

25 November 2011

Andrew Snedden
Select Committee on the ACT Supermarket Competition Policy
Legislative Assembly for the Australian Capital Territory
GPO Box 1020
CANBERRA ACT 2601

By email - committees@parliament.act.gov.au

Dear Mr Snedden,

RE: Select Committee Inquiry into the ACT Supermarket Competition Policy

Thank you for providing us with the opportunity to present our comments on the ACT Supermarket Competition Policy.

The Tuggeranong Hyperdome is the key retail anchor for the Tuggeranong Town Centre; accordingly it plays and will continue to play an important role in the long term health and viability of the Town Centre. The Hyperdome has historically struggled as a result of its unrealized catchment. The Tuggeranong Town Centre was developed to serve a catchment of circa 150,000 persons. As a result of government decisions, the catchment has been capped at circa 80,000 persons.

The ongoing provision of a strong and competitive grocery offer *within the town centre* is therefore of importance to Tuggeranong Town Centre's long term attractiveness and viability, and its ability to fulfil its role. We refer specifically to the Territory Plan objectives (a) for town centres, which reads:-

- a) *(Town centres are to) Provide the main focus for shopping, community, business and recreation activity for the district populations of Belconnen, Gungahlin, Tuggeranong and Woden/Weston Creek.*

Both Coles and Woolworths maintain tenancies in the Hyperdome, as do discount department stores Kmart and Target. An Aldi, Hub and specialist Asian grocery are located in the wider town centre. Total supermarket and grocery floorspace within the Tuggeranong Town Centre is 11,070m² serving a catchment population of 89,750 (2007). At 0.12m² per person, this is consistent with other fully developed town centre catchments.¹ The existing supermarket provision in the Town Centre collectively generates significant draw within the Tuggeranong catchment to the benefit of all retailers located in the Centre.

The Hyperdome is aware of supermarket led developments and proposals for changes in the policy which, collectively and over time, have the potential to detract from the Tuggeranong Town Centre retail offer to the detriment of the Centre in its entirety.

¹ For example Belconnen maintains 0.11m² supermarket floorspace provision per head of catchment population.

We are particularly concerned with recent moves to increase supermarket competition through the entry of second full line supermarkets in group centres. The Tuggeranong valley is supported by six group centres² which collectively have 18,630m² of supermarket floorspace.³ In addition there are 11 local centres with grocery provision within the Tuggeranong catchment.

The introduction of second full line supermarkets in group centres, plus recent moves to allow supermarkets up to and over 1500m² GFA in local centres has the potential to significantly increase the volume of supermarket floorspace within a catchment that is currently experiencing negative growth. The additional floorspace is not being balanced with a corresponding increase in population. Whilst not disputing the desirability of choice and competition, the substantial additional supermarket floorspace in lower tier centres will detract from the draw of the Tuggeranong Town Centre, thereby reducing its long term viability.

We feel it pertinent to draw attention to the Territory Plan objectives in respect of Group Centres at this point. Objective (a) reads:-

- (a) Provide for a wide range of shopping, community, business and recreation facilities predominantly *servicing the surrounding or nearby suburbs* (our italics).

The establishment of new full line supermarket floorspace in other (group and local) centres designed to draw expenditure from beyond surrounding or nearby suburbs, has the potential to reduce the attractiveness of the Hyperdome to consumers. This diminution of supermarket trade will have flow on effects on specialty retailers located within the Town Centre, further compromising the long term viability of the Tuggeranong Town Centre.

It is therefore essential that the Supermarket Competition Policy recognize and reinforce the existing Centres Hierarchy described by the National Capital Plan, Canberra Spatial Plan and Territory Plan. Tuggeranong plays a vital role in this hierarchy, as a focus for retail, commercial, employment and community facilities. The co-location of these uses leads to efficiencies in infrastructure and delivery to the benefit of the community. Conversely, any decision which undermines the hierarchy by enabling lower tier centres to compete with and draw expenditure away from higher tier centres will have the potential to undermine these benefits.

We are cognizant of the emerging Tuggeranong and Erindale Master Plans, and the potential for increased supermarket provision in the Erindale Centre. Erindale is a group centre and sits below Tuggeranong Town Centre in the Centres Hierarchy. It would therefore be inappropriate to allow town centre scale development to occur in a group centre, particularly where that development would compromise the role of the Town Centres as described by the Territory Plan, and even more so in a catchment that is not experiencing growth or demand for supermarket floorspace.

We have been provided a copy of the Don Fox report 'Economic Impact Assessment - Additional Supermarket Floorspace within the Erindale Group Centre'. This report confirms that if a second supermarket was established in Erindale, as per the draft Erindale Master Plan, it would divert all grocery expenditure by households in the Erindale catchment from supermarket facilities in the Tuggeranong. Given the proximity of Erindale to the Tuggeranong Town Centre, this would be a significant loss of trade. Furthermore it would be contrary to the Town Centre objective (a). This also reinforces our understanding that no group centre (except Dickson) has been shown capable of supporting two full line supermarkets. We understand that Manuka was previously served by both a Woolworths and a Coles, but that the Woolworths was unable to sustain itself. There is no reason to believe that a similar situation would not occur if second full line Supermarkets were allowed to establish in smaller and weaker catchments than Manuka.

² Condor, Chisholm, Calwell, Wannisassa, Kambah and Erindale

³ Existing supermarket floorspace, plus a 1500m² ALDI in Chisholm for which a direct sale has been granted.

In this context we strongly recommend that the Supermarket Competition Policy reflect and reinforce the Centres Hierarchy and that any action by the Government in support of competition outcomes not occur at the expense of the ongoing viability of town centres.

We offer the following comments relative to the Inquiry's terms of reference:-

(a) The operation of the policy as it interacts with the planning system;

Whilst unable to comment in depth on this, we believe that the Supermarket Competition Policy should interact proactively and consistently with the planning system in order to provide private sector players certainty. Decisions should reinforce one another to ensure that positive and economically sustainable outcomes, in line with the existing Centres Hierarchy, are achieved.

(b) The appropriateness of settings as it applies to the ACT Government direct sales, group centres and local centres;

We are concerned with the propensity of the government to grant direct sales to facilitate full line supermarket development in locations which, prima facie, are not suitable for full line supermarket development. We note that Tuggeranong has 11 local centres; the establishment of a 1,500m² supermarket in each and every one of these centres would saturate the market whilst diverting much needed investment and activity from the town centre.

When considering direct sales, the ACT government should have due regard to the role of the Centres Hierarchy, and ensure that any development facilitated by a direct sale is consistent with the Hierarchy as expressed by the Territory Plan.

(c) The impact of the policy on operators and consumers;

The manner in which the Supermarket Competition Policy and planning system interact has created significant uncertainty to operators. From our perspective, the prospect of significant additional supermarket floorspace in group and local centres is of substantial concern and, if implemented, has the potential to significantly compromise the catchment in which the Hyperdome operates by diverting grocery expenditure to lower tier centres.

(d) Impacts on the retail hierarchy;

We have addressed this in part above. We are of the strong opinion that the hierarchy is not just a retail hierarchy; it is a centres hierarchy which allows for the efficient location of infrastructure (including public transport) and retail, employment, commercial and community uses and facilities. While our focus is necessarily on retail uses, we recognize that the draw of the Tuggeranong Town Center is predicated on the much broader range of activities and uses that can be found there. Equally, the draw of these other uses and activities depends on a strong retail draw. Any action which undermines the town centre offer will in turn have impacts on the efficiency of provision of these other draws, to the detriment of the community.

(e) Future applications of planning and competition policies.

Within the context described above, we believe that the future application of planning and competition policies must serve to reinforce the Centres Hierarchy and by implication the primacy of Tuggeranong Town Center as the highest tier centre in the Tuggeranong catchment.



Global Asset Management

We trust this information is sufficient for your purposes but please feel free to contact the writer if you would like to discuss.

Yours sincerely

A handwritten signature in black ink, appearing to be "W Moodie", written over a faint horizontal line.

Wayne Moodie
Regional Manager, NSW / ACT

Telephone: (02) 9419 6255

Facsimile: (02) 9419 7225

Email: wayne_moodie@cfsgam.com.au

cc. Robert Ell, Managing Director, LEDA Holdings Pty Ltd
Wayne Holborow, Design and Development Manager, LEDA Holdings Pty Ltd
Tom Lorenzen, National Property Manager, Centro Properties Group
Pearse Coleman, Centre Manager, Tuggeranong Hyperdome