

19 May 2008

Grocery Prices Inquiry - Submissions  
Australian Competition and Consumer Commission  
GPO Box 520  
MELBOURNE VIC 3001

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Dear Sir/Madam

## **Supplementary Public Submission to the ACCC Grocery Prices Inquiry**

The Urban Taskforce is an industry organisation representing Australia's most prominent property developers and equity financiers. Our membership also includes key infrastructure providers, economists, planners, architects and lawyers involved in property development. We provide a forum for people involved in the development and planning of the urban environment to engage in constructive dialogue with both government and the community.

We made a submission to the ACCC's Grocery Prices Inquiry on 11 March 2008. This is a supplementary submission.

The Urban Taskforce has commissioned Professor Allan Fels and Concept Economics to prepare a report on the effects of urban planning on retail competition. NSW has been used as a case study. The report considers whether State planning systems can adequately and efficiently accommodate the expanding community need for retail development.

We believe this study's analysis and its conclusions are crucial to the current grocery prices inquiry by the Commission.

In short the study finds that:

- Shoppers are paying too much for their groceries because of restrictive out-of-date planning laws.
- An overhaul of State Government centres' policies will mean greater competition and give people more choice.
- Grocery shoppers could pay up to 18 per cent less for basic food products and up to 28 per cent less for other household items when they are given the opportunity to access the most price-competitive retail formats.
- The centres policy would be in breach of the *Trade Practices Act*, if it wasn't backed by State Government legislation.
- The planning system should be about protecting the community from congestion, noise and the loss of cultural and environmental assets. Instead planning laws are protecting existing retail landlords from the threat of competition.

- New supermarkets and larger food stores are being denied the opportunity to compete with existing shopping centres.
- Less choice means higher prices for groceries and everyday household goods.
- New supermarkets and larger food stores should be allowed outside established shopping centres, easing the transport burden and encouraging more “pedestrian friendly” communities.
- Supermarkets and larger food stores are one of the most heavily regulated sectors of the economy.
- In NSW the planning system imposes a quota on the number of supermarkets that will be approved –limiting opportunities for competition and new entrants.
- Reform of the system could mean \$78 billion in extra income for the NSW economy and \$296 billion Australia-wide. It would also mean 147,000 extra jobs across Australia and 47,000 jobs here in NSW.
- The centres policy gives retail landlords the opportunity to charge higher rents. Some landlords charge between 17 and 21 per cent of retail turnover as rent. This compares with 9 to 12 per cent in other countries.
- Current planning policies are not flexible enough to deal with Sydney’s projected population increase of 1.1 million people to 5.3 million by 2031. That extra population will require a 50 per cent increase in current retail space to meet demand.

A copy of the study is attached and forms part of this submission.

Yours sincerely

**Urban Taskforce Australia**



Aaron Gadiel  
Chief Executive Officer

Encl.