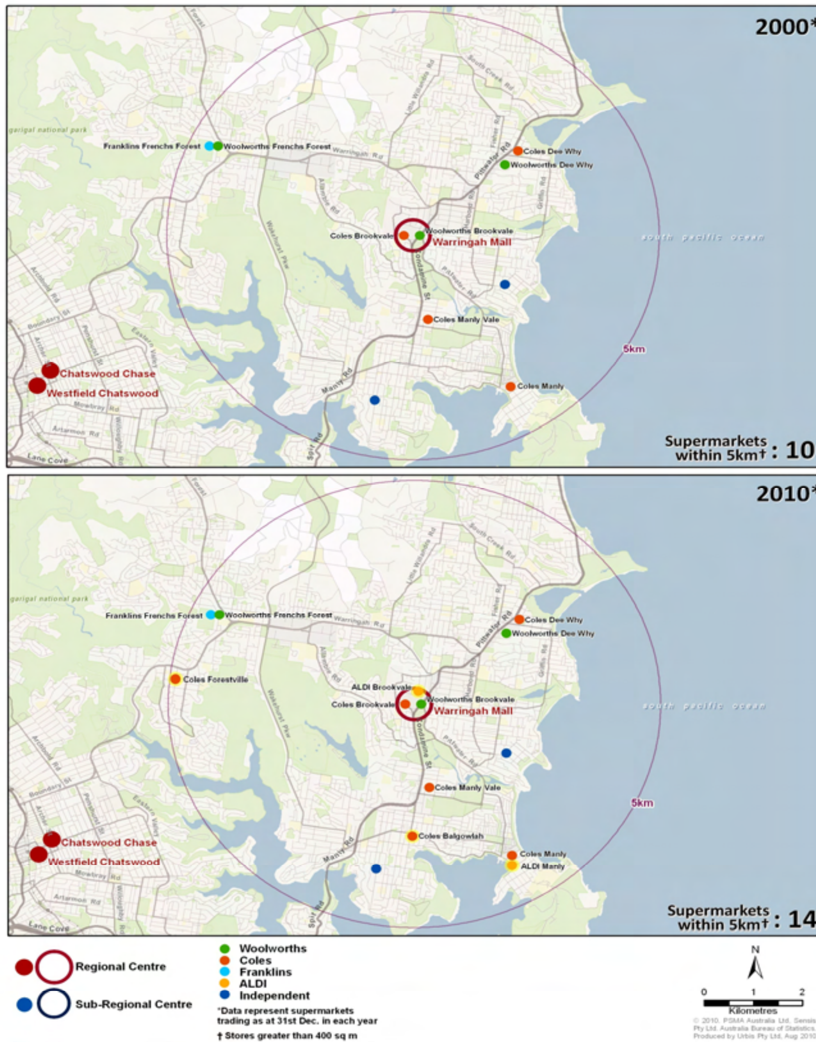

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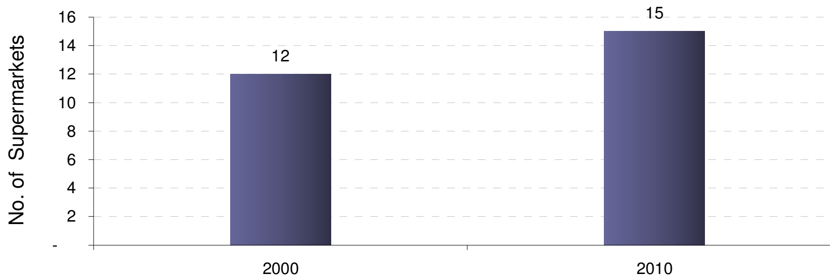
KNOX CITY (MELBOURNE)

Knox - Supermarket Development Activity within 5km, 2000-2010

Store Operator	Suburb	Development Type	Year Opened
Aldi	Ferntree Gully	new store	2003
Aldi	Bayswater	new store	2006
Coles	Bayswater	new store	2009

Source : Urbis

Knox - Supermarket Development Activity within 5km, 2000-2010



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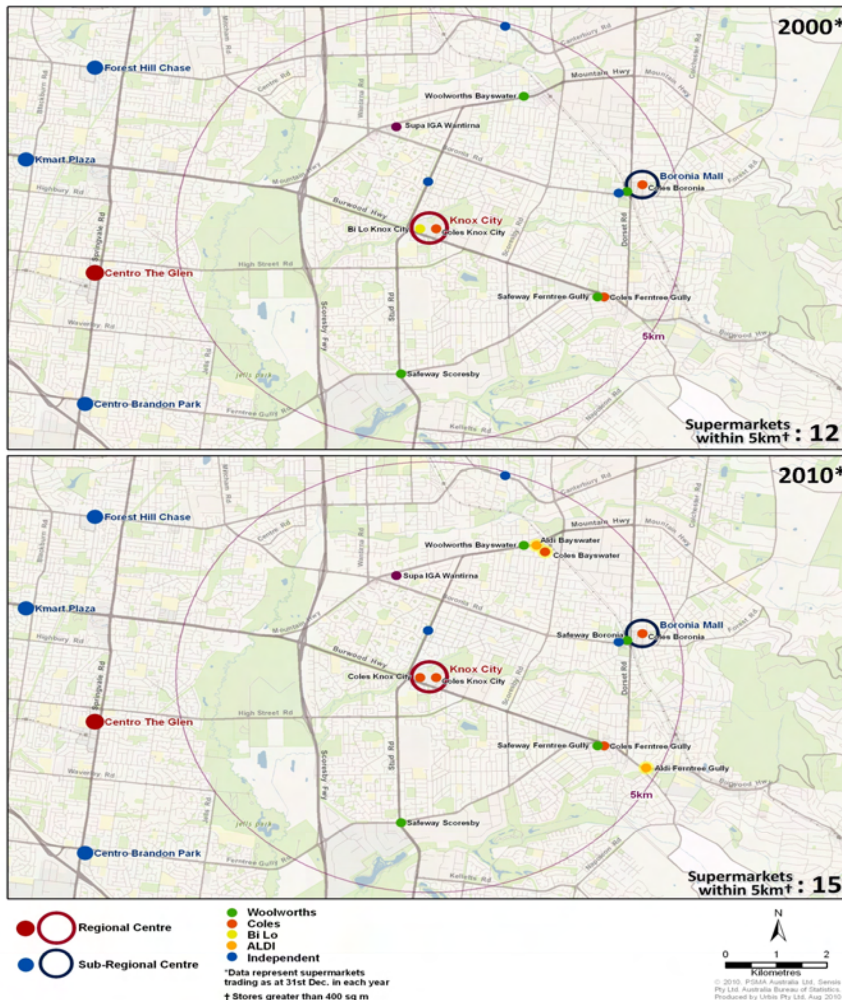

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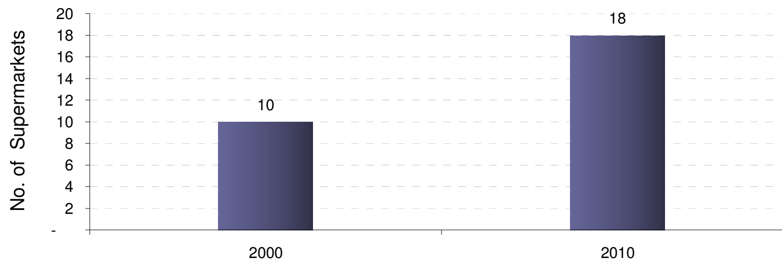
CHERMSIDE (BRISBANE)

Chermside - Supermarket Development Activity within 5km, 2000-2010

Store Operator	Suburb	Development Type	Year Opened
Supa IGA	Stafford	new store	2001
Aldi	Chermside	new store	2004
Aldi	Toombul	new store	2006
Woolworths	Chermside	new store	2006
Woolworths	Nundah	new store	2007
Aldi	Lutwyche	new store	2008
Coles[1]	Aspley	new store	2008
Woolworths	Carseldine	new store	2009

1. Coles replaced the demolished Bi Lo store
Source : Urbis

Chermside - Supermarket Development Activity within 5km, 2000-2010



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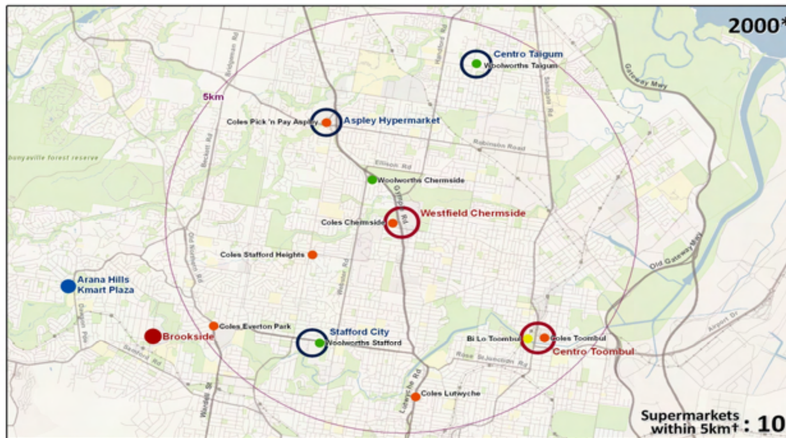
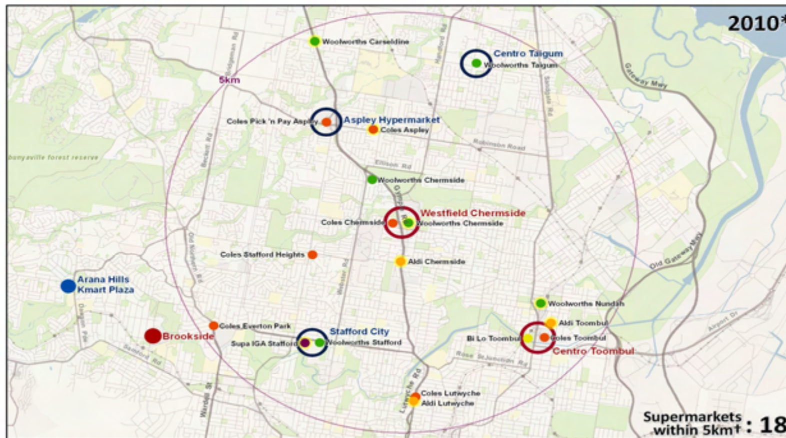
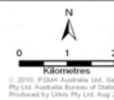




Regional Centre
Sub-Regional Centre

Woolworths
Coles
Franklins
ALDI
Independent

*Data represent supermarkets trading as at 31st Dec. in each year
† Stores greater than 400 sq m



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WESTFIELD CHERMSIDE urbis

Shopping Centre Council of Australia

Final Report

Infrastructure Charges Study – Retail Development

Prepared for: Shopping Centre Council of Australia

August 2010

urbis

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This report is prepared on the instructions of the party to whom or which it is addressed and is thus not suitable for use other than by that party. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of Urbis Pty Ltd, but no assurance is able to be given by Urbis Pty Ltd that the forecasts will be achieved.

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Malcolm Aikman
Senior Consultant	Sharon Nyholm
Consultant	Paul Riga
Job Code	BPE0286
Report Number	2

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Australia Asia Middle East
www.urbis.com.au

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Australian Construction Price Index 32

Executive Summary

Introduction

Infrastructure charges have become an increasingly significant issue for property development in Queensland and in particular retail property development. Recent changes to legislation in Queensland, principally the introduction of the *Integrated Planning and Other Legislation Amendment Act 2003* (IPOLAA 2003), guiding infrastructure charges has aimed to adopt a user charge approach to funding infrastructure. This approach has led to large increases in infrastructure charges to levels that in many cases do not support commercial development. This is problematic for property development, economic growth, and the provision of core services.

Study Purpose and Approach

Numerous studies on infrastructure charges have been undertaken across Australia and across different property types. Principally these have lacked independence and transparency and subsequently the debate on infrastructure charges has been weakened through lack of agreed facts.

The Shopping Centre Council of Australia (the SCCA) on behalf of its members has undertaken this study drawing on real data on infrastructure charges for approved developments (where possible). In order to focus on the areas of greatest concern and activity, the study has concentrated on the three major East Coast states – NSW, Victoria, Queensland.

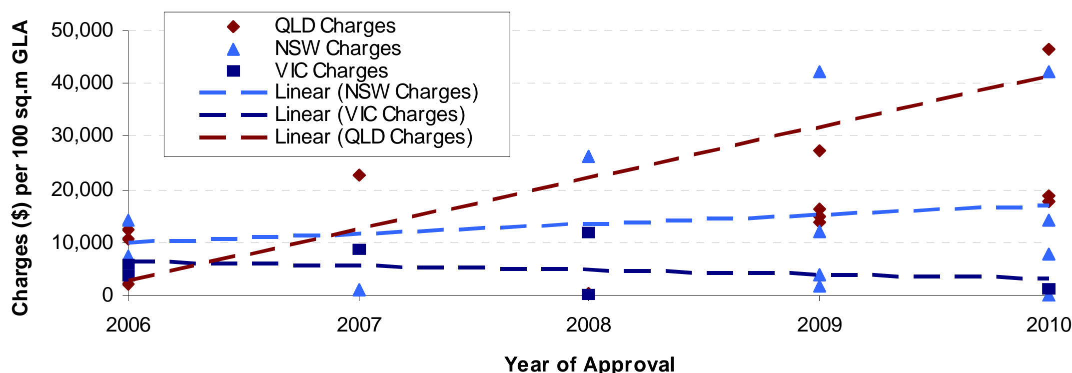
This study provides transparency and comparability across locations and states. To achieve an optimum outcome, a limited number of standard retail developments were identified, focusing on a single form of retail development –supermarket centres.

Summary of Findings

The main findings from this study into infrastructure charges for retail developments in NSW, Queensland, and Victoria are:

- There is a great deal of inconsistency in infrastructure charges for retail developments between NSW, Queensland, and Victoria. Importantly within each state the range of infrastructure charges between different locations is so great as to be a significant risk factor for development investment. In the Queensland projects in this study this has varied from $260/100 sq.m of GLA to $87,600/100 sq.m of GLA

Infrastructure Charges ($) Per 100 sq.m of GLA by State **Chart 3.9**

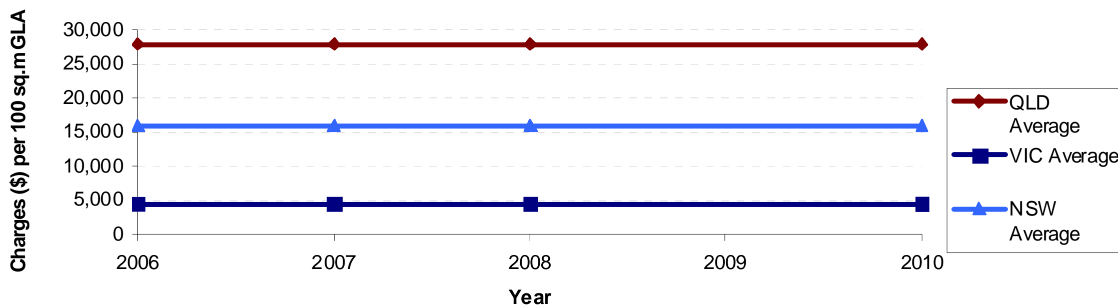


Source : Woolworths; Coles; Urbis

- Over the past five years the trend line for Queensland retail development infrastructure charges has increased from an average of $3,000/100 sq.m GLA to around $40,000/100 sq.m GLA. This is notably higher than the increase in NSW and Victoria and substantially higher than increases in comparative construction price indices.

- Over the past four years Queensland has averaged a significantly higher infrastructure charge rate ($28,000 per 100 sqm GLA) than both NSW ($16,000) and Victoria ($4,400).

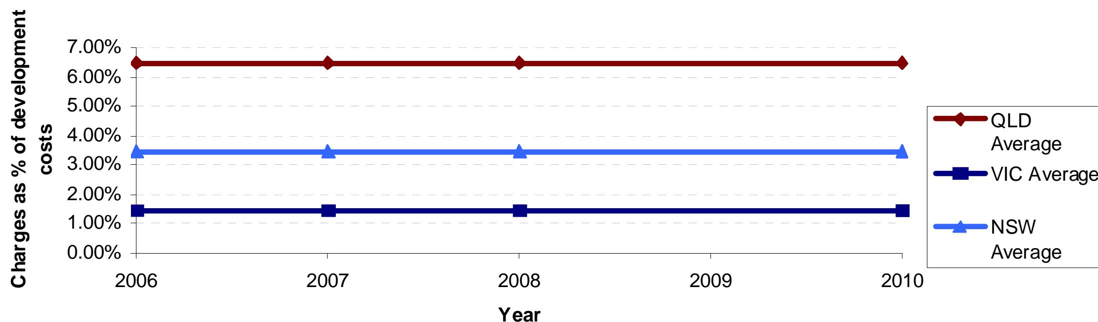
Average Infrastructure Charges ($) Per 100 sq.m of GLA by State **Chart 3.10**



Source : Woolworths; Coles; Urbis

- As a proportion of overall development costs the average Queensland charges (6.49%) are also the highest in comparison to NSW (3.44%), and Victoria (1.45%). The most significant component of infrastructure charges in Queensland is the Transport charge (including roads) which represents on average 68% of the total infrastructure charge

Average Infrastructure Charges as % of development costs by State **Chart 3.8**



Source : Woolworths; Coles; Urbis

- The evidence of infrastructure charges from actual retail projects across NSW, Queensland, and Victoria indicates that retail development infrastructure charges in Queensland have increased at a greater rate over the past four years than the other two states. It is important to acknowledge that these results are based on a limited number of results. This aside the results are consistent with the retail development industry view that infrastructure charges are on average higher in Queensland than NSW and Victoria and that they have increased more significantly in Queensland than in the other states.

- Other studies of retail based infrastructure charges in Queensland provide a useful comparison to the results of this study. The AEC Group study identified comparable infrastructure charge levels for retail developments to this study. The PLACE study recorded notably higher infrastructure charges for retail development which is likely to be influenced by its South East Queensland focus. There is a notable variation between charges across studies, particularly high and low charges. This once again reinforces the variation in infrastructure charges being required by Councils and within Council areas across Queensland.
- The retail development industry has indicated that high levels of infrastructure charges will defer or redirect retail development project investment away from Queensland. A 10% decline in construction activity in the Queensland retail and wholesale trade sector will result in the loss of $135.4 million in expenditure and 547 job years to the Queensland economy. A 20% decline will lead to the loss of $270.8 million of expenditure and 1,094 job years.

Conclusion

The retail development industry requires a reasonable level of certainty when assessing project opportunities and making investment decisions. The current infrastructure charging regime in Queensland does not provide this. In addition to this uncertainty, infrastructure charge rates for retail developments (and other developments) have increased well above levels in other states and above price inflation indices such as the CPI and Construction Price Index.

This situation has compromised retail development opportunities in Queensland and it is uncertain at this point to what degree investment in retail projects in Queensland has been impacted as a result.

This report has reviewed infrastructure charges for retail developments in NSW, Queensland, and Victoria as a proportion of overall development costs and on a per sq.m of GLA basis. The industry is seeking a level of certainty and affordability with respect to the determination of infrastructure charges for retail projects in Queensland. The Queensland Infrastructure Charges Taskforce is in the process of reviewing the infrastructure charging regime in Queensland. The Taskforce is looking to simplify and standardise infrastructure charges in Queensland and the retail development industry is likely to support these principles.

1 Introduction

Infrastructure charges have become an increasingly significant issue for property development in Queensland and in particular retail property development. This has been a result of changes to the costing and charging approaches to infrastructure charges resulting from the Queensland Government's Integrated Planning Act and introduction of the *Integrated Planning and Other Legislation Amendment Act 2003* (IPOLAA 2003). This legislation required local government authorities (of a certain size) to develop Priority Infrastructure Plans (PIP) and associated Infrastructure Charging Schedules (ICS).

These PIPs and ICSs have involved alternative methodologies to calculating infrastructure charges to those used prior to the IPOLAA changes and include components previously not included in such charges. They are principally based on a user pays approach with the assumption that the developer and first property purchaser are the sole users with the responsibility for funding this infrastructure.

This approach has led to extremely large increases in infrastructure charges to levels that in many cases do not support commercial development. This is problematic for property development, economic growth, and the provision of core services.

1.1 Study Purpose

Numerous studies on infrastructure charges have been undertaken across Australia and across different property types. Principally these have lacked independence and transparency and subsequently the debate on infrastructure charges has been weakened through lack of agreed facts.

The Shopping Centre Council of Australia (the SCCA) on behalf of its members has requested assistance from Urbis to undertake an independent analysis of infrastructure charges for retail development across Australia to identify disparities and inequities across states and locations.

1.2 Approach and Methodology

Through discussion with the SCCA and the major retailers it was agreed that the appropriate approach to undertake an infrastructure charges study into retail development would be to use real data on infrastructure charges for approved developments (where possible). In order to focus on the areas of greatest concern and activity, the study has concentrated on the three major East Coast states – NSW, Victoria, Queensland.

This study provides transparency and comparability across locations and states. To achieve an optimum outcome, a limited number of standard retail developments were identified, focusing on a single form of retail development –supermarket centres. It was felt that this would have the following benefits:

- Allows presentation of results in the most clear and concise manner
- Maximises the efficiency of the study in terms of timing and resources
- Has the greatest support from the contributors (Coles and Woolworths)
- Represents the most dominant form of retail development across the eastern states
- Is the most comparable form of retail development across states.

To ensure the study is current, developments were sought where development assessment generally occurred within the last 12-36 months. Several developments included in the study date back prior to this time, to 2006, however, for the most part, development approval was granted in 2007 or after.

Woolworths and Coles have participated in this study through provision of infrastructure charges information for 33 recent development proposals and estimates of infrastructure charges based on local government infrastructure charging guidelines for currently planned developments.

The methodology for this study is detailed below and is based on two stages of work. Stage 1 involved the compilation of relevant information from participating organisations and Stage 2 involved analysing this information and presenting the results and recommendations to the SCCA.

1.2.1 Stage 1 - Information Compilation

The key tasks in this stage were as follows:

- Overview of the planning framework for infrastructure charges in the key locations. This includes an overview of the overarching state government guidelines and legislation
- Determining the project criteria – size and location of developments and project components
- Developing a proforma for data collection across all three States and all developments
- Collection of infrastructure charges information from study participants.

Project Criteria

In discussion with the SCCA, it was agreed that the criteria for this study should be as follows:

- A focus on infrastructure charges associated with supermarket centres, that is stand alone supermarkets or neighbourhood centre developments
- Development approval should ideally have been granted within the last 3 years
- Developments where Woolworths or Coles will acquire leasehold in a centre are also acceptable if the information required was available
- Infrastructure charges should include government based costs attributable to infrastructure provision that are beyond the core cost of the project.

Proforma Development

A proforma was then developed for the study which sought to capture the required information to enable the analysis of infrastructure charges across all three States in a consistent manner. This proforma was tested internally with input from each Urbis State office to ensure the proforma was applicable for each State.

The main elements the proforma sought to obtain for each supermarket development were:

- Location of development
- Brief description of development
- Date of development approval
- GLA of supermarket, specialty shops and total centre
- Overall development cost
- Infrastructure charges by type of charge. A number of categories were provided (including water and sewerage, transport, roads etc and examples of costs that should be included in each category
- State or local government based charges
- Total infrastructure charges
- Any other relevant information.

A copy of the proforma is provided in Appendix A.

1.2.2 Stage 2 - Results and Analysis

This stage of work involved compiling the information, reviewing and analysing the results, discussing key outcomes with the SCCA and producing a written report comprising the analysis, results and recommendations.

When information was obtained from each organisation, this data was checked with any queries verified to ensure accuracy of the information provided.

The results and analysis of this study are presented in Section 3 of this report and our conclusions in Section 5.

2 Overview of State Planning Framework

Significant debate has occurred in Queensland in recent years on the impact of increasing infrastructure charges on property development. This section examines relevant background to infrastructure charging policies in Queensland, Victoria, and NSW to ascertain differences in infrastructure charging approaches which provides the basis for understanding the results presented in the following chapter.

2.1 Queensland

Infrastructure charging policies and programs have changed substantially in recent years in Queensland primarily from the implementation of the IPOLAA 2003 legislation.

Pre 2003

Prior to the introduction of the *Integrated Planning and Other Legislation Amendment Act 2003* (IPOLAA 2003), local governments could elect to apply developer infrastructure charges (Developer Contributions) through a local Planning Policy. Infrastructure contribution policies were generally developed by Councils for water, sewerage, local roads and open space (local parks). Charges were broadly based on providing a percentage of the capital cost of providing new trunk infrastructure services to development areas. However, charges were often set well below full cost recovery levels, with the difference met through rates and/or government grants.

Although simple, this system did not provide sufficient funds to construct required trunk infrastructure for new developments, with the major proportion of funding coming from rates and State/Federal grants. In some case, Councils deliberately favoured development that limited the demand for Council infrastructure, such as rural residential development, to reduce the strain on infrastructure.

The system was also seen to provide windfall profit to the original land owner or developer through community subsidy of the cost of providing infrastructure.

2003-2007

As part of the IPOLAA 2003 reforms to the IPA, the State introduced a new methodology in October 2004 for determining and applying infrastructure charges based around Council's development of Priority Infrastructure Plans (PIP) and associated Infrastructure Charging Schedules (ICS). A PIP is a formal part of a Council Planning Scheme.

The new system was aimed at:

- Basing costs on the "real" cost of providing infrastructure to individual developments
- Requiring Councils to identify their existing infrastructure assets and identify need and timing (sequencing) of new capital works
- Expanding the range of infrastructure services that could be included in the charges
- Putting infrastructure funding responsibility on the developer and thereby incorporating the cost in the raw land value.

The guidelines for developing a PIP and ICS were set out in the *IPA Infrastructure Guideline, Priority Infrastructure Plans*, October 2004. This involves a significant number of separate steps. The process is very involved and requires considerable population, land use, infrastructure and costing analysis to complete. The process is also very sensitive to changes in land use designations and development densities.

Councils were required to have approved PIPs in place by June 2008. Only Gold Cost City Council achieved this deadline.

The legislation allows Councils to adopt interim local Infrastructure Charging policies based on the PIP methodology, prior to completing their PIP. Most Council's undertook a revision of their former

infrastructure charging policies between 2004 and 2007 resulting in significant increases in contribution rates, including substantial differences within their local government area.

With respect to residential development the legislation also provided a simplified “standard regulated charge” of $7,500 per lot/dwelling that Councils could adopt to fund water, sewerage, drainage, roads, and parks and community facilities without the need for a PIP. This approach was only considered or used by small Councils where annual growth and infrastructure demands were very low.

PIPs provided a broad methodology for determination of Council infrastructure costs and charges. However, it did not establish a standard methodology for determining infrastructure needs, infrastructure cost inclusions or charging policies. Consequently, Councils have adopted different methodologies and cost recovery policies for their infrastructure charges, resulting in marked differences both within individual Council areas and across Council areas.

Post 2007

As an outcome of the *Queensland Housing Affordability Strategy (QHAS)*, in 2007/08 the State Government introduced simplified guidelines for the development of Priority Infrastructure Plans (PIPs) and established more formal interim arrangements to restrict Councils from increasing their infrastructure charges pending completion of their PIPs.

The concept of a standard regulated infrastructure charge was also discussed in the QHAS. The State introduced this approach for small and medium (low growth) Councils in 2008. The process was not adopted for larger Councils where formal PIPs and ICS are required.

Infrastructure costs and infrastructure charges vary across Councils and across areas within a Council area. This reflects the fact that the actual cost of extending infrastructure to service a development varies depending on a wide range of local and regional factors. However, variations can also arise through what is included in the infrastructure assessment, the methodology used to calculate the infrastructure cost and the Council’s policy towards full or partial cost recovery.

At present there are no specific State Infrastructure charges issued outside the development approval process. The South East Queensland Regional Plan (SEQRP) identifies the requirement for land owners and developers to participate in infrastructure agreements where “new major infrastructure is required to lead regional development ahead of full anticipated demand” (SEQRP 2009-2031, pg 107) – State Infrastructure Agreements (SIAs).

In addition to this state agencies can request contributions to infrastructure where there is a specific requirement for such state based infrastructure to facilitate a certain development. This is the case in relation to Main Roads projects, however discussions with the development industry indicate that these requests are intermittent and are negotiated on a project by project basis.

The use of PIPs and associated Infrastructure Charges Schedules (ICS) as the central infrastructure charging provision is essentially an extension of the strategic planning exercise undertaken to prepare a Planning Scheme. The strategic planning process will identify and adopt an anticipated development outcome for a particular Council area, which is then the basis for the allocation of infrastructure to service the anticipated development.

Once the scope of infrastructure for particular areas (or catchments) is known, the costs will then need to be scoped and a demand for that particular type of infrastructure is then allocated to particular land uses. The demand and the extent of a proposed development will then determine the amount of infrastructure contributions required to be paid by individual developments.

At present the Gold Coast City Council is the only local authority in Queensland to adopt a PIP as its charging method to date. Other Council’s continue to collect infrastructure charges in accordance with Planning Scheme Policies. However a number of Councils have amended or introduced new Planning Scheme Policies to reflect both the actual cost of the infrastructure and also to include additional charging categories. Whilst not a PIP, these amended and new Planning Scheme Policies have resulted in major increases in charges generally in line with the charges under the Gold Coast PIP.

2010 - Infrastructure Charges Taskforce

In March 2010 the Queensland Premier, Anna Bligh, hosted the Queensland Population Growth Summit. This Summit generated a number of initiatives to manage the future population growth of Queensland. One of these actions was to establish an Infrastructure Charges Taskforce to further reform development infrastructure charging arrangements. This is intended to include identifying opportunities to simplify charges and provide greater certainty, as well as provide advice on alternative trunk infrastructure funding arrangements such as third party financing.

The taskforce is chaired by Growth Management Queensland (within the Department of Infrastructure and Planning) which has been established to manage Queensland's future growth requirements. The Infrastructure Charges Taskforce has been appointed for up to one year to review the infrastructure charging regime in Queensland and provide recommendations by the end of 2010.

Taskforce members

Name	Position
Paul Low (Chair)	Chief Executive Officer, Growth Management Queensland
Jude Munro	former Chief Executive Officer, Brisbane City Council
Greg Hallam	Executive Director, Local Government Association of Queensland
John Mulcahy	former CEO, Suncorp Metway
Chris Freeman	former CEO, Mirvac
Grant Dennis	Executive Chairman, Dennis Family Holdings
Alex Beavers	Deputy Under Treasurer, Queensland Treasury
Warren Rowe	Director, Planning, Environment and Transport, Gold Coast City Council
Jim Long	Divisional Development Manager, AMP

The Terms of Reference for the Infrastructure Charges Taskforce require it to review the infrastructure charging regime for state and local infrastructure with a view to streamlining processes, simplifying and standardising charging arrangements where possible. The Infrastructure Charges Taskforce will:

- identify current issues relating to the infrastructure planning and funding framework for local and state government infrastructure in Queensland
- establish a set of principles that will provide the basis for proposing improvements to current arrangements
- consider improvements to the current arrangements and other approaches
- prepare a Taskforce Report on proposed improvements to current arrangements.

Source: Queensland Department of Infrastructure and Planning

2.2 Victoria

The infrastructure charging regime in Melbourne and Victoria is fragmented between those areas identified as Growth Areas and the balance of Melbourne (and Victoria). Growth Areas generally consist of the land included within the Urban Growth Boundary in 2005-06 and other land included earlier but yet to have started the Precinct Structure Planning (PSP) process at the time the Growth Areas Authority (GAA) commenced in 2006. Before the existence of the GAA all contribution plans were agreed with the relevant Council.

2.2.1 Non Growth Areas

The infrastructure charging regime for non Growth Areas in Melbourne and generally Victoria is characterised by inconsistency and poor transparency because there is currently no mandatory requirements for Victorian Council's to prepare or rely on a pre-determined contribution plan for infrastructure.

Infrastructure charges are typically discussed and agreed with Council once a developer pursues a planning application over a specific site. The agreed charges are then documented into a legal agreement, which is not readily available and is site specific. This process is referred to as 'Voluntary Agreements' and is provided for in Section 173 of the *Planning and Environment Act 1987*. This process results in a lack of transparency and inconsistency between Council's, developers and development sites.

Development Contributions Plans are the mechanisms for collecting infrastructure charges and are prepared in accordance with Part 3B of the Planning and Environment Act 1987. They are developed in line with the State and Local Planning Policy Framework of the relevant Council Planning Scheme as well as Victorian Government Guidelines. The Development Contributions Plan provides for the charging of 'development infrastructure towards works, services or facilities'. It also provides for the charging of a 'community infrastructure levy' as some items are classified as community infrastructure under the Act ($900 per dwelling).

In addition to the above local government charges there are State based infrastructure charges for water and sewer infrastructure. For residential development these typically average around $1,000 each ($2,000 total) for both Infill and Greenfield areas.

2.2.2 Growth Areas

In Growth Areas DCPs are used to implement the infrastructure requirements assessed in PSPs. PSP based infrastructure charges vary depending on the infrastructure requirements of the Precinct Structure Plan area. The implementation of the PSP infrastructure charges only commenced in 2006, with some 14 PSPs (includes 40,693 residential lots and 2,853 hectares of employment land) having being approved as at July 2010.

The new PSP DCPs have seen a significant increase in the infrastructure levies charged. These typically include allowances for the development costs for collector roads, intersections, pedestrian or road bridges, active open space improvements, bus stops and the cost of preparing and administering the DCP. The cost of land acquisition to provide these infrastructure items is also included together with school sites and community sites. The provision of public open space is generally neutral across a PSP however the various properties either pay or obtain a payment to equalise the actual amount of land being provided against the PSP average.

The various costs increase annually by the Building Cost Index and the land components via Valuation. The external demand for major roads and other items are also assessed within the DCP. The DCPs include the community infrastructure levy as charged in non Growth Areas however does not include the State based water and sewerage infrastructure charges. Furthermore, the DCPs allow a developer to construct infrastructure items or provide land in lieu of paying contributions (works in kind).

The GAA has recently publicly indicated that they would like to reform the current DCPs and introduce a flat rate across Melbourne. No detail is currently available and is not likely to be until the Growth Area Infrastructure Contribution (GAIC) guidelines are finalised later this year.

The Planning Environment Amendment Act (Growth Areas Infrastructure Contribution - GAIC) was assented to on 1 June 2010.

2.3 NSW

Infrastructure charges legislation in NSW is founded on the principle of user pays. Infrastructure charges in NSW are levied by local governments through the application of Section 94 of the Environmental Planning and Assessment Act and by the State Government through its water authorities.

Section 94 of the *Environmental Planning and Assessment Act 1979* gives Councils the power to levy contributions from developers for public infrastructure required as a consequence of their development. Section 94 (s94) development contributions are imposed by way of a condition of development consent or complying development, and can be satisfied by:

- dedication of land
- a monetary contribution
- material public benefit
- a combination of some or all of the above.

Section 94 charges can only be applied to the capital funding of infrastructure with the exception of the maintenance of roads resulting from significant traffic increases due to the development. The development contributions system places the responsibility on council to determine what may be reasonable and to use s94 in a reasonable manner. For Council to levy contributions there must be a clear nexus between the proposed development and the need for the public infrastructure for which the levy is being required.

Generally, contributions can only be sought for the following:

- capital costs, including land acquisition costs
- public facilities that a council has responsibility to provide
- public facilities that are needed as a consequence of, or to facilitate, new development.

Section 94 contributions typically incorporate charges for:

- Transport
- Drainage
- Community Facilities
- Recreation
- Tree planting/streetscaping
- Administration charges
- Other charges deemed relevant.

Where Councils do not prepare Section 94 Plans, such as in established areas, Council has the ability to impose infrastructure contribution costs as a percentage of development costs (not including land or development profit). Evidence from NSW developments indicates this tends to be in the order of 1-3%.

State Government infrastructure charges are administered by the regional water authority and incorporate charges for Water headworks and Sewer headworks. The NSW State Government has exempted growth areas in the Sydney and Hunter regions from State Government infrastructure charges though this is not the case for other regions.

There has been substantial debate in relation to infrastructure charges in NSW over the past five years. This was stimulated by the State Government's initiative to introduce a special infrastructure charge for Sydney's growth areas which was estimated to be in the order of $80,000 per lot at the time. This debate has principally focused on infrastructure charges as they apply to residential development. As is the case in Queensland this is due to the sensitivity of such charges to housing affordability and the ability to compare these charges to a common entity such as a house (as opposed to a retail centre).

Most recently the NSW Government has announced a cap of $20,000 per dwelling or lot for Section 94 infrastructure charges for new residential development. No announcements have been made in relation to changes to infrastructure charges for retail developments.

3 Infrastructure Charges Analysis and Results

This section of the report provides our analysis of the infrastructure charges information provided for the study by major retailers Woolworths and Coles.

The analysis has investigated infrastructure charges for 33 retail developments (supermarket based centres) over the past five years in New South Wales, Queensland, and Victoria. This form of development is generally comparable across states in terms of size, retail mix, and development cost. The data used in this analysis primarily reflects actual infrastructure charges incurred, and identified by Local Government Authorities in planning approvals. It also includes estimates of infrastructure charges based on local government infrastructure charging guidelines for currently planned developments (2010).

The following sub sections analyse infrastructure charges by State, in relation to charges as a percentage of total development costs and charges per 100 sq.m of GLA. Overall development cost incorporates all development costs required to build a development (excludes development return) including:

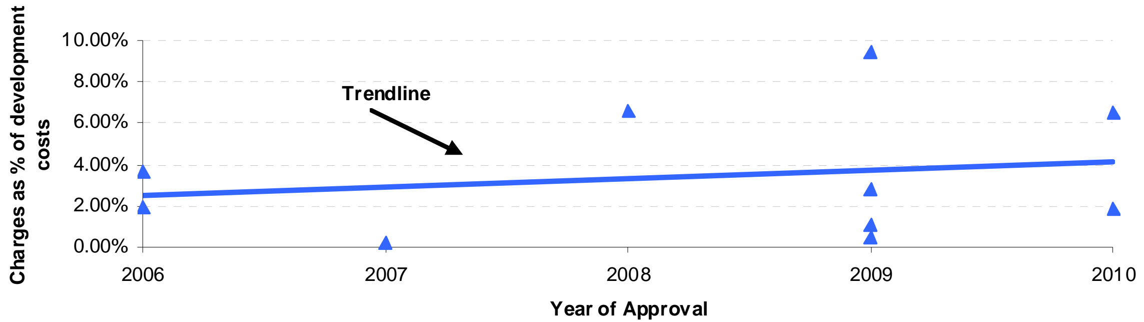
- Land and acquisition costs (legal, stamp duty)
- Development costs (management, site clearing, etc.)
- Construction costs (with contingency)
- Consultants and authorities
- Interest charges.

3.1 NSW Infrastructure Charges

NSW has broadly had a user charges approach to funding infrastructure for around 30 years. The legislative framework has sufficient flexibility to allow for charges to be increased over time depending on what is incorporated in the relevant Section 94 Plan. In addition to this the State also has a mechanism to charge for water based infrastructure. Recently NSW looked to introduce additional state based infrastructure charges to new growth areas however this met with significant opposition and was subsequently revised. This created a substantial degree of uncertainty for the development industry and has resulted in significant fluctuations in infrastructure charges over recent years.

The chart below illustrates NSW infrastructure charges as a percentage of the overall cost of the supermarket centre development. There is significant variation in infrastructure charges as a percentage of overall development costs, ranging from less than 1% up to 9.5%. The trendline indicates a trend over time from around 2.5% of overall development costs in 2006 to around 4% in 2010.

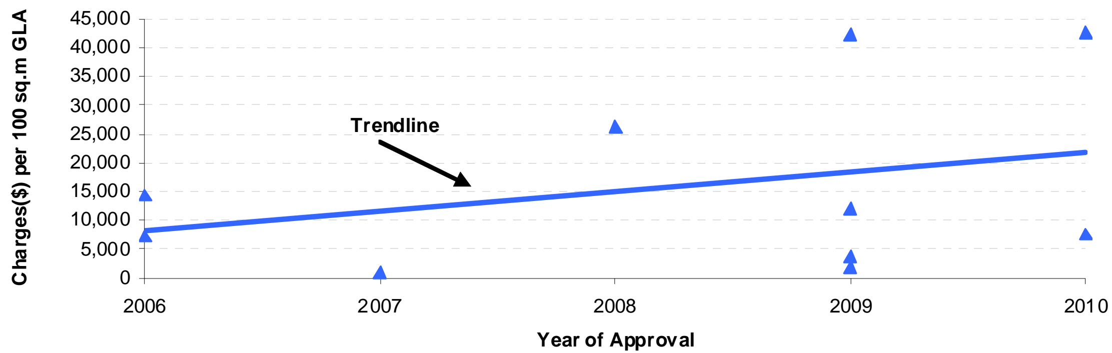
NSW Infrastructure Charges as % of development costs **Chart 3.1**



Source : Woolworths; Coles; Urbis

Infrastructure charges per 100 sq.m of GLA vary substantially across the NSW data ranging from over $40,000 per 100 sq.m GLA down to around $400 per 100 sq.m GLA. NSW infrastructure charges per 100 sq.m reflect a steadily increasing trendline over the past five years.

NSW Infrastructure Charges ($) Per 100 sq.m of GLA **Chart 3.2**



Source : Woolworths; Coles; Urbis

Over the last five years infrastructure charges per 100 sq.m of GLA have trended from around $8,000 to over $20,000 which reflects a notable increase of more than 150% over this period (four years of growth). This compares to growth in the NSW Construction Price Index of 12.3% over the same period.

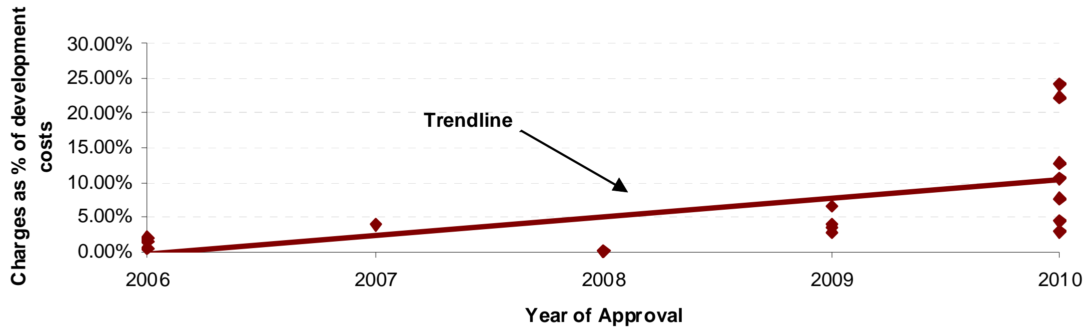
3.2 QLD Infrastructure Charges

Queensland has experienced the most significant change in legislation impacting its infrastructure charging regime in comparison to NSW and Victoria and subsequently has seen the greatest changes to its charges.

Infrastructure charges in Queensland as a percentage of development costs also vary from less than 1% to 25%. This variation has become more significant in recent years. In addition, the more recent retail based infrastructure charges appear to be generally higher than in previous years. A significant

upward trend is evident, with charges (trend line) increasing from under 1% to over 10%, representing a substantial increase over the past five years.

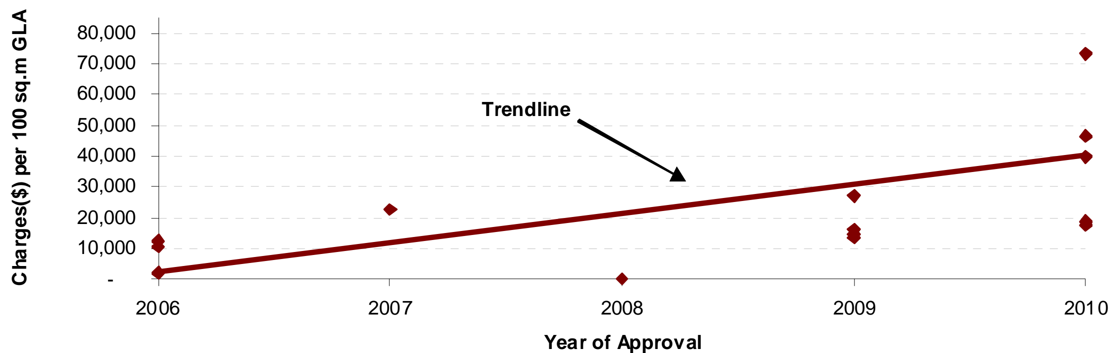
QLD Infrastructure Charges as % of development costs **Chart 3.3**



Source : Woolworths; Coles; Urbis

The chart below of infrastructure charges per 100 sq.m GLA shows a similar trend to the previous chart, with higher infrastructure charges in recent years and a significant upward trend line. Several projects in Queensland were subject to infrastructure charges of over $20,000 per 100 sq.m GLA with three projects recording charges of over $40,000 per 100 sq.m.

QLD Infrastructure Charges ($) Per 100 sq.m of GLA **Chart 3.4**



Source : Woolworths; Coles; Urbis

Over the past five years the trend line for these Queensland retail development infrastructure charges has increased from around $3,000/100 sq.m GLA to around $40,000/100 sq.m GLA. Even in comparing the rate of $10,000/100 sq.m GLA (which reflects the majority of 2006 results) this represents a substantial increase of 300% over the period from 2006 to 2010. This compares to 11.6% growth in the Queensland Construction Price Index over this period.

We note from previous studies that prior to around 2005 infrastructure charges in Queensland had not risen significantly for a number of years and that this short term growth in prices needs to be considered in the context of previous low growth periods. Even taking this into consideration though the recent

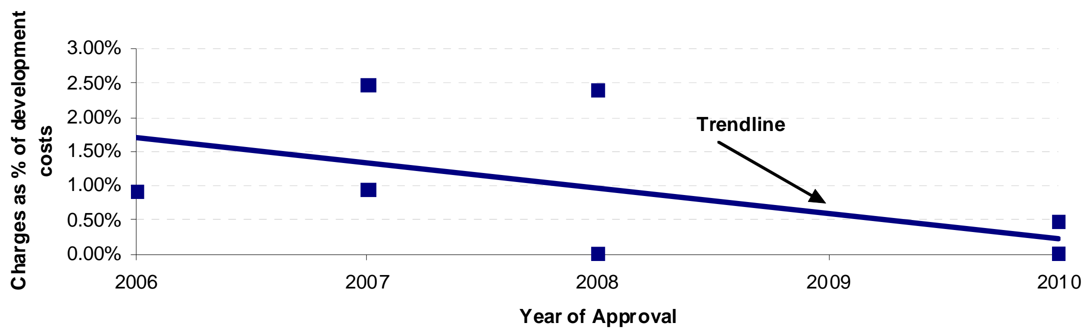
increases in retail development infrastructure charges in Queensland are high and this is emphasised by the increase in the proportion of overall development costs that infrastructure charges represent, growing from around 1% to around 10%.

3.3 VIC Infrastructure Charges

Victoria historically has had low infrastructure charges in comparison to NSW and Queensland due to the general lack of mandatory requirements to contribute to broad based infrastructure costs. Subsequently development based infrastructure has been funded through other means such as local government rates and state funds. This is reflected in the results of this study.

In Victoria, infrastructure charges as a percentage of development costs range from less than 1% to just under 3%. These costs have been trending downwards over the years, falling from just under 2% to close to zero. This is reflective of the lesser emphasis Victoria has placed on funding infrastructure through developer charges. Similarly the more recent reforms to Victoria's infrastructure charging regime appear to be directed more for residential development. It is likely that over time retail development infrastructure charges in Victoria will increase more in line with the other Australian states however until this occurs Victoria will maintain a comparative advantage over Queensland and other states and potentially attract retail development investment away from other states especially the high cost states like Queensland.

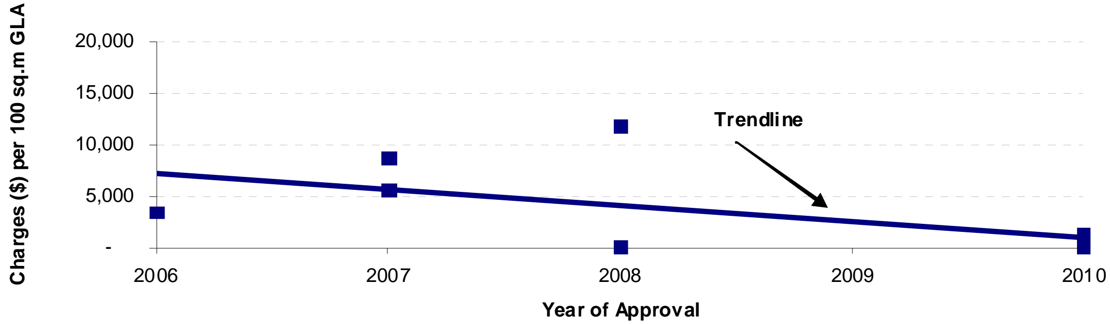
VIC Infrastructure Charges as % of development costs **Chart 3.5**



Source : Woolworths; Coles; Urbis

The chart below illustrates charges in Victoria per 100 sq.m GLA and indicates a similar pattern to the previous chart with a downward trend over time, from around $7,000 per 100 sq.m GLA to around $1,000 per 100 sq.m GLA. This is likely to be influenced by the small sample size and from those developments which have not incurred infrastructure charges. Removing these examples results in average infrastructure charges marginally below $10,000/100 sq.m GLA.

VIC Infrastructure Charges ($) Per 100 sq.m of GLA **Chart 3.6**



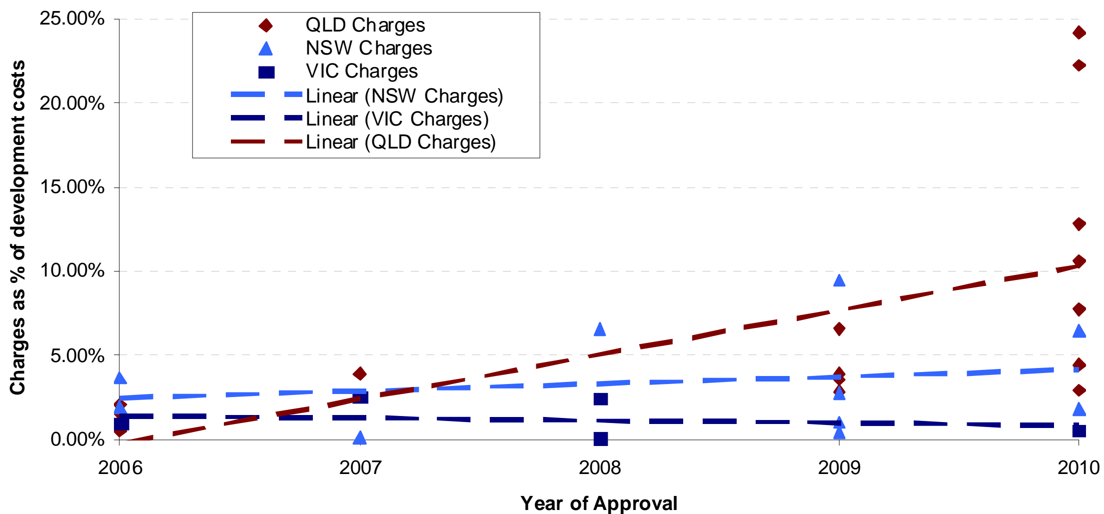
Source : Woolworths; Coles; Urbis

3.4 Comparing Charges Across States

When comparing the results for the three states, clear differences in infrastructure charge levels emerge. The following chart illustrates the charges for each State and highlights two key points:

- Higher infrastructure charges as a percentage of development costs in Queensland than the other States
- The steep increase in infrastructure charges in Queensland over time compared to marginal increases in NSW charges and a downward trend in charges in Victoria.

Infrastructure Charges as % of development costs by State **Chart 3.7**



Source : Woolworths; Coles; Urbis

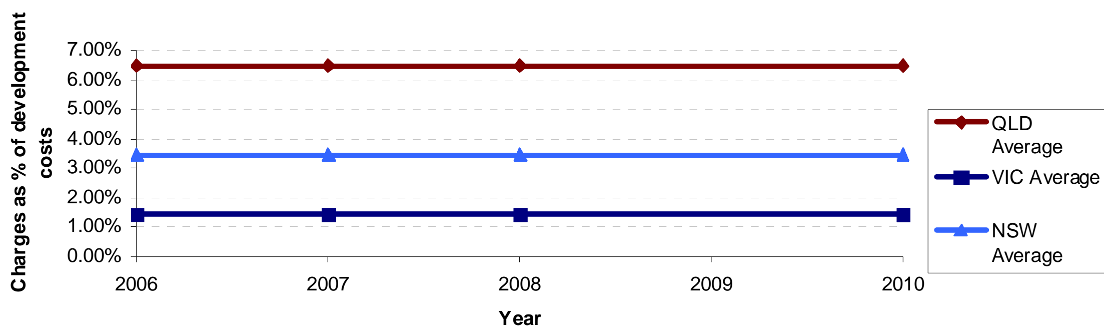
The other point to note from this comparison is the substantial variation in the NSW infrastructure charges over the period to 2009. Queensland charges also vary significantly over this period but not to

the degree of those in NSW though. The 2010 estimates for Queensland show an increasing variation in charge levels across projects.

When averaged across the study period infrastructure charges as a percentage of development costs in each State display clear disparities (illustrated in the chart below). The average for Queensland is highest at 6.49% of overall development costs compared to 3.44% for NSW and 1.45% for Victoria.

This is reflective of a number of factors. Firstly the increasing number of items being charged for as a result of the IPOLA legislation. Secondly the proportion that is attributed to the specific development. NSW appears to use a tighter nexus of attribution than Queensland whereas Victoria has an extremely limited nexus. With respect to these points the high proportion of transport (including roads) costs that make up the Queensland infrastructure charges is significant (discussed in the following section).

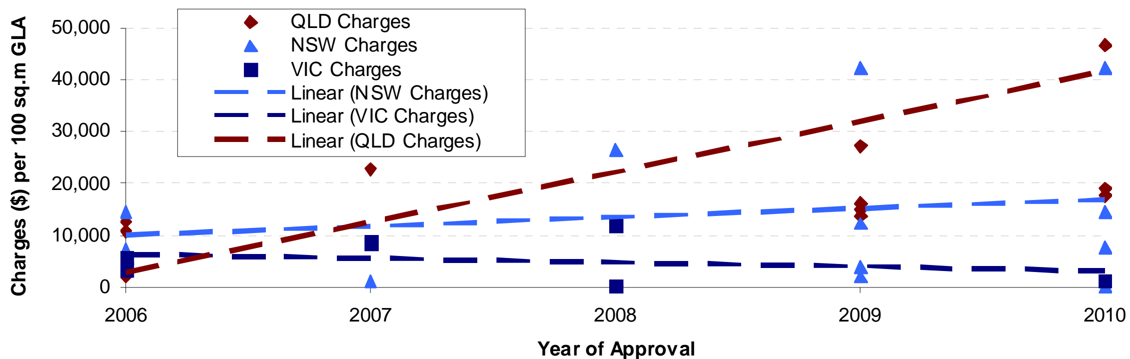
Average Infrastructure Charges as % of development costs by State **Chart 3.8**



Source : Woolworths; Coles; Urbis

When compared on a $/100 sq.m of GLA basis the results also indicate higher charges in Queensland and a rapid increase in charges over time, compared to the other States. The trend line in charges per 100 sq.m in Queensland indicates an increase from $3,000 per 100 sq.m GLA to $40,000.

Infrastructure Charges ($) Per 100 sq.m of GLA by State **Chart 3.9**

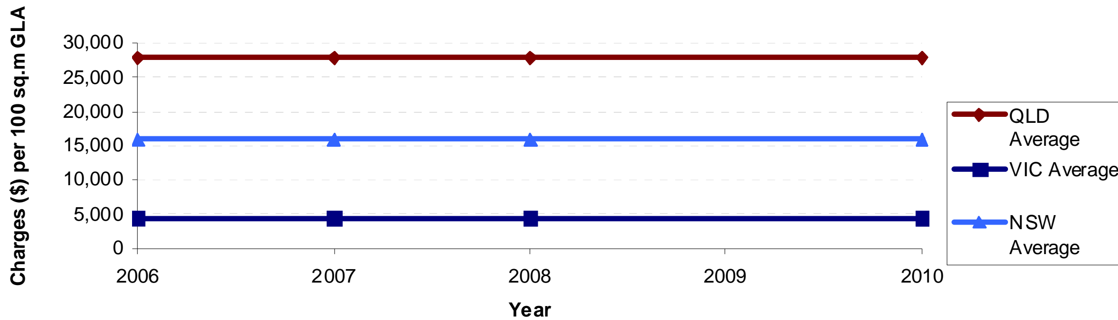


Source : Woolworths; Coles; Urbis

When averaged across the study period infrastructure charges in Queensland average just under $28,000 per 100 sq.m GLA compared to $16,000 in NSW and $4,400 in Victoria. For the projects in this study the average Queensland charges are more than six times those of Victoria highlighting the

comparative advantage that Victoria has over Queensland when investors are determining their investment decisions for retail development projects.

Average Infrastructure Charges ($) Per 100 sq.m of GLA by State **Chart 3.10**



Source : Woolworths; Coles; Urbis

3.5 Summary of Infrastructure Charges Analysis

The main points to note from the analysis of infrastructure charges for supermarket centre developments across NSW, Queensland and Victoria are:

- There is little consistency in infrastructure charges across States and within States with wide variations in actual charges and a lack of clarity on the basis for these variations. This lack of consistency makes project viability assessments difficult and the ability to obtain development finance problematic. This aside, the results of this analysis have generated some general trend lines of infrastructure charges over the past five years for NSW, Queensland, and Victoria
- The trend line comparisons clearly reflect the more rapid increase in infrastructure charges in Queensland than NSW and Victoria. The disparity between Queensland and NSW and Victoria has been worsening over time
- Queensland has a significantly higher average infrastructure charge rate ($28,000 per 100 sqm GLA) than both NSW ($16,000) and Victoria ($4,400) and a higher rate as a percentage of development costs.

3.6 Analysis of Individual Charges

An analysis of the individual components of each state's infrastructure charges provides insights into which components have the greatest influence on the overall infrastructure charges.

3.6.1 Charges as a percentage of development costs

Infrastructure charges as a percentage of development costs are detailed in the table and charts below. The main points to note are as follows:

- Average water and sewerage charges as a percentage of development costs are highest in NSW and QLD at 1% and 0.98% respectively. VIC was well below both at 0.29%.
- Average Transport and Roads costs are much higher in QLD at 5.52%, more than five times the costs in NSW and six times higher than these costs in VIC.
- Stormwater costs are higher in QLD (0.49%) than in NSW (0.27%) and much lower in VIC (0.15%).

- Community Infrastructure costs are highest in QLD, followed by NSW with none recorded in the VIC projects
- Electricity/Gas and other costs are highest in VIC and lowest in QLD.

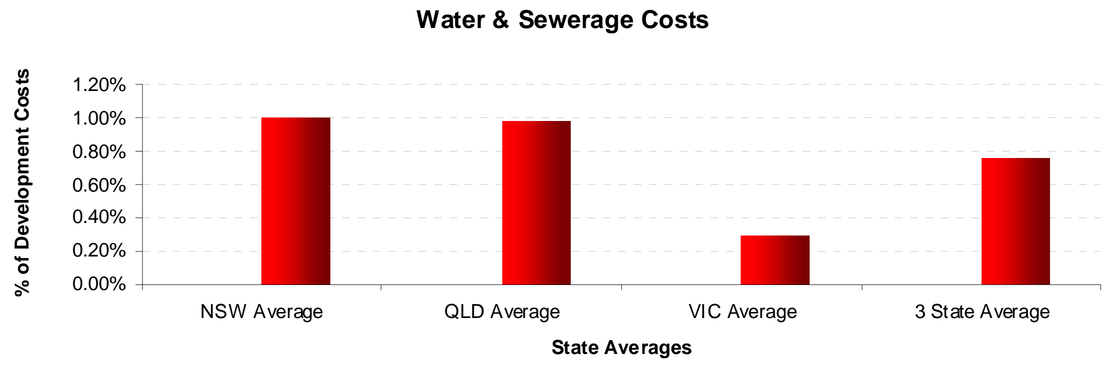
State Infrastructure Charges - as a Percentage of Development Costs **Table 3.11**

	Percentage (%) of Total Development Costs					
	Water & Sewerage Costs	**Transport & Roads Costs**	**Stormwater Costs**	**Community Infrastructure Costs**	**Electricity/ Gas/Other Costs**	**TOTAL Infrastructure Charges**
NSW Average	1.00%	1.03%	0.27%	0.16%	0.72%	**3.44%**
QLD Average	0.98%	5.52%	0.49%	1.34%	0.70%	**6.49%**
VIC Average	0.29%	0.89%	0.15%	0.00%	0.81%	**1.45%**
3 States Average	**0.76%**	**2.48%**	**0.31%**	**0.50%**	**0.74%**	**3.79%**

Source : Woolworths; Coles; Urbis

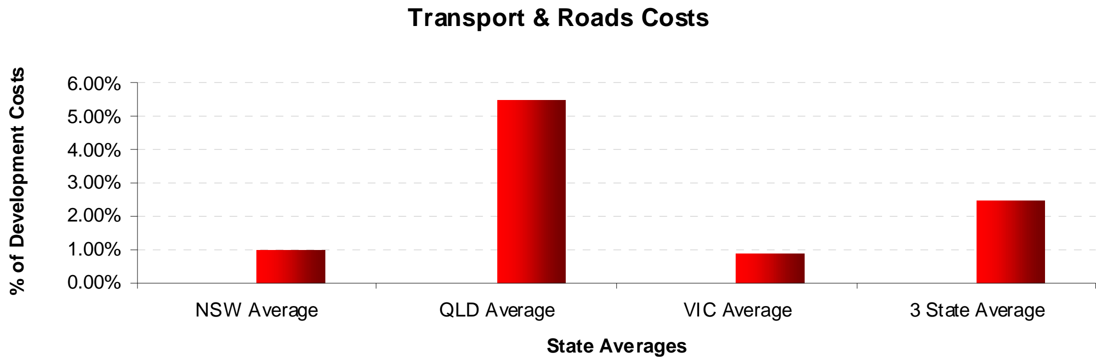
Note that the total infrastructure charges figures in Table 3.11 above is an average and therefore the averages of each individual component of charges (water and sewerage etc) does not add up to the total (average).

States Infrastructure Charges - Percentage of Development Costs **Chart 3.12**



Source : Woolworths; Coles; Urbis

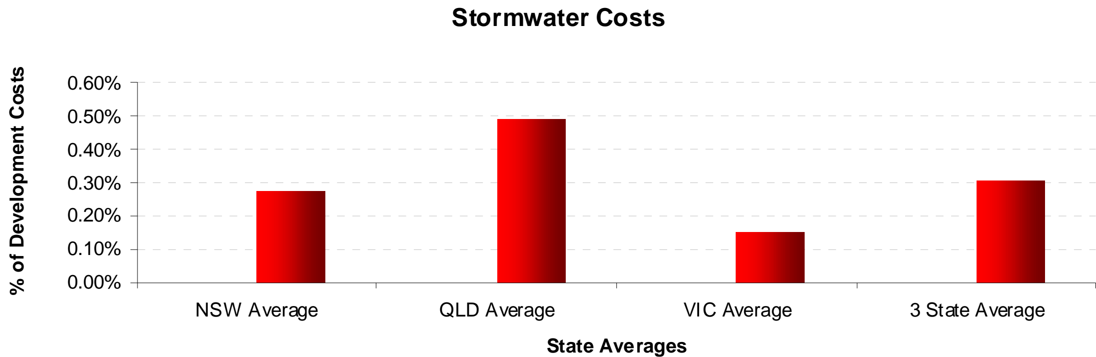
States Infrastructure Charges - Percentage of Development Costs **Chart 3.13**



Source : Woolworths; Coles; Urbis

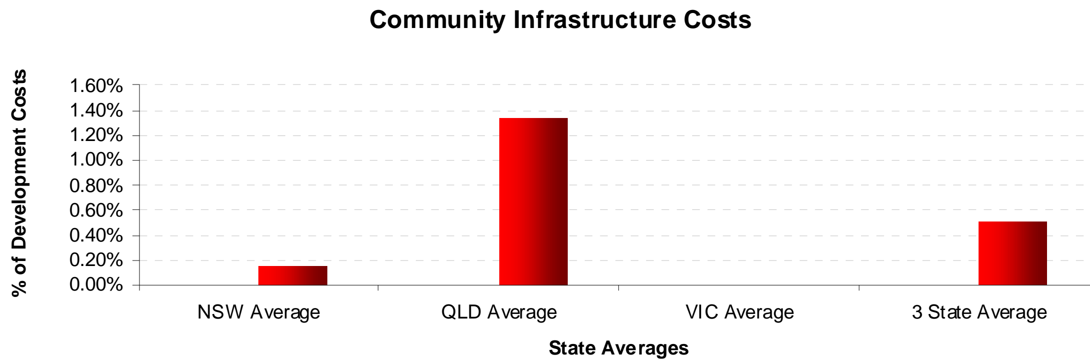
On an individual basis the Queensland infrastructure costs are much higher than those of NSW and Victoria. Transport (including Roads) represents the greatest disparity with this component accounting for 5.52% of overall development costs in Queensland but only 1.03% in NSW. Notably the Transport (including Roads) component of infrastructure charges accounts for 68% of Queensland retail infrastructure charges (per 100 sq.m GLA).

States Infrastructure Charges - Percentage of Development Costs **Chart 3.14**



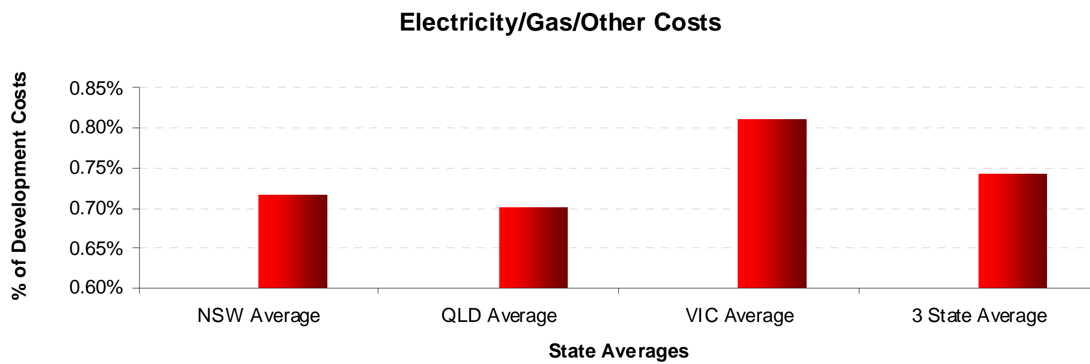
Source : Woolworths; Coles; Urbis

States Infrastructure Charges - Percentage of Development Costs **Chart 3.15**



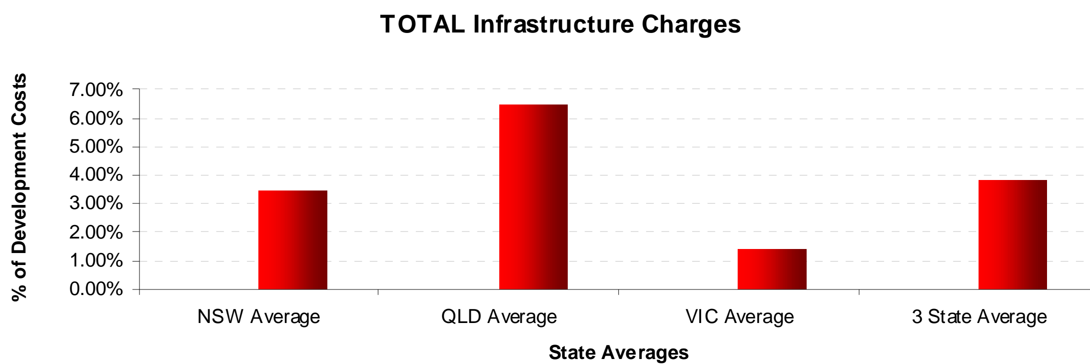
Source : Woolworths; Coles; Urbis

States Infrastructure Charges - Percentage of Development Costs **Chart 3.16**



Source : Woolworths; Coles; Urbis

States Infrastructure Charges - Percentage of Development Costs **Chart 3.17**



Source : Woolworths; Coles; Urbis

3.6.2 Summary of Individual Charges

A number of developments did not incur infrastructure charges under each category and therefore it is difficult to draw conclusions regarding each of the infrastructure charges categories.

Based on the information provided, water and sewerage was charged across most developments and States (28 of 33 examples). Community infrastructure charges have been incurred for a small number of projects (only 7 of 33 developments). From 2009, the roads component of charges in QLD has been included within the transport component.

3.7 Review of Previous Studies

A number of previous studies have been undertaken into infrastructure charges. However only a small number of these studies have assessed infrastructure charges relating to retail development. There are two notable studies that have examined infrastructure charges for retail developments in Queensland:

- *Benchmarking of Infrastructure Charges, Queensland High Growth Councils and Selected Interstate Examples* (Amended Final Report, November 2009) by AEC Group
- Comparative Infrastructure Charges Study (Revision 2.0, Sept 2009) by PLACE Design Group Pty Ltd.

The key findings of these two reports are noted below.

3.7.1 Benchmarking of Infrastructure Charges, Queensland High Growth Councils and Selected Interstate Examples

This report undertaken for the Queensland Local Government Association (LGAQ) provides an estimate of indicative median or average infrastructure charges levied on new developments by Queensland's high growth Councils.

The report indicates that there is a great degree of variation in charges levied on retail developments across Queensland. The report does not state what type of retail developments have been assessed. The median, average, low and high charges recorded were as follows.

Table 3.2 – AEC Infrastructure Charges QLD Retail Rates

	Per 100 sq.m of retail floorspace
Median	$22,699
Average	$25,263
Low	$4,549
High	$74,780

The highest average infrastructure charges were imposed by the Gold Coast Council with charges of around $75,000 per 100 q.m of retail floorspace. The lowest charges were around $4,000-$5,000 per 100 sq.m GFA, levied by Gladstone and Mackay Councils.

Infrastructure charges were provided at a more detailed level, with the results as follows (based on the average charges per 100 sq.m GFA).

Table 3.3 Place Infrastructure Charges Study Retail Rates

Component	Average Charge Per 100 sq.m of retail floorspace
Water	$2,300
Sewerage	$2,419

Stormwater	$1,112
Transport – DMR Local	$3,889
Transport – Council Infrastructure	$12,583
Community	$871
Total	$21,422

Source: AEC, 2009

Of note from the AEC study are the high Transport (including roads) charges which represent 77% of the overall infrastructure charges. This is consistent with the findings of this study though reflecting an even higher proportion.

3.7.2 PLACE Comparative Infrastructure Charges Study

The PLACE study provides the cost of infrastructure charges for a selection of land uses across several Local Government Areas (LGAs).

The study provides an average infrastructure charge for retail/shop in a neighbourhood shopping centre of $52,501 per 100 sq.m of retail/shop floorspace. The highest charges recorded were at Gold Coast Council ($123,901 per 100 sq.m GFA) and the lowest were for Ipswich Council ($13,459 per 100 sq.m GFA).

3.7.3 Comparison with Urbis Results

Based on the information provided to Urbis, average infrastructure charges across Queensland were $28,000 per 100 sq.m GLA (as opposed to GFA which would result in a marginally lower charge per 100 sq.m).

A comparison of infrastructure charges from the Urbis study and the two studies detailed above is provided in the table below.

Table 3.4 QLD Retail Infrastructure Charge Rate Study Comparison

	Urbis (per 100 sq.m GLA)	AEC Group (per 100 sq.m GFA)	PLACE (per 100 sq.m GFA)
Average	$28,000 ($40,000 = 2010 Trendline)	$25,263	$52,501
Low	$260	$4,549	$13,459
High	$87,600	$74,780	$123,901

The AEC Group study identified comparable infrastructure charge levels for retail developments to this study. The PLACE study recorded notably higher infrastructure charges for retail development which is likely to be influenced by its South East Queensland focus. There is a notable variation between charges across studies, particularly high and low charges. This once again reinforces the variation in infrastructure charges being required by Councils and within Council areas across Queensland.

3.8 Other Taxes

In the context of government costs in the development process it is relevant to consider the impacts of both Stamp Duty (Transfer Duty), and Land Tax.

3.8.1 Stamp Duty

Queensland has an advantage is Stamp Duty (now termed Transfer Duty) compared to NSW and Victoria. For a retail property valued at $30 million this represents an advantage for Queensland in the order of 5.7% ($89,325) over Victoria, and 4.8% ($74,815) over NSW.

Table 3.5 Stamp Duty Comparison – Retail Property

Estimated Stamp Duty Costs		
State	Stamp Duty %	Stamp Duty Cost
VIC	5.50%	$1,650,000
WA	5.15%	$1,538,915
QLD	5.25%	$1,560,675
NSW	5.50%	$1,635,490
SA	5.50%	$1,643,830
NT	4.95%	$1,485,000
TAS	4.00%	$1,197,550

Estimated Cost of property: $30,000,000

Note
The above is for transaction cost at the highest cost scale

3.8.2 Land Tax

Land Tax has been an issue of great debate in Queensland over the past couple of years particularly in respect to the rateable base land value for retail properties. Work undertaken by Urbis for the Shopping Centre Council of Australia specifically on this issue provides a comparison with NSW and Victoria on how Queensland compares with respect to land tax on retail properties.

The key points of this analysis undertaken on regional shopping centre as per the current position in Queensland are reflected in the figures below. The average rate per sq.m of GLA is shown hereunder:

NSW: $12.91

VIC: $10.46

QLD: $19.81

The calculation is based on the following revaluation dates:

NSW: 1 July 2007

VIC: 1 Jan 2008

QLD: 1 Oct 2007

The GLA's for each of the 21 centres are current as at the date of revaluation above. The 1 October 2007 Unimproved Values adopted to derive the $19.81 in QLD reflect the recent mediation settlements.

The taxation rates adopted in the above calculation are as follows:

NSW: 2009 (top rate 2.00%)

VIC: 2009 (top rate 2.25%)

QLD: 2009/2010 (top rate 2.00%)

The other important differentiation is that the QLD figure represents an Unimproved Value whereas both the NSW and VIC figures are based on Site Values ie varying rating bases. If QLD was analysed on a Site Value basis the above disparity would increase further.

Thus whilst Queensland has a comparable rate to that of NSW and Victoria the resultant rates per sq.m of GLA are notably higher – 53% higher than NSW, and 89% higher than Victoria.

With respect to the impact of Stamp Duty and Land Tax it should be noted that the comparably poorer position for Queensland retail properties in relation to land tax has more significant cost implications. Indicatively a 6,000 sq.m centre would pay $41,000 more per annum in Queensland than in NSW and $56,100 per annum more than in Victoria. Whilst reflecting a higher transaction cost, Stamp Duty is only payable on sale of a property and these occur relatively infrequently (by indication once every ten years).

4 Infrastructure Charge Increase Impacts

Investment in property development projects such as new retail centre developments, like all major investments, is subject to close financial scrutiny by organisational boards and the financial institutions that provide the funding. This financial scrutiny has never been more severe than is the case now as Australia and the rest of the world emerge from the Global Financial Crisis (GFC). Property development investments need to be proven to be financially viable through detailed feasibility analysis with appropriate allowances for risk and contingency. Investment decision makers will then compare competing investments and direct their investment funds at the projects that reflect the best risk and return equation.

Members of the retail development industry in Queensland have openly stated that if they cannot make their retail development projects meet the required rates of return they will direct their investment funds to other states. Anecdotal evidence from a number of major players in the retail development sector in Queensland indicate that investment in a number of retail development projects has been deferred due to the inability to demonstrate acceptable levels of investment return. On a number of occasions the specific reason given for this has been the high and/or uncertain level of infrastructure charges contribution required for the project.

In deferring investment in retail development projects in Queensland valuable investment expenditure and employment is not generated in Queensland. This is a particularly significant issue for the retail construction industry especially at present with the effects of the GFC still impacting the construction industry and government stimulus packages running out. The following analysis provides context for the potential impact of deferred investment in retail development projects in Queensland.

4.1 Expenditure and Employment Impacts

Data on direct expenditure in the Retail/Wholesale Trade sector for Queensland has been compiled over the past four years to identify the scale of expenditure in this sector. The average annual direct construction expenditure in this sector has been $763 million. A further $591 million of indirect (multiplier/flow on) expenditure is estimated to have resulted from this direct expenditure. This equates to an average direct and indirect expenditure of $1,354 million.

QLD - Retail/Wholesale Trade Construction Costs Expenditure Impact ($M) **Table 4.1**

Sectors	**Direct impact**	**Initial impact** (1) ($m)	**Industrial support** (2) ($m)	**Type 1** (3) = (1)+(2) ($m)
Total 2006/07	**$934.8**	$394.3	$329.4	$723.7
Total 2007/08	**$830.0**	$350.1	$292.5	$642.6
Total 2008/09	**$778.9**	$328.6	$274.5	$603.1
Total 2009/10	**$508.7**	$214.6	$179.3	$393.8

Note: Period specific Index Data has been used
Source: Urbis

Associated with the construction expenditure are employment impacts. The average direct and indirect employment impacts from retail and wholesale based construction expenditure over the past four years is estimated to have been 5,470 full time employment years.

QLD - Retail/Wholesale Trade Construction Costs Employment Impact			Table 4.2
Sectors	Initial impact (1) No.	Industrial support (2) No.	Type 1 (3) = (1)+(2) No.
Total 2006/07	3,762	2,951	6,713
Total 2007/08	3,243	2,545	5,788
Total 2008/09	3,177	2,493	5,670
Total 2009/10	2,075	1,628	3,703

Note: Period specific Index Data has been used
Source: Construction Forecasting Council; Urbis

We noted previously that anecdotally retail development activity in Queensland is being deferred and potentially redirected to other states. It is beyond the scope of this study to estimate the potential impact that this is having on the industry and the Queensland economy. However to provide some indication of what the scale of this impact might be we have provided some expenditure and employment impact estimates based on two broad scenarios. Firstly if construction activity in the retail and wholesale trade sector was impacted to the degree of a 10% decline in activity and secondly if it was impacted to the degree of a 20% decline in activity. Under these scenarios the following impacts on the Queensland retail construction industry and economy would be felt:

Table 4.3 – Queensland Retail Construction Sector Impacts

Impact	10% Decline	20% Decline
Expenditure	$135.4 million	$270.8 million
Employment	547 Job years	1,094 Job years

Source: QLD Government Multipliers, Construction Forecasting Council, Urbis, 2010

The analysis indicates that if retail development activity is reduced by 10% to 20% of average levels that there would be significant expenditure and employment impacts to the Queensland economy. This is in a difficult economic climate where job security is a key issue amongst the community and the Queensland Government is seeking to generate an additional 100,000 jobs.

5 Summary and Conclusion

This study into infrastructure charges for retail developments in NSW, Queensland, and Victoria has identified a number of important insights for national infrastructure charging policies. The key findings of this study and subsequent conclusion are presented in this section.

5.1 Summary of Findings

The main findings from this study into infrastructure charges for retail developments in NSW, Queensland, and Victoria are:

- There is a great deal of inconsistency in infrastructure charges for retail developments between NSW, Queensland, and Victoria. Importantly within each state the range of infrastructure charges between different locations is so great as to be a significant risk factor for development investment. In the Queensland projects in this study this has varied from $260/100 sq.m of GLA to $87,600/100 sq.m of GLA
- Over the past five years the trend line for Queensland retail development infrastructure charges has increased from an average of $3,000/100 sq.m GLA to around $40,000/100 sq.m GLA. This is notably higher than the increase in NSW and Victoria and substantially higher than increases in comparative construction price indices.
- Over the past four years Queensland has averaged a significantly higher infrastructure charge rate ($28,000 per 100 sqm GLA) than both NSW ($16,000) and Victoria ($4,400).
- As a proportion of overall development costs the average Queensland charges (6.49%) are also the highest in comparison to NSW (3.44%), and Victoria (1.45%). The most significant component of infrastructure charges in Queensland is the Transport charge (including roads) which represents on average 68% of the total infrastructure charge
- The evidence of infrastructure charges from actual retail projects across NSW, Queensland, and Victoria indicates that retail development infrastructure charges in Queensland have increased at a greater rate over the past four years than the other two states. It is important to acknowledge that these results are based on a limited number of results. This aside the results are consistent with the retail development industry view that infrastructure charges are on average higher in Queensland than NSW and Victoria and that they have increased more significantly in Queensland than in the other states.
- Other studies of retail based infrastructure charges in Queensland provide a useful comparison to the results of this study. The AEC Group study identified comparable infrastructure charge levels for retail developments to this study. The PLACE study recorded notably higher infrastructure charges for retail development which is likely to be influenced by its South East Queensland focus. There is a notable variation between charges across studies, particularly high and low charges. This once again reinforces the variation in infrastructure charges being required by Councils and within Council areas across Queensland.
- The retail development industry has indicated that high levels of infrastructure charges will defer or redirect retail development project investment away from Queensland. A 10% decline in construction activity in the Queensland retail and wholesale trade sector will result in the loss of $135.4 million in expenditure and 547 job years to the Queensland economy. A 20% decline will lead to the loss of $270.8 million of expenditure and 1,094 job years.

5.2 Conclusion

Local Governments in Queensland have expended significant resources in preparing Priority Infrastructure Plans (PIPs) including estimating the infrastructure requirements and costs over the long term for the different areas within their jurisdictions. This has and will lead to substantial variations in infrastructure charges across regions and within regions. The retail development industry requires a reasonable level of certainty when assessing project opportunities and making investment decisions.

The current infrastructure charging regime in Queensland does not provide this. In addition to this uncertainty, infrastructure charge rates for retail developments (and other developments) have increased well above levels in other states and above price inflation indices such as the CPI and Construction Price Index.

This situation has compromised retail development opportunities in Queensland and it is uncertain at this point to what degree investment in retail projects in Queensland has been impacted as a result.

This report has reviewed infrastructure charges for retail developments in NSW, Queensland, and Victoria as a proportion of overall development costs and on a per sq.m of GLA basis. The industry is seeking a level of certainty and affordability with respect to the determination of infrastructure charges for retail projects in Queensland. The Queensland Infrastructure Charges Taskforce is in the process of reviewing the infrastructure charging regime in Queensland and it is appropriate for the Shopping Centre Council of Australia to provide recommendations to this Taskforce.

The Taskforce is looking to simplify and standardise infrastructure charges in Queensland. The retail development industry is likely to support these principles.

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Appendix A Proforma

INFRASTRUCTURE CHARGES STUDY

Urbis on behalf of the Shopping Centre Council of Australia (SCCA) are undertaking a study into infrastructure charges across Queensland, NSW and Victoria.

Project Criteria:

- Stand alone supermarket/neighbourhood centre developments
- Development approval should have been granted within the last 3 years
- Developments where you will acquire leasehold in a centre are also acceptable if the information required is available.

Infrastructure charges should include any government based costs that are beyond the core cost of the project.

Development Details

Company Name:	
Name of Development:	
Brief description of development (e.g. single level neighbourhood centre with 8 specialty shops and at-grade car parking)	
Address details: Street Suburb State	
Date of Development Approval:	
Land Area	M^2
GLA Supermarket (trading area plus back of house/storage)	
GLA Specialty Shops	
Total Centre GLA	
Car parking No's: At grade Roof top Basement Total car parks	
Overall development cost	$

Infrastructure Charges (including breakdown of calculations):		
Type of Charge	**Cost**	**State or Local Government based?**
Water and Sewerage (e.g. new water supply or wastewater)		
Transport (e.g. providing funding towards a new bus interchange)		
Roads (e.g. building new roads or upgrading a roundabout)		
Stormwater (e.g. new pipe or augmentation)		
Community Infrastructure (e.g. contributions to a new library or swimming pool)		
Other (specify)		
Total Infrastructure Charges		
Any other information		

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Appendix B Additional Tables and Charts

Individual Charges per 100 sq.m GLA

The main points to note in relation to charges per 100 sq.m GLA are:

Average Water & Sewerage charges (per 100 sq.m GLA) in each State are as follows:

State	Average Charges Per 100 sq.m GLA
NSW	$2,900 (excl. Glenorie)
QLD	$4,775
VIC	$1,270
All States	**$3,839**

- Average water and sewerage charges per 100 sq.m GLA across all States is $2,775 compared to the QLD average of $4,942 (44% higher)

Average charges per 100 sq.m GLA in QLD are:

Category	Average Charges Per 100 sq.m GLA	Percentage of total charges
Water & sewerage	$4,775	14%
Transport & Roads	$23,223	68%
Stormwater	$2,127	7%
Community Infrastructure	$473	1%
Elect/Gas/Other	$3,549	10%
Total		100%

- In QLD water and sewerage charges average 14% of total infrastructure charges but range from 7%-100%
- In QLD, stormwater, community infrastructure and electricity/gas/other are not major components of total charges.

Australian Construction Price Index

Australian Construction Price Index - Gross Total Increase % 2006-2010				
Index Number	**Australia** %	**NSW** %	**VIC** %	**QLD** %
Building construction	12.90%	12.26%	11.71%	11.62%
Non-residential building construction	10.73%	11.33%	10.69%	3.78%

Source: ABS 6427.0 - Producer Price Indexes, Australia, Mar 2010; Urbis

Sydney
Level 21, 321 Kent Street
Sydney, NSW 2000
Tel: +612 8233 9900
Fax: +612 8233 9966

Brisbane
Level 12, 120 Edward Street
Brisbane, QLD 4000
Tel: +617 3007 3800
Fax: +617 3007 3811

Dubai
Level 4, Attareen Building,
Saaha Offices, Old Town Island
Downtown Burj Dubai, UAE
Tel: +971 4 4200212
Fax: +971 4 4200209

Melbourne
Level 12, 120 Collins Street
Melbourne, VIC 3000
Tel: +613 8663 4888
Fax: +613 8663 4999

Perth
Ground Floor, 53 Ord Street
West Perth, WA 6005
Tel: +618 9346 0500
Fax: +618 9321 7790

Australia • Asia • Middle East
www.urbis.com.au
info@urbis.com.au

ABOUT THE SHOPPING CENTRE COUNCIL OF AUSTRALIA

The Shopping Centre Council of Australia represents Australia's major shopping centre owners and managers. Our owners own and manage more than 11 million square metres of retail space. Our members are AMP Capital Investors, Brookfield Multiplex, Centro Properties Group, Charter Hall Retail REIT, Colonial First State Property, Dexus Property Group, Eureka Funds Management, GPT Group, ISPT, Jen Retail Properties, Jones Lang LaSalle, Lend Lease Retail, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, Stockland and Westfield Group.

We would be happy to discuss any aspect of this submission. Please do not hesitate to contact us.

Milton Cockburn
Executive Director
Shopping Centre Council of Australia

Angus Nardi
Deputy Director
Shopping Centre Council of Australia

Shopping Centre Council of Australia