

Allan Fels slams shopping centre laws

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Shoppers are paying far too much for their groceries because of restrictive out-of-date planning laws, according to a report by former ACCC Chairman, **Professor Allan Fels**.

And he says an overhaul of state government shopping centres' policies would allow greater competition, leading to consumers paying up to **18 per cent less** for food staples and up to **28 per cent less** for other household products.

Professor Fels warns that under the present planning regime "Governments appear to be upholding anti-competitive processes that elsewhere would potentially considered to be contravening the Trade Practices Act."

The report by Professor Fels and Concept Economics is the most detailed analysis of the impact of planning policies on retail competition ever produced in Australia.

"The planning system should be about protecting the community from congestion, noise and the loss of cultural and environmental assets," Professor Fels said.

"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."

The report was commissioned by the Urban Taskforce. The Taskforce's Chief Executive, Aaron Gadiel, says under the NSW planning system supermarkets and larger food stores are one of the most heavily regulated sectors of the economy, alongside mines, casinos and brothels.

Hardest hit by the laws are shoppers in the outer suburbs.

"Struggling suburban families will be the big winners if there is more competition. They will save thousands of dollars off their supermarket bills.

"They are already penalised by having to travel greater distances to do their shopping and they need a greater choice nearer their homes."

Other key points of the Fels "Choice Free Zone" report:

- Reform of the system could amount to \$296 billion in extra income for the Australian economy.
- It would also be a boom for employment, delivering 147,000 jobs nationally.
- The report argues against present planning laws which effectively restrict supermarkets to established centres, resulting in traffic congestion and restrictive trade.
- Major retail landlords in existing shopping centres were taking between 17 and 21 per cent of retail turnover as rent. This compares with 9 to 12 per cent in other countries.

Professor Fels says retail developments should be encouraged outside established shopping centres, easing the transport burden and encouraging more “pedestrian friendly” communities.

The report warns that current planning policies are not flexible enough to deal with the extra retail space that will be demanded by population and demographic changes.

The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

Concept Economics is staffed by some of Australia's most respected economists and experts in the areas of competition economics, public policy and regulatory analysis, and business strategy.

Media Enquires:

Professor Allan Fels: 0411 231 319 (Paul Mullins) or 0411 535 103 (John Choueifate)

Aaron Gadiel: 0417 477 904 or (02) 9238 3955