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City of Geraldton-Greenough Economic Impact of Deregulation of Retail Trading Hours – Final Report September 2009 Report No: 09/74	

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1   Executive Summary

This report has been prepared by Pracsys in response to a request from the City of Geraldton-Greenough for an investigation into the economic impacts of the possible deregulation of retail trading hours on the community of Geraldton-Greenough.

Geraldton-Greenough is the major regional centre in the State's Midwest. Its role as a regional administrative, commercial and services hub, combined with the emergence of major new infrastructure and resources projects in the Midwest means that Geraldton is well positioned to become a leading Australian regional city over the coming decades. The expectation is that the population of the city will grow substantially over the medium to longer term leading to increased demand for population driven services of which the provision of retail goods and services will form a major component.

The population of Geraldton-Greenough is estimated currently at approximately 36,000 with an estimated residential base of approximately 13,600 households. It is these households, and the estimated 221,000 annual visitors to the city that provide the main body of retail expenditure in the City.

In the context of Geraldton-Greenough, deregulation of trading hours effectively means that general retailers currently regulated by general shop retail hours may, under a deregulated trading hours regime, have the option to trade under the same conditions as small shops and /or special retail shops.

Pools of Expenditure

In order to estimate the economic effects of the deregulation of trading hours in Geraldton-Greenough it is necessary to estimate the amount of retail expenditure that exists in the City and to understand how that expenditure is distributed. The household expenditure survey (HHES) data covers expenditure across a large range of categories. The survey offers the opportunity to isolate categories of expenditure that may be classified as convenience retail goods and services and comparison retail goods and services and it is these categories that most directly concern this economic impact assessment.

The total annual pools of available expenditure in Geraldton-Greenough, derived from ABS census data, the HHES and estimates of visitor expenditure estimated accordingly:

- Convenience retail goods and services $209 million
- Comparison retail goods and services $111 million

Literature Review

A review of some of the literature relating to the topic of retail hours deregulation suggests that:

- There is a general lack of empirical evidence on the impact of deregulation of retail trading hours, particularly regarding the long term impacts.
- The theoretical literature lacks consensus as to the potential impacts of deregulation. For example some models, such as spatial-equilibrium models will predict that retail prices will increase, whereas the imperfect-information equilibrium models will predict that retail prices will decrease.
- In Australia, much of the research available has been commissioned by organisations that have a vested interest in the results and as may suggest selective interpretation of research results
- While some aspects of the retail sector are universal, the structure of the retail sector differs from country to country, and as such, results and conclusions on the impacts of deregulation made on one country may not be accurate in another country.

Logic Framework – Types of Impact and Retailer Categories

Pracsys proposes four types of economic impact that may occur as a result of the deregulation of trading hours in Geraldton-Greenough:

- Impact Type 1 – Increase in Overall Aggregate Retail Expenditure
- Impact Type 2 – Shift in Spending From One Retail Type to Another
- Impact Type 3 – Shift in the Timing of Spending
- Impact Type 4 – Spatial Shift in Shopping Behaviours

The fourth impact type is potentially the most contentious of the impacts because it posits a geographical redistribution of shopping behaviours as a result of the deregulation of retail trading hours. This impact type is closely connected with Impact Type 3 in that shifts in the timing of shopping will occur only where there are opportunities for people to change their behaviours. The spatial shift is commonly a migration of shopping behaviour away from non-centre based retail to shopping centres, particularly in the areas of convenience retail.

The economic impact assessment proposes the division of Geraldton-Greenough based retailers into four main categories, namely:

- Small Shopping Based Retailers
- Small Non Shopping Centre Based Retailers (i.e stand alone or strip retailers)
- Large Shopping Centre Based Retailers
- Large Non Shopping Centre Based Retailers

A review of the Midwest Business & Community Directory and the Yellow Pages listings for Geraldton-Greenough reveals a total of 256 retailers across 11 subcategories. The distribution of these retailers according to the four main categories indicates that:

- 42% are Small Non Centre Retailers;

- 54% are Small Centre Based Retailers;

- 2% are Large Non-Centre Retailers; and

- 1% are Large Centre Based Retailers

Impact Assessment

The approach by Pracsys is to consider the benchmark performance of a selection of retail types in different retail categories and the subsequent impact on net profitability given changes in both income per square metre and the percentage of income taken up in total operating expenses (i.e. cost of goods sold / cost of service provision and overheads). The purpose of this modelling is not necessarily to present a highly accurate picture of specific Geraldton based businesses, indeed such analysis presents challenges in terms of accessing and publishing commercially sensitive data, it is to suggest the scope of quantifiable impacts that might occur from changes to business income and total operating expenses

The modelling assumes:

- That all retailers will trade according to deregulated hours;

- That there is no change to the basic business model in each instance

- That negative impacts are most likely to be felt by small, non centre retailers

- That larger, centre based retailers are most likely to benefit from deregulated hours

The number of businesses that may be impacted by a deregulation of trading hours can only be approached by the application of scenario modelling. Section 5.3 suggests a distribution of retailers by category. Of the 256 businesses identified in Geraldton-Greenough, 97% of these are small retailers with around 44% of these classified as non centre based retailers.

Given the scope of impacts on income and total operating expenses described above, if for example 25% of both non centre and centre based traders were to experience a decline in income of up to 5% and an increase in operating expenses of up to 3%, this would translate into around 61 small business that may experience a drop in total profitability of between approximately 50 and 77%. This, it is suggested, would place such business under significant stress. Alternatively, if the same percentage of businesses were to experience a 5% increase in come and a 3% increase in operating costs, this would suggest the same number of businesses approximating a 20% increase in net profitability.

Threats to one area of retail trade may be balanced by the opportunities that deregulation presents to other retailers. A significant point to be made is that, of all the retail trade categories, it is small retailers that arguably have less capacity to adjust to changes in the trading environment and indeed may be less likely or inclined to make the changes that a deregulated system would suggest are required. It may be argued that the more entrepreneurial operators are better equipped and resourced to recognise and take advantage of the opportunities that deregulation may present.

Implications and Conclusions

The topic of deregulation of retail trading hours in Geraldton-Greenough is a contentious issue and one that is difficult to resolve solely on the basis of an assessment of economic impacts. The impacts will vary between retail categories, some retailers will benefit while others will be disadvantaged, but virtually all retailers will approach the issue from the standpoint of vested interest.

It is generally agued that consumers will benefit from the choice of retail options in a deregulated market and this appears to be a truism. Deregulation however, does not guarantee a balanced retail offering in Geraldton-Greenough. Deregulation may lead to a rationalisation and increased concentration of retail activity primarily around centres but it is unclear as to whether overall expenditure levels will vary to any great extent.

The importance of Activity Centres

Deregulation in and of itself is unlikely to trigger a revitalisation of key areas within the City. In fact, without other planning and policy interventions, some areas of the city may well decline as consumers migrate to locations that offer them the most convenience and amenity.

A decision about whether or not the City of Geraldton-Greenough should deregulate trading hours is essentially a political decision and should consider not only Geraldton as it is now but what the City is intended to become over the next five to fifteen years. An economic evaluation of the decision to deregulate trading hours can only suggest the broad potential for redistribution in expenditure patterns throughout the city but cannot make definitive statements about what specific businesses will be impacted and the extent to which they may be affected. The investigation is designed to suggest, on balance, and given some of the published data, broad areas of impact. One of these areas of impact is the general observation that expenditure will to some extent migrate from smaller retailers to larger retailers in established centres.

In considering the merits of the deregulation of retail trading hours in Geraldton-Greenough it is suggested that rather than blanket deregulation of trading hours across the board, and in the interests of engendering city vitality over the medium to longer term, the City might consider the establishment of a special shopping/entertainment precinct which may feature deregulated trading hours as part of its profile. The precinct suggested includes Foreshore Drive and Marine Tce between Durlacher St and Lester Ave. The precinct does not extend to Chapman Rd. Potential 2nd tier precincts, or areas that may come on stream over time include the areas further along Marine Tce between Durlacher St and Forrest St and the Marina precinct notionally around Wiebbe Hayes Lane.

Rather than deregulation of trading hours being seen as a form of protectionism for some retailers, the City of Geraldton-Greenough should consider what needs to occur to these retailers to remain open if deregulated hours are introduced. It is important to plot the spatial distribution of retailers in different areas of the City and to develop a coordinated plan for the stimulation and development of retail business over the longer term.

It should be said that, almost regardless of any decision on deregulation, the shopping centres will tend to look after themselves because these centres are well coordinated, resourced, retailing 'machines".

It is the smaller areas of the city, the smaller clusters, malls, arcades, stand alone and strip retailers that may benefit from the introduction of a coordinated development strategy and a focused exploration of how the City can encourage and support them at the same time as advancing the positioning of Geraldton-Greenough as a major regional city over the next two decades.

2   Introduction

This report has been prepared by Pracsys in response to a request from the City of Geraldton-Greenough for an investigation into the economic impacts of the possible deregulation of retail trading hours on the community of Geraldton-Greenough.

The study is confined to a broad based investigation of economic impacts but does make reference to the social implications arising from a possible decision to deregulate retail trading hours in Geraldton-Greenough.

2.1   Project Objectives

The objectives for this project are to:

- Identify the range of economic impacts that may occur as a result of the deregulation of retail trading hours;

- Identify the key retailers types that might be impacted;

- Model the scope of these impacts on retailer types; and

- Advise on the consequences of these impacts on retail types on the community of Geraldton-Greenough and the planning and policy implications for the City

2.2   Report Structure

This report is structured accordingly:

Section 3 - Study Context

Section 3 provides the context to the study and describes the Geraldton-Greenough retail environment, household expenditure base and pools of available expenditure for convenience and comparison retail, and explores what the term 'deregulation' means.

Section 4 – Experience of Retail Trading Hours Deregulation in Other Locations

Section 4 presents a review of some of the literature on the impact of retail hours deregulation in other locations and explores the policy position of selected key stakeholders

Section 5 – Project Approach

Section 5 outlines the approach to impact analysis adopted in this study and explores four types of economic impact and the four categories of retailer type and how they combine in the quantitative analysis.

Section 6 - Impact Analysis

This section presents the quantitative economic impact analysis described in Section 5

Section 7 – Implications and Conclusions

Section 7 describes some of the social consequences of deregulation and explores some of the planning implications for the City of Geraldton Greenough

3   Study Context

3.1   City of Geraldton-Greenough Overview

Geraldton-Greenough is the major regional centre in the State's Midwest. Its role as a regional administrative, commercial and services hub, combined with the emergence of major new infrastructure and resources projects in the Midwest means that Geraldton is well positioned to become a leading Australian regional city over the coming decades. The expectation is that the population of the city will grow substantially over the medium to longer term leading to increased demand for population driven services of which the provision of retail goods and services will form a major component.

The population of Geraldton-Greenough is estimated currently at approximately 36,000 with an estimated residential base of approximately 13,600 households. It is these households, and the estimated 221,000 annual visitors to the city that provide the main body of retail expenditure in the City.

3.2   What Does Deregulation Mean?

The Retail Trading Hours Act 1987 applies to retail shops in Western Australia south of the 26th parallel. The act states that general retail shop standard hours in Western Australia extend:

- 8:00am to 6pm, Monday, Tuesday, Wednesday and Friday

- 8:00am – 9pm, Thursday

- 8:00am to 5pm, Saturday

Local government authorities outside the Perth metropolitan area can apply to Consumer Protection to extend the trading hours for General Retail Shops in their district beyond those stipulated in the Act.

Small shops, i.e. shops owned by up to six people who operate no more than three retail shops and in which up to 13 people work at any one time, may be exempted from general retail shop standard hours and may, if they choose, trade up to 24 hours per day, seven days per week.

Special retail shops may trade between 6:00am and 11:30am, seven days per week. Special retail shops include:

- newsagencies and bookshops;

- pharmacies;

- garden nurseries;

- hardware and home improvement shops;

- video shops;

- art and craft shops;

- souvenir and duty free shops;

- shops at sports venues;

- boating shops;

- motor vehicle spare parts shops; and

- shops at international standard hotels

In practice small retail shops, depending on the type of shop, tend to follow general retail trading hours, but may choose to trade seven days if it suits individual business.

Deregulation of trading hours effectively means that general retailers currently regulated by general shop retail hours may, under a deregulated trading hours regime, have the option to trade under the same conditions as small shops and /or special retail shops.

3.3   Household Expenditure Survey

In order to estimate the economic effects of the deregulation of trading hours in Geraldton-Greenough it is necessary to estimate the amount of retail expenditure that exists in the City and to understand how that expenditure is distributed. The Australian Bureau of Statistics (ABS) Household Expenditure Survey (2003/04) details the expenditure patterns of average households according to different income levels on a range of expenditure categories. According to the ABS:

The Household Expenditure Survey (HES) collects detailed information about the expenditure, income and household characteristics of a sample of households resident in private dwellings throughout Australia. From 2003-04 information on household net worth is also collected. Average weekly expenditure on over 600 goods and services can be obtained from the survey and cross classified with household income, household net worth, household characteristics and broad geographical areas (state, capital city/rest of state). The general objectives for conducting the HES are to:

- identify the net levels and patterns of expenditure of Australian private households on a comprehensive range of goods and services purchased for private use;

- determine how these levels and patterns vary according to income levels and other characteristics of households, such as size and composition, location and principal sources of cash income.[1]

The HHES data covers expenditure across a large range of categories. The survey offers the opportunity to isolate categories of expenditure that may be classified as convenience retail goods and services and comparison retail goods and services and it is these categories that most directly concern this economic impact assessment.

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[1] Australian Bureau of Statistics Household Expenditure Survey 2003/04. www.ABS.gov.au/ausstats

3.3.1 Convenience Retail Goods and Services

Convenience retail goods and services are those categories of expenditure that households consume on a regular basis without significant deliberation. Convenience retail may include: food and grocery shopping, meals out, alcohol, household consumables, pharmaceuticals, personal care products and services, newsagency items, tobacco products, pet expenses, some recreational goods and services and sub categories of miscellaneous goods and services. Consumption of convenience retail goods and services tends to be localised within precincts that households are familiar with. Much of the expenditure by visitors to Geraldton-Greenough can be classified as convenience retail.

3.3.2 Comparison Retail Goods and Services

Comparison retail goods and services are primarily those goods and services that require more in depth consideration and deliberation by households owing to their potential impact on household budgets and may include bulk goods such as furnishings and household equipment, electrical and white goods, clothing and footwear (although there is some overlap with convenience retail here), and floor coverings. This category excludes larger items such as cars and boats which are categorised under All Other Goods and Services.

3.4 Geraldton-Greenough Household Income and Expenditure

Estimates of total expenditure are based on the expenditure patterns of the median Geraldton-Greenough household. While household demographics, income and expenditure profiles will vary considerably, it is the average household income and expenditure type that forms the basis of the calculation of pools of available expenditure.

Based on the Household Expenditure Survey, and assuming a 3rd quintile income profile indexed to 2009, the median annual Geraldton-Greenough Household income is estimated at $53,500 Of particular interest however is how the income is utilised. Average expenditure on good and services of all types consumes 92% of the income with expenditure on convenience and comparison retail goods and services are estimated at 49% of income. Analysis of the ABS HHES data suggests that once debt servicing and taxation have been included average household outgoings exceed income by about 16%. This study is not intended as an audit of the ABS HHES research but simply interprets the published data. One interpretation of this finding is that, on average, the apparent high levels of household expenditure may be at least in part fuelled by debt.

Figure 1 presents a breakdown of the distribution of household expenditure for a 3rd quintile median household in Geraldton-Greenough. The figure highlights the absence of savings which appears to be a significant barrier to increasing the overall pool of available expenditure on retail goods and services in Geraldton-Greenough.

Figure 1: Median household Income and Average Household Expenditure Distribution

Median Household Income (3rd Quintile)		$53,500
Average Household Expenditure	**% of Income**	**Amount**
Debt Servicing	8%	$4,269
Convenience Retail Good and Services	29%	$15,312
Comparison Retail Good and Services	20%	$10,844
All Other Goods and Services	43%	$23,035
Tax	16%	$8,720
Savings		
Total	**116%**	**$62,180**

3.5   Available Pools of Expenditure

Estimating pools of household expenditure in Geraldton-Greenough needs to incorporate estimates of expenditure leakage (i.e. not all expenditure generated from Geraldton Greenough households will be expended within the local government boundaries). Leakage of convenience retail items is expected to be relatively low given Geraldton's function as major centre and the resultant availability of a range of goods and services that reflects a major population centre. Leakage of convenience retail expenditure is estimated at 10%

Leakage of comparison retail expenditure is expected to be higher as the decision process involved in purchasing comparison goods means that households are more likely to explore options outside of their local community in other centres such as Perth, where there will be a greater range of options on offer. Leakage of comparison retail expenditure is estimated at 25%.

The total annual pools of available expenditure in Geraldton-Greenough are estimated accordingly:

- Convenience retail goods and services $209 million

- Comparison retail goods and services $111 million

3.6   Provision of Retail Floorspace in Geraldton-Greenough

The Geraldton Regional Centre Strategy published by the Western Australian Planning Commission in 2005 reported a total of 71,280 square metres of retail floorspace in Geraldton. This estimate was based on an interim analysis of planning land use codes. Since 2005 a number of other developments have come on line including:

- The extension & redevelopment of Sunset Beach shopping centre – 3,059 square metres;

- The Queens Supa IGA – 3,662 square metres; and

- The Homemaker Centre on North West Coastal Highway – 15,269 square metres;

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This brings the estimate of total retail floorspace to approximately 93,270 square metres. Of interest is the estimated floorspace for two of the major shopping centres in Centro Northgate (14,992 sqm) and Centro Stirlings (7,855 sqm). Together, these two centres account for approximately 25% of total retail floorspace in the city. The Property Council of Australia's 2009 Western Australian Shopping Centre Directory reports that each of these centres turns over $80 million annually (that is the centres in themselves, not the major tenants) which accounts for around 48% of the available pool of retail expenditure in Geraldton-Greenough. Centro Stirlings productivity, at an estimated $10,200 per square metre, is approximately double that of Centro Northgate.

4   Literature Review and Context

The issue of retail trading hours retail trading hours has been the subject of long standing, often contentious debate. Various countries including England in 1994, Germany in 1996, New Zealand in 1991 and Finland in 2000, have been deregulating trading hours since the 1960s. Despite decades of on going debate there is relatively little conclusive evidence on the issue and the impacts of deregulation.

Figure 2 summarises the findings of some key research literature on the subject of retail trading hour deregulation.

Figure 2: Literature Review Summary Table

Source	Key Findings
Baker, R. G. V. (2002), The impact of the deregulation of retail hours on shopping trip patterns in a mall hierarchy: an application of the RASTT model to the Sydney Project (1980-1998) and the global vacant shop problem, Journal of Retailing and Consumer Services, (9), 155-171.	That the introduction of Sunday and late night trading caused • A shift in the retail demand from the beginning of the week to the end of the week • A loss of patronage in lower order town and suburban centres which was evident in the rise in the number of vacant shops in lower order centres.
Denmark Ministry of Trade and Industry, An Analysis of the Danish Shops Act – Consequences for shops, consumers and employees	This analysis of the effect of the 1995 Shops Act (Denmark) found that • there was no indication that the prices in shops with extended opening hours have risen beyond prices in shops that do not trade outside normal hours • sales in the retail industry increase with the extension of opening hours • extensive use of the new opening hours caused consumer shopping patterns to level out • there was a considerable welfare gain for the majority of consumers. This is evidenced in their considerable use of the new trading hours • there is no indication in overall terms that the small shops have won sales and market shares from the large daily-goods shops • retail employment increased more than in the rest of the economy • extended opening hours in the retail industry have resulted in "irregular" working hours (i.e. outside normal working hours) for employees in the retail industry.

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Morrison, SA & Newman, RJ 1983, 'Hours of operation restrictions and competition among retail firms', *Economic Inquiry*, vol. 21, January, pp. 107-14.	Extended trading hours on Sundays preceding Christmas resulted in a transfer of market share from small stores to large stores.
Ingene, CA 1986, 'The effect of "blue laws" on consumer expenditures at retail', *Journal of Macromarketing*, Fall, pp. 53-71.	Found that restrictions on trading hours do not have any effect on the aggregate sales of the retail industry in the United States.
J. Jacodsen & P Kooreman (2005) Timing constraints and the allocation of time: The effects of changing shopping hours regulations in The Netherlands European Economic Review 49, pp. 9-27	Found that the deregulation of retail trading hours in the Netherlands resulted in an increase in the average amount of time spent shopping which indicated that there was potentially a subset of people were constrained in terms of the total amount of shopping that they would have liked to be doing under the regulation.
Civil Department (1991): Affarstidema, Betankande av 1989 ars Ajfarstidredning. Stockholm: Civil Department.	A study by the Civil Department (1991) in Sweden shows that deregulation of retail trading hours in Sweden resulted in a decrease in retail prices and an increase in retail sales.

Figure 3 summaries some of the key policy positions on the topic of Retail trading hour deregulation in Western Australia

Figure 3: Policy Position in Western Australia

Review of Retail Trading Hour: Submission in Response to the Public Consultation Paper, Retail Traders Association (April 2003)	This paper argues that; • Surveys indicate strong consumer support for shopping hour reform in Western Australia • Retail employment in Western Australia would likely increase as a result of shopping hour reform. This is based on the result in Victoria which experienced a 0.6% increase in retail employment in the year following the 1996 removal of trading hour restrictions whilst nationally retail employment numbers fell by 2.4%. • There is no evidence to suggest any link between the relative health of business, small or large and trading hours in the long term • There is no evidence to support the proposition that general trading hours restrictions were essential to either the formation or maintenance of a diverse retail economy • The current legislation in Western Australia is anti-competitive and anti-consumer

| Submission to the Western Australia Review of Retail Trading Hours, Shopping Centre Council of Australia (April 2003) | This paper argues that

• The lack of retail shopping opportunities on Sunday is a major tourism disadvantage for Perth and acts as a disincentive to attracting both interstate and international visitors
• There is no evidence to suggest that CBD's of Sydney, Brisbane and Melbourne have experienced significant decline in sale as a result of retail trading hour reform.
• That trading hour reform is unlikely to have an impact on participation in sporting, recreation and community activities.

A report commissioned by the SCCA concluded that Deregulation will:
• generate sizable consumer benefits
• intensify retail competition, and
• is likely to, if anything, increase retail employment |

4.1 Conclusions from the Literature Review

• There is a general lack of empirical evidence on the impact of deregulation of retail trading hours, particularly regarding the long term impacts.

• The theoretical literature lacks consensus as to the potential impacts of deregulation. For example some models, such as spatial-equilibrium models will predict that retail prices will increase, whereas the imperfect-information equilibrium models will predict that retail prices will decrease.

• In Australia, much of the research available has been commissioned by organisations that have a vested interest in the results and as may suggest selective interpretation of research results

• While some aspects of the retail sector are universal, the structure of the retail sector differs from country to country, and as such, results and conclusions on the impacts of deregulation made on one country may not be accurate in another country and indeed between cities and regional centres.

5 Logic Framework

5.1 Types of Impact

Pracsys proposes four types of economic impact that may occur as a result of the deregulation of trading hours in Geraldton-Greenough:

5.1.1 Impact Type 1 – Increase in Overall Aggregate Retail Expenditure

This impact type implies that overall retail expenditure in Geraldton-Greenough may increase as a result of the increased opportunities that households and visitors have to engage with the retail offering. Simply put, this impact type posits that people will spend more given that they may have more time to shop.

While deregulation might extend the hours available for shopping it is questionable as to whether it will result in a great volume of expenditure on convenience and comparison retail goods and services. The volume of expenditure is more likely to be influenced by the capacity of households to find the scope for additional spend within limited budgets. Moreover, expenditure is also likely to be influenced by the range of goods and services on offer.

Extension of trading hours in and of itself does not suggest a greater range of goods and services that can be consumed, it merely suggests that households and visitors to the city have more time in which to spend money on the range of goods and services currently on offer. Extension of the range of goods and services available in Geraldton-Greenough is more likely to occur naturally as the resident population grows over time and the retail sector explores the viability of introducing new products and services to a growing market.

5.1.2 Impact Type 2 – Shift in Spending From One Retail Type to Another

This impact suggests the possibility of a shift in spending from one type of retail to another. In broad terms it may be a shift in expenditure from comparison retail to convenience retail (or vice versa) or it may mean a shift in expenditure between sub-categories of expenditure - e.g. increased expenditure on dining out at the expense of spending on home-prepared meals.

5.1.3 Impact Type 3 – Shift in the Timing of Spending

This impact type suggests a change in shopping behaviours as households and visitors as take advantage of increased shopping hours. This may mean a shift in retail consumption patterns to more in terms of the frequency of shopping trips in any given week and in the time of day that shopping trips occur. It may mean an increase in shopping activities on Sundays and after working hours on weeknights as consumers take advantage of increased flexibility in trading hours. As a result there may be a corresponding flattening out of shopping activity on Saturdays and weekday trading. This impact type has repercussions for the operating costs of smaller retailers in a particular on the structure and activation of non shopping centre retail areas.

Figure 4 proposes a conceptual distribution of shopping patterns across seven time periods during an average week. Under current shopping patterns, shopping activities occur mainly on Saturdays and during weekdays and on Thursday nights. There is relatively little activity that occurs outside of these times.

Potential shopping hours under a deregulated trading hours regime suggests a flattening out of shopping activity throughout the week with significant increases in activity on Sundays and on weeknights.

Figure 4: Conceptual Distribution of Shopping Hours
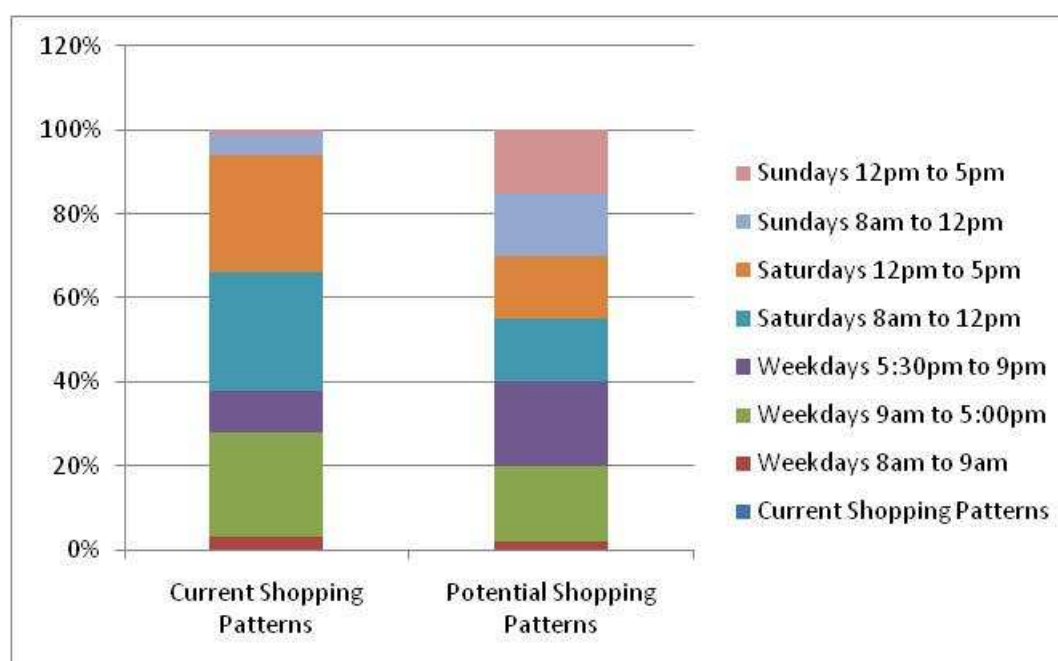
5.1.4   Impact Type 4 – Spatial Shift in Shopping Behaviours

The fourth impact type is potentially the most contentious of the impacts because it posits a geographical redistribution of shopping behaviours as a result of the deregulation of retail trading hours. This impact type is closely connected with Impact Type 3 in that shifts in the timing of shopping will occur only where there are opportunities for people to change their behaviours. The spatial shift is commonly a migration of shopping behaviour away from non-centre based retail to shopping centres, particularly in the areas of convenience retail.

Presently, Geraldton-Greenough is estimated to have about 71,000 square metres of shop and other retail floorspace. Centre based retailers already dominate the retail mix in Geraldton-Greenough accounting for around 79% of all retailers. Two centres – Centro Northgate and Centro Stirlings account for around 36% of shop retail floorspace but approximately 52% of the total catchment spend on convenience and comparison retail goods and services. Of these centres, Centro Stirlings per square metre turnover at an estimated $10,200 per square metre is approximately twice that of Northgate which indicates a highly successful centre and key retail hub.

Retail activity in Geraldton-Greenough, particularly convenience retail appears to be dominated by centre based retail operations. It may be argued that deregulation of trading hours may result in an increase in patronage of such centres and lead to a reinforcement of that dominance at the expense of non-centre retailers.

5.2 Types of Retailers

Section 3 describes the difference between convenience retail and comparison retail spend but in the context of the impacts on retailers the economic impact assessment proposes the division of Geraldton-Greenough based retailers into four main categories, namely:

- Small Shopping Based Retailers

- Small Non Shopping Centre Based Retailers (i.e stand alone or strip retailers)

- Large Shopping Centre Based Retailers

- Large Non Shopping Centre Based Retailers

In this context 'small retailers' means operations in which up to 13 people work at any one time. Clearly the majority of retailers in Geraldton-Greenough will be classified as small retailers. Figure 5 presents the matrix of retail types for this analysis.

Figure 5: Retail Types by Size and Location

Size	Large Non-Centre Based Retailers	Large Centre Based Retailers
	Small Non-Centre Based Retailers	Small Centre Based Retailers

Location

Each of these retail types will experience the four types of impact in varying ways. Moreover, each will tend to have differing views on the relative merits of deregulation of trading hours which can be summarised generally as follows:

Small Non-Centre Based Retailers, which includes main street retailer, may resist deregulation for a number of reasons including:

- The expectation that competition offered by centre based retailers, particularly larger retailers will result in the loss of market share and therefore turnover;

- The expectation of the need to trade longer hours in order to retain or offset the loss of market share. Such retailers typically may expect higher overheads including increased staffing costs which may impact on gross profitability;

- These retailers also express concern about the social impacts of having to trade longer hours

Large Non–Centre Based Retailers share similar concerns to smaller retailers however larger specialist comparison goods retailers such as bulky goods retailers tend to be shopping destinations in themselves and are arguably less exposed than smaller, primarily convenience retailers to competition generated by deregulation. The ability for some centre based larger retailers, notably the discount department store type operations, may generate some competition for these retailers but this is contingent on the degree of crossover in product and service range and the perceived convenience of access.. It may be argued that larger non-centre based retailers may be disadvantaged by increased overheads as the overall pool of expenditure available to them may not vary significantly but simply be distributed over a long time period.

Larger Centre Based Retailers, typically those larger anchor tenants of shopping centres, are generally in favour of deregulated hours because of the expectation that increased opportunities for retail trading hours for shopping centres means that more people will be attracted to them because of the perceived convenience. Centre based retailers may also include tenants of arcades and malls. The intention of such retailers is to increase market share through increased trading hours.

Small Centre Based Retailers while they may incur higher operating costs from longer operating hours, their proximity to larger national chain retailers within shopping centres means that they potentially have access to a higher volume of people over a longer time than their non centre based counterparts. The degree to which longer operating hours translates into increased turnover is unclear.

5.3 Distribution of Retail Types in Geraldton-Greenough

A review of the Midwest Business & Community Directory and the Yellow Pages listings for Geraldton-Greenough reveals a total of 256 retailers across 11 categories including:

- Supermarkets / Delis

- Service Stations

- Discount Department Stores

- Bulky Goods Retailers

- Food and Beverage retailers (including café's and restaurants)

- Sports Stores

- Clothing / Footwear

- Pharmacies

- Newsagents

- Hardware

- Other Retailers

A desktop analysis of the distribution of these retailers according to the types detailed in Section 5.2 indicates that:

- 42% are Small Non Centre Retailers;

- 54% are Small Centre Based Retailers;

- 2% are Large Non-Centre Retailers; and

- 1% are Large Centre Based Retailers

Figure 6 graphically represents the distribution of retailers by type:

Figure 6: Geraldton-Greenough Retailers by Type
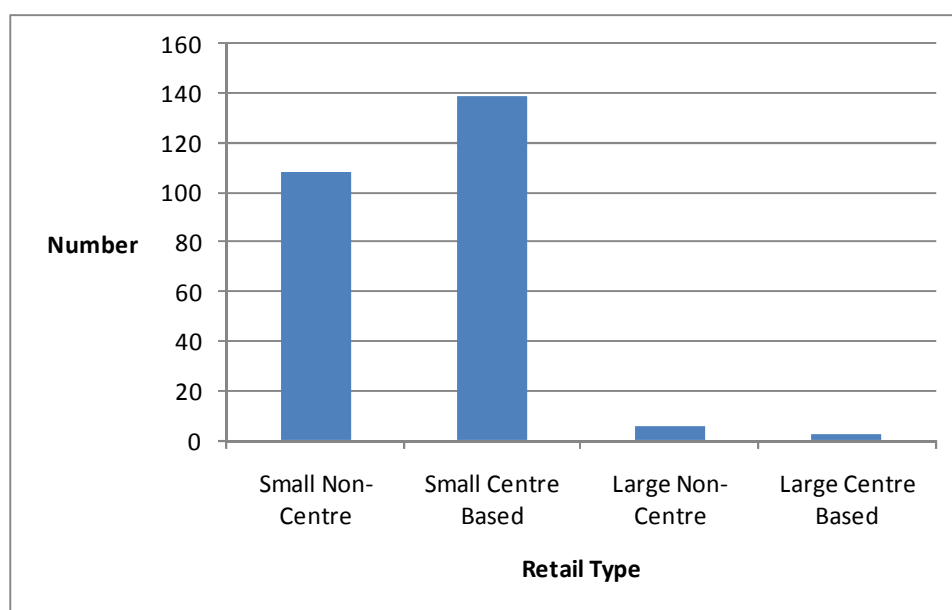
The distribution of retailers is significant in that small retailers account for almost 97% of the retail base in Geraldton, with non centre retailers accounting for approximately 42% and centre based retailers estimated at 54%.

6 Impact Assessment

This study is intended as an investigation into economic impacts of the deregulation of trading hours in Geraldton-Greenough. It is not a retail dynamics study per se and is not therefore a comprehensive analysis of product and retailer market share under current and deregulated trading hours regimes.

The approach then in terms of estimating economic impact relies on the building of variable impact scenarios on selected types of retail operations, based on national benchmark data.

6.1 Scenario Modelling of Select Retail Types

The approach by Pracsys is to consider the benchmark performance of a selection of retail types in different retail categories and the subsequent impact on net profitability given changes in both income per square metre and the percentage of income taken up in total operating expenses (i.e. cost of goods sold / cost of service provision and overheads). Indicative benchmark business data is taken from CCI Business Benchmarks Version 15 (2003). It is important to note that the benchmark figures are based on national averages and do not consider regional variations to any great extent. It is quite possible that real world business performance in Geraldton based businesses varies markedly form the benchmark data presented here. The purpose of this modelling is not necessarily to present a highly accurate picture of specific Geraldton based businesses, indeed such analysis presents challenges in terms of accessing and publishing commercially sensitive data, it is to suggest the scope of quantifiable impacts that might occur from changes to business income and total operating expenses

The impact assessment can be represented graphically by positioning each of the retail categories along a matrix of changes in net profitability ranging from +20% to -20% (as detailed in Figure 7).

Figure 7: Retailer Categories on Net Profitability Continuum
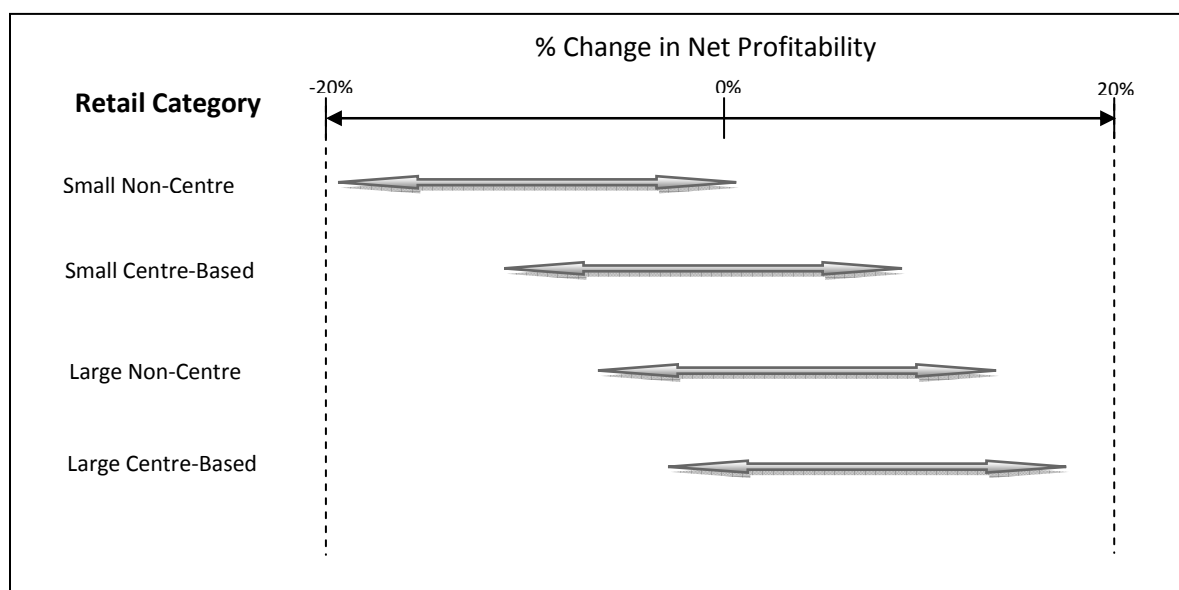
Small non centre retailers are positioned to the left of the matrix where the impacts on net profitability tend towards the negative. Conversely, large centre based retailers will gravitate to the right of the scale into increased net profitability. The continuum is intended to represent broad retail categories, not specific business types.

The literature search detailed in Section 4 suggests inconclusive evidence on the impacts of deregulation of trading hours, particularly when one considers the paucity of independent academic analysis on the topic. Recognising this, Pracsys proposes a dynamic scenario analysis of impacts upon selected retailer types. The selected data shows benchmark per square metre turnover and total operating costs to arrive at a baseline net profitability per square metre with a matrix demonstrating the impact on net profitability of percentage changes in income and total operating costs.

The modelling assumes:

- That all retailers will trade according to deregulated hours;
- That there is no change to the basic business model in each instance
- That negative impacts are most likely to be felt by small, non centre retailers
- That larger, centre based retailers are most likely to benefit from deregulated hours

It should be noted that the estimates of income / sqm and operating costs and overheads are based on benchmark data only and not intended to represent any identifiable business in Geraldton-Greenough. The business performance of specific retail sectors and individual businesses will vary. The modelling also disregards the size of the business in terms of gross floor area.

6.2   Changes to Total Operating Costs

The manipulation of the income and total operating cost variables will lead to a compounded impact on the bottom line performance of selected business types.

Significantly, not all aspects of business total operating costs will be affected by changes in operating hours. To this end it is important to distinguish between the cost of goods (or services) sold and those aspects of business overheads that are likely to be affected by any extension in trading hours in order to try and understand the extent of potential changes in operating costs of business operations.

A business such as a pharmacy for example may currently trade around 59 hours per week as suggested in Figure 8. Under a deregulated trading hours regime, the same business may extend its hours of operation to 81.5 across seven days. This represents an approximate 38% increase in operating hours.

Figure 8: Conceptual Current and Potential Deregulated Trading Hours for a Pharmacy

Day	Current Operating Hours	Potential Operating Hours
Monday, Tuesday, Wednesday & Friday	8:30 am to 6:00pm	8:30am to 8:00pm
Thursday	8:30 am to 9:00pm	8:30 am to 9:00pm
Saturday	8:30 am to 5:00pm	8:30am to 8:00pm
Sunday	Not open	8:30am to 8:00pm
Total	**59 Hours**	**81.5 hours**

These extended hours of operation may translate into an increase in overheads as a percentage of income by approximately 4.7%, which might take total operating costs for such a business over 92%. Without a subsequent increase in turnover, it is difficult see how such a business might be motivated to open additional hours.

6.3   Small Non-Centre Supermarket / Deli

In Figure 9, a small non-centre based supermarket / super deli with a base level income of $5,000 per square metre of retail floorspace per annum, and total operating costs of 90% of income would generate a baseline net profitability of $500 / SQM. An 800 square metre business, for example would therefore would have a baseline net profitability of an estimated $400,000

Figure 9: Benchmark Performance of Small Non-CentreBased Supermarket / Superdeli

Retail Category	Small Non Centre		
Retailer Type	Supermarket/ Super Deli		
Base Line Position / SQM			
Turnover / SQM	**Total Operating Expenses**	**Net Profitability**	
$5,000	90%	$500	

Appendix 1 demonstrates the impact on net profitability of changes in income and total costs per square metre based on the benchmark data for this type of operation. The impact matrix is interpreted by finding the intersection of the selected values for each variable. For example, a 0% change in income and a 2% increase in total operating costs would result in a drop in overall net profitability of 18% to $328,000 per annum. Similarly, a 5% decline in income and a 2% increase in total operating costs would yield a 68% drop in overall net profit for the business to $128,000 per annum.

The key message from this modelling is that this retail category is very vulnerable to negative impacts in particular and even modest rises in total operating costs without any concomitant increase in income are likely to have a significant impact on business viability.

6.4   Small Centre Based Pharmacy

A centre based pharmacy, will experience different impacts to a non centres based retailer of the type described above. The benchmark income per square metre is estimated at approximately $10,900 with the total operating costs estimated at 88% of income. Net profitability according to this scenario is estimated at $1,308 per square metre. This would translate into an approximate $392,000 net profit for a 300 sqm business.

Figure 10: Benchmark Performance of Small Centre Based Pharmacy

Retail Category	Small Centre Based	
Retailer Type	Pharmacy	
Base Line Position / SQM		
Turnover / SQM	Total Operating Expenses	Net Profitability
$10,900	88%	$1,308

Centre based small retailers are likely to experience better prospects than non centre based retailers given their proximity to major centre based retailers. Appendix 2 details the net profitability matrix for a small centre based pharmacy. On the stated benchmark figures, a 3% increase in turnover and a 2% increase in total operating costs would yield a 10% increase in overall net profitability increasing net profit to more than $431,000. Further, a 5% increase in turnover and a 3 % increase in total operating expenses would result in a 20% increase in net profitability to approximately $471,000.

Centre based small retailers are clearly better placed than non-centre based retailers in absorbing the impacts of deregulation. Moreover, such centre based retailers are probably more insulated than non centre based retailers from the obvious negative impacts arising from reduced turnover and increased total operating costs.

6.5   Large Centre Based Discount Department Store

A larger centre based discount department may enjoy economies of scale and operate on relatively lower overheads and operating costs than smaller retailers. The potential gains to such retailers are expected to be significantly higher than for smaller retailers, however gains are not guaranteed. Benchmark turnover is estimated at $3,814 per square metre with total operating expenses estimated at 85% of income resulting in a net profitability of around $576 per square metre. A discount department store of 7,500square metres would generate a net profit under this scenario of approximately $4.3 million.

Figure 11: Benchmark Performance of Large Centre Based Discount Department Store

Retail Category	Large Centre Based	
Retailer Type	Discount Department Store	
Base Line Position / SQM		
Turnover / SQM	**Total Operating Expenses**	**Net Profitability**
$3,841	85%	$576

This retail category is most likely to benefit from deregulation of trading hours; indeed it is usually this category of retailers that drives the debate about deregulation because they recognise the likelihood of generating increased sales revenue from longer operating hours. The net profitability impact matrix suggests that a 5% increase in income and a 2% increase in total operating expenses would result in a 22% increase in net profit to more than $5.2 million. Further, a 10% increase in income and a 3% increase in total operating expenses would yield a 50% increase in net profit to approximately $6.5 million. Given the likely positive impacts on profitability, it is unsurprising that this category of retailers is in favour of deregulation.

6.6   Large Non-Centre Based Electrical Goods Retailer

A large non-centre based retailer such as an electrical goods retailer is something of a destination business and more likely to fall into the category of comparison retail goods expenditure. While it is unclear whether deregulated trading hours will result in more expenditure in these areas, these types of retailers probably fall somewhere between small non-centre retailers and large centre based retailers in terms of the impacts they are likely to experience. Suggested benchmark turnover is estimated at $14,000 per square metre with total operating expenses estimated at 90% of income resulting in a net profitability of around $1,400 per square metre. On a 400 square metre store this would result in a baseline net profit of $560,000.

Figure 12: Benchmark Performance of Large Non-Centre Electrical Retailer

Retail Category	Large Non-Centre Based	
Retailer Type	Electrical Goods	
Base Line Position / SQM		
Turnover / SQM	**Total Operating Expenses**	**Net Profitability**
$14,000	90%	$1,400

The net profitability matrix for this type of retailer suggests that a 0% increase in turnover and a 3% increase in total operating costs would result in a 27% decrease in net profit to $408,000. Conversely a 3% increase in income and a 3% increase in total operating costs would result in a 3% increase in net profit to around $577,000.

6.7 Businesses Affected by Deregulation

The economic impact needs to consider the distribution of retail businesses by category and endeavour to quantify the numbers of businesses likely to experience stress as a result of deregulation as well as the number of businesses that might experience a neutral impact and those that benefit form any such changes.

It is important to note that the economic analysis is limited to considering the businesses as "economic units'. Strictly speaking, economic analysis does not distinguish between who is providing a service, provided that the service is actually delivered. Provided that this occurs, the economic analysis will simply note that a market demand has been met by a supplier or suppliers.

The number of businesses that may be impacted by a deregulation of trading hours can only be approached by the application of scenario modelling. Section 5.3 suggests a distribution of retailers by category. Of the 256 businesses identified in Geraldton-Greenough, 97% of these are small retailers with around 44% of these classified as non centre based retailers.

Given the scope of impacts on income and total operating expenses described above, if for example 25% of both non centre and centre based traders were to experience a decline in income of up to 5% and an increase in operating expenses of up to 3%, this would translate into around 61 small business that may experience a drop in total profitability of between approximately 50 and 77%. This, it is suggested, would place such business under significant stress. Alternatively, if the same percentage of businesses were to experience a 5% increase in come and a 3% increase in operating costs, this would suggest the same number of businesses approximating a 20% increase in net profitability.

Threats to one area of retail trade may be balanced by the opportunities that deregulation presents to other retailers. A significant point to be made is that, of all the retail trade categories, it is small retailers that arguably have less capacity to adjust to changes in the trading environment and indeed may be less likely or inclined to make the changes that a deregulated system would suggest are required. It may be argued that the more entrepreneurial operators are better equipped and resourced to recognise and take advantage of the opportunities that deregulation may present.

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7 Implications and Conclusions

7.1 General Comments

The topic of deregulation of retail trading hours in Geraldton-Greenough is a contentious issue and one that is difficult to resolve solely on the basis of an assessment of economic impacts. The impacts will vary between retail categories, some retailers will benefit while others will be disadvantaged, but virtually all retailers will approach the issue from the standpoint of vested interest.

A review of the distribution of 256 retailers suggests that the Geraldton-Greenough retail environment is dominated by centre based retailers, with centres and concentrated clusters of retailers accounting for around 80% of all retail activity. It can be argued that the small non centre based retailers are most exposed to the potential negative impacts of deregulation as such a policy may well see a greater concentration of retail activity in the centres than is already the case.

Small businesses as a general rule operate on thin margins and loss of market share by these retailers to centre based retailers, as well as the potential for incurring increased operating costs and overheads as a result of the need to compete in a deregulated market through longer trading hours, may render a significant percentage of particularly non-centre based small retailers non-viable.

Alternatively, centre based retailers, particularly larger retailers may find their business increases as a result of deregulation. Similarly, small centre based retailers are probably in a better position to benefit from deregulated hours than non centre based retailers, notwithstanding the prospects of needing to remain open longer. Such retailers however are not obligated to follow the trading hours set by larger national chain retailers and will only do so if there is a material benefit that follows.

It is generally agued that consumers will benefit from the choice of retail options in a deregulated market and this appears to be a truism. Deregulation however, does not guarantee a balanced retail offering in Geraldton-Greenough. Deregulation may lead to a rationalisation and increased concentration of retail activity primarily around centres but it is unclear as to whether overall expenditure levels will vary to any great extent.

This study has focused on the potential direct turnover and profitability impacts on Geraldton-Greenough retail businesses. It is beyond the scope of this investigation to consider the nature and extent of supply chains servicing these businesses however it is noted that local, regional businesses have a greater propensity to source locally produced product, particularly in the area of fresh produce, than national chain retailers. The extent and value of this wholesaler network, and any subsequent impacts on it arising from a potential decline in the demand for local produce as a result of possible expenditure redistribution has not been considered in this study.

7.2   The Importance of Activity Centres

Deregulation in and of itself is unlikely to trigger a revitalisation of key areas within the City. In fact, without other planning and policy interventions, some areas of the city may well decline as consumers migrate to locations that offer them the most convenience and amenity.

In promoting Geraldton-Greenough as a vibrant, sustainable regional city consideration should be given to the role that key locations and precincts are likely to play in the future. The foreshore and mall areas for example should be activation focal points and may warrant the designation as special tourism or recreation and entertainment areas designed to stimulate both visitor activity and ownership of and patronage by the Geraldton-Greenough residents.

Deregulation of trading hours may well be applicable in such zones and precincts but this raises the issue of their physical boundaries and whether targeted or selective deregulation of trading hours can be considered equitable. This however is a political debate rather than an economic one.

7.3   Social Impacts

In consultation with retail sector representatives, in particular smaller, independent businesses, a number of recurrent themes emerge. In addition to the concern that smaller retailers may become less viable in a deregulated trading hours environment, retailers were concerned about the social impact of longer trading hours on community and sporting group participation. The contention is that the need to work extended hours for owners and rosters for staff may limit the opportunities for leisure time and involvement in recreational and community activities.

A further argument is that such groups are supported in the main by smaller, local retailers and businesses and the rationalisation of these businesses may impact negatively on the viability of community and sporting groups. This study acknowledges these concerns but has not investigated these areas.

7.4   A Middle Path

The issue of deregulation of trading hours needs to be considered in the context of the current and future positioning of the Geraldton-Greenough as a leading Australian regional city. In a sense the issue of deregulation is a debate coloured by the vested interest perspectives of the protagonists. On one hand, smaller retailers, particularly those not located in a centre, are likely to be resistant to the idea of deregulation in any sense because of the perception that it means longer hours, reduced turnover through loss of market share and increased operating costs. Larger retailers, particularly national chain retailers usually centre based, have a long standing interest in deregulation because they appreciate the opportunities to increase market share and turnover.

The City of Geraldton-Greenough is unlikely to be able to reconcile these differences, but it is suggested that rather than trying to assuage the concerns of conflicting vested interest groups, the City should consider the long term interests of the City vision and positioning.

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A decision about whether or not the City of Geraldton-Greenough should deregulate trading hours is essentially a political decision and should consider not only Geraldton as it is now but what the City is intended to become over the next five to fifteen years. An economic evaluation of the decision to deregulate trading hours can only suggest the broad potential for redistribution in expenditure patterns throughout the city but cannot make definitive statements about what specific businesses will be impacted and the extent to which they may be affected. The investigation is designed to suggest, on balance, and given some of the published data, broad areas of impact. One of these areas of impact is the general observation that expenditure will to some extent migrate from smaller retailers to larger retailers in established centres.

This study makes no recommendation on whether or not deregulation of trading hours should be adopted by the City now or at any time in the future. The consultants note however that the consideration of deregulation in the current stage of Geraldton's development is likely to be contextually different to the idea of deregulation as the City grows over time.

There are a number of significant macro-economic factors that look set to influence the development trajectory of the city over the next two decades. The development of Oakajee and the Midwest resources projects, and associated regional industrial development is expected to drive employment and population growth over the medium to longer term. Geraldton with a resident population of 50,000 to 75,000 at some point in the future suggests a significantly different city and community profile than is currently the case and it maybe that, at an as yet undetermined population threshold, the issue of deregulation may warrant further consideration.

7.5   Deregulation in the Context of City Development

In considering the merits of the deregulation of retail trading hours in Geraldton-Greenough it is suggested that rather than blanket deregulation of trading hours across the board, and in the interests of engendering city vitality over the medium to longer term, the City might consider the establishment of a special shopping/entertainment precinct which may feature deregulated trading hours as part of its profile. In Figure 13 below, the precinct suggested includes Foreshore Drive and Marine Tce between Durlacher St and Lester Ave. The precinct does not extend to Chapman Rd. Potential 2nd tier precincts, or areas that may come on stream over time include the areas further along Marine Tce between Durlacher St and Forrest St and the Marina precinct notionally around Wiebbe Hayes Lane.

Figure 13: Suggested Deregulated Trading Zones

Activation of these precincts requires more than just deregulation of retail trading hours. Effective activation requires the development of a master plan for the precincts and the development of a place activation and place management strategy which addresses issues such as the desired mix of retail, / café / restaurant and entertainment options, the management of strategic tenancies within the precinct and the recruitment of tenants that will stimulate the concentration and frequency of transactions in the area.

Development of activated precincts requires an understanding of user group requirements and behaviours. The precincts should cater for and encourage tourism and visitor patronage as well as providing a "playground" for local residents who can enjoy a cosmopolitan atmosphere of an area that provides the City with an identifiable activated centre.

Deregulation of retail trading hours suggests a significant number of smaller retailers may experience stress as a result of redistribution of expenditure patterns throughout Geraldton-Greenough. One of the observations from the Bunbury experience of deregulated hours is that, in the main, retailers will tend to choose when they will open almost notwithstanding deregulated hours. Smaller retailers in shopping centres may choose to open longer hours however those most likely to do so will be the one located near to major chain retailers or near the major entrances to the centre.

Rather than deregulation of trading hours being seen as a form of protectionism for some retailers, the City of Geraldton-Greenough should consider what needs to occur for these retailers to remain open if deregulated hours are introduced. It is important to plot the spatial distribution of retailers in different areas of the City and to develop a coordinated plan for the stimulation and development of retail business over the longer term. It should be said that, almost regardless of any decision on deregulation, the shopping centres will tend to look after themselves because these centres are well coordinated, resourced, retailing 'machines". It is the smaller areas of the city, the smaller clusters, malls, arcades, stand alone and strip retailers that may benefit from the introduction of a coordinated development strategy and a focused exploration of how the City can encourage and support them at the same time as advancing the positioning of Geraldton-Greenough as a major regional city over the next two decades.

7.5.1   Principles of Economic Activation

Economic Activation of a place is determined by the frequency and concentration of transactions that occur there. The people present at any place at any point in time constitute the 'users' of the place. The users can be characterised as residents, visitors or local workers. The population and expenditure base of each group forms the economic base of the place and drives the commercial vitality of office and retail tenants.

Activating Geraldton City will involve linking visitor and commuter attractors to core activity precincts; concentrating retail tenancies to encourage life and vibrancy; maximising possible modes of transport for easy access; and minimising access routes to channel traffic past shop fronts.

There are six general principles of place activation that have been developed into a coherent framework to apply to urban renewal projects. These principles are outlined as follows:

1. Purpose of Place

- Address the question – what does this place represent to its target user population (residents, workers, visitors)?

- Define the centre - successful places usually emanate from a single point, so establish a core precinct, while the periphery will take care of itself

- Enhance land economics by using design to maximise frequency and concentration of transactions

2. Access – Arrival Points

- Decisions about access begin 1 – 5km from the place

- Do not allow transport networks to bypass the place – does the design funnel people and traffic into the core?

- Congestion and mix of transport nodes is good

- Arrive at the ''front door' of the place, not around the back

3. Origins – Car Parking and Transport Nodes

- Parking is the driver of pedestrian movement

- Strategic distribution of car parks and transport nodes will maximise pedestrian movement

    - Location is more important than numbers

    - Space the car parks around the centre

- Street parking is important (for commercial areas)

    - Charge no fees

    - Relax time limits

4. Exposure – Pedestrian Movement

- Economic activation is driven by frequency and concentration of transactions

- Channel movements

    - Concentrate transactions by pushing people past as many shop windows as possible

    - Rents and sales are directly related to pedestrian traffic

- Minimise possible routes from origin to destination points (eg: car park to main attraction) as architectural "permeability" is not always a good thing

5. Destinations – Major attractions

● Identify main destination – what will bring users into the core?

● Assess user behavior

  - Number of visits

  - Timing of visits (time of day, seasonality)

● Give major destinations special treatment

  - Understand what they need

  - Build the centre around them

● Amplify the impact of attractions by creating support amenity and infrastructure to maximise frequency, length of stay and expenditure

6. Control – Strategic Sites

● Tenure control is vital for overall development success – which sites (supporting what uses) must stay in public ownership?

● Identify active frontages and take control of key sites

● Corner sites drive uses on either side

● Not all areas in a place need to be active – selectivity is required

● Have a plan and stick to it

City of Geraldton-Greenough

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Appendix 1 - Net Profitability Impact Matrix for Small Non Centre Based Supermarket / Super Deli

		Change in Total Operating Costs / SQM										
		0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
Change in Income / SQM	**-10%**	-100%	-109%	-118%	-127%	-136%	-145%	-154%	-163%	-172%	-181%	-190%
	-9%	-90%	-99%	-108%	-117%	-126%	-135%	-144%	-153%	-162%	-171%	-180%
	-8%	-80%	-89%	-98%	-107%	-116%	-125%	-134%	-143%	-152%	-161%	-170%
	-7%	-70%	-79%	-88%	-97%	-106%	-115%	-124%	-133%	-142%	-151%	-160%
	-6%	-60%	-69%	-78%	-87%	-96%	-105%	-114%	-123%	-132%	-141%	-150%
	-5%	-50%	-59%	-68%	-77%	-86%	-95%	-104%	-113%	-122%	-131%	-140%
	-4%	-40%	-49%	-58%	-67%	-76%	-85%	-94%	-103%	-112%	-121%	-130%
	-3%	-30%	-39%	-48%	-57%	-66%	-75%	-84%	-93%	-102%	-111%	-120%
	-2%	-20%	-29%	-38%	-47%	-56%	-65%	-74%	-83%	-92%	-101%	-110%
	-1%	-10%	-19%	-28%	-37%	-46%	-55%	-64%	-73%	-82%	-91%	-100%
	0%	0%	-9%	-18%	-27%	-36%	-45%	-54%	-63%	-72%	-81%	-90%
	1%	10%	1%	-8%	-17%	-26%	-35%	-44%	-53%	-62%	-71%	-80%
	2%	20%	11%	2%	-7%	-16%	-25%	-34%	-43%	-52%	-61%	-70%
	3%	30%	21%	12%	3%	-6%	-15%	-24%	-33%	-42%	-51%	-60%
	4%	40%	31%	22%	13%	4%	-5%	-14%	-23%	-32%	-41%	-50%
	5%	50%	41%	32%	23%	14%	5%	-4%	-13%	-22%	-31%	-40%
	6%	60%	51%	42%	33%	24%	15%	6%	-3%	-12%	-21%	-30%
	7%	70%	61%	52%	43%	34%	25%	16%	7%	-2%	-11%	-20%
	8%	80%	71%	62%	53%	44%	35%	26%	17%	8%	-1%	-10%
	9%	90%	81%	72%	63%	54%	45%	36%	27%	18%	9%	0%
	10%	100%	91%	82%	73%	64%	55%	46%	37%	28%	19%	10%

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Appendix 2 – Net Profitability Impact Matrix for Small Centre Based Pharmacy

		Change in Total Operating Costs / SQM										
		0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
Change in Income / SQM	-10%	-83%	-91%	-98%	-105%	-113%	-120%	-127%	-135%	-142%	-149%	-157%
	-9%	-75%	-82%	-90%	-97%	-104%	-112%	-119%	-126%	-134%	-141%	-148%
	-8%	-67%	-74%	-81%	-89%	-96%	-103%	-111%	-118%	-125%	-133%	-140%
	-7%	-58%	-66%	-73%	-80%	-88%	-95%	-102%	-110%	-117%	-124%	-132%
	-6%	-50%	-57%	-65%	-72%	-79%	-87%	-94%	-101%	-109%	-116%	-123%
	-5%	-42%	-49%	-56%	-64%	-71%	-78%	-86%	-93%	-100%	-108%	-115%
	-4%	-33%	-41%	-48%	-55%	-63%	-70%	-77%	-85%	-92%	-99%	-107%
	-3%	-25%	-32%	-40%	-47%	-54%	-62%	-69%	-76%	-84%	-91%	-98%
	-2%	-17%	-24%	-31%	-39%	-46%	-53%	-61%	-68%	-75%	-83%	-90%
	-1%	-8%	-16%	-23%	-30%	-38%	-45%	-52%	-60%	-67%	-74%	-82%
	0%	0%	-7%	-15%	-22%	-29%	-37%	-44%	-51%	-59%	-66%	-73%
	1%	8%	1%	-6%	-14%	-21%	-28%	-36%	-43%	-50%	-58%	-65%
	2%	17%	9%	2%	-5%	-13%	-20%	-27%	-35%	-42%	-49%	-57%
	3%	25%	18%	10%	3%	-4%	-12%	-19%	-26%	-34%	-41%	-48%
	4%	33%	26%	19%	11%	4%	-3%	-11%	-18%	-25%	-33%	-40%
	5%	42%	34%	27%	20%	12%	5%	-2%	-10%	-17%	-24%	-32%
	6%	50%	43%	35%	28%	21%	13%	6%	-1%	-9%	-16%	-23%
	7%	58%	51%	44%	36%	29%	22%	14%	7%	0%	-8%	-15%
	8%	67%	59%	52%	45%	37%	30%	23%	15%	8%	1%	-7%
	9%	75%	68%	60%	53%	46%	38%	31%	24%	16%	9%	2%
	10%	83%	76%	69%	61%	54%	47%	39%	32%	25%	17%	10%

Appendix 3 - Net Profitability Impact Matrix for Large Centre Based Discount Department Store

		Change in Total Operating Costs / SQM										
		0%	**1%**	**2%**	**3%**	**4%**	**5%**	**6%**	**7%**	**8%**	**9%**	**10%**
Change in Income / SQM	**-10%**	-67%	-72%	-78%	-84%	-89%	-95%	-101%	-106%	-112%	-118%	-123%
	-9%	-60%	-66%	-71%	-77%	-83%	-88%	-94%	-100%	-105%	-111%	-117%
	-8%	-53%	-59%	-65%	-70%	-76%	-82%	-87%	-93%	-99%	-104%	-110%
	-7%	-47%	-52%	-58%	-64%	-69%	-75%	-81%	-86%	-92%	-98%	-103%
	-6%	-40%	-46%	-51%	-57%	-63%	-68%	-74%	-80%	-85%	-91%	-97%
	-5%	-33%	-39%	-45%	-50%	-56%	-62%	-67%	-73%	-79%	-84%	-90%
	-4%	-27%	-32%	-38%	-44%	-49%	-55%	-61%	-66%	-72%	-78%	-83%
	-3%	-20%	-26%	-31%	-37%	-43%	-48%	-54%	-60%	-65%	-71%	-77%
	-2%	-13%	-19%	-25%	-30%	-36%	-42%	-47%	-53%	-59%	-64%	-70%
	-1%	-7%	-12%	-18%	-24%	-29%	-35%	-41%	-46%	-52%	-58%	-63%
	0%	0%	-6%	-11%	-17%	-23%	-28%	-34%	-40%	-45%	-51%	-57%
	1%	7%	1%	-5%	-10%	-16%	-22%	-27%	-33%	-39%	-44%	-50%
	2%	13%	8%	2%	-4%	-9%	-15%	-21%	-26%	-32%	-38%	-43%
	3%	20%	14%	9%	3%	-3%	-8%	-14%	-20%	-25%	-31%	-37%
	4%	27%	21%	15%	10%	4%	-2%	-7%	-13%	-19%	-24%	-30%
	5%	33%	28%	22%	16%	11%	5%	-1%	-6%	-12%	-18%	-23%
	6%	40%	34%	29%	23%	17%	12%	6%	0%	-5%	-11%	-17%
	7%	47%	41%	35%	30%	24%	18%	13%	7%	1%	-4%	-10%
	8%	53%	48%	42%	36%	31%	25%	19%	14%	8%	2%	-3%
	9%	60%	54%	49%	43%	37%	32%	26%	20%	15%	9%	3%
	10%	67%	61%	55%	50%	44%	38%	33%	27%	21%	16%	10%

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Appendix 4 - Net Profitability Impact Matrix for Large Non Centre Electrical Retailer

		Change in Total Operating Costs / SQM										
		0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
Change in Income / SQM	-10%	-100%	-109%	-118%	-127%	-136%	-145%	-154%	-163%	-172%	-181%	-190%
	-9%	-90%	-99%	-108%	-117%	-126%	-135%	-144%	-153%	-162%	-171%	-180%
	-8%	-80%	-89%	-98%	-107%	-116%	-125%	-134%	-143%	-152%	-161%	-170%
	-7%	-70%	-79%	-88%	-97%	-106%	-115%	-124%	-133%	-142%	-151%	-160%
	-6%	-60%	-69%	-78%	-87%	-96%	-105%	-114%	-123%	-132%	-141%	-150%
	-5%	-50%	-59%	-68%	-77%	-86%	-95%	-104%	-113%	-122%	-131%	-140%
	-4%	-40%	-49%	-58%	-67%	-76%	-85%	-94%	-103%	-112%	-121%	-130%
	-3%	-30%	-39%	-48%	-57%	-66%	-75%	-84%	-93%	-102%	-111%	-120%
	-2%	-20%	-29%	-38%	-47%	-56%	-65%	-74%	-83%	-92%	-101%	-110%
	-1%	-10%	-19%	-28%	-37%	-46%	-55%	-64%	-73%	-82%	-91%	-100%
	0%	0%	-9%	-18%	-27%	-36%	-45%	-54%	-63%	-72%	-81%	-90%
	1%	10%	1%	-8%	-17%	-26%	-35%	-44%	-53%	-62%	-71%	-80%
	2%	20%	11%	2%	-7%	-16%	-25%	-34%	-43%	-52%	-61%	-70%
	3%	30%	21%	12%	3%	-6%	-15%	-24%	-33%	-42%	-51%	-60%
	4%	40%	31%	22%	13%	4%	-5%	-14%	-23%	-32%	-41%	-50%
	5%	50%	41%	32%	23%	14%	5%	-4%	-13%	-22%	-31%	-40%
	6%	60%	51%	42%	33%	24%	15%	6%	-3%	-12%	-21%	-30%
	7%	70%	61%	52%	43%	34%	25%	16%	7%	-2%	-11%	-20%
	8%	80%	71%	62%	53%	44%	35%	26%	17%	8%	-1%	-10%
	9%	90%	81%	72%	63%	54%	45%	36%	27%	18%	9%	0%
	10%	100%	91%	82%	73%	64%	55%	46%	37%	28%	19%	10%