

[Received by email]

Subject: Retail Industry Inquiry

For the information of the two commissioners conducting this enquiry,

I have read the five points made by our Assistant treasurer Mr Bill Shorten concerning the scope of the enquiry. I have made some points you may consider worthy of bringing to his attention:

1. My daughter owns and operates a beauty clinic at South Yarra. The business which she operates on her own with her mother as receptionist provides the usual array of beauty services and sells products that complement these services. The revenue split between services and products is about the same.
2. An increasing and growing problem the business is confronting is that many clients are now sourcing the products she sells from Hong Kong. She is at a competitive disadvantage because those items under a \$1000.00 are not GST taxed. This is unfair to my daughters business and to Australian Government revenue.
3. I heard James Stewart a partner of Ferrier Hodgson on the 13th February 2011 on the Alan Kohler ABC Show say he believed currently two per centum of all retail sales in Australia were being done over the internet. I think he was suggesting we could see this rising to about eight per centum which apparently is the USA and UK experience.
4. There is concern that many of the products coming out of Hong Kong are copies and may have ingredients in them that may even be harmful to the user. One Australian wholesaler we spoke with claimed that her Principal "Gatineau of Paris" did not know where the Hong Kong outlet was sourcing product.
5. Competition is necessary to develop an efficient and vibrant economy but let us have every participant play by the same rules eg GST apply to every transaction.

In conclusion I would like to make the following points:

1. I think our Government needs to be much quicker in responding to situations like GST on all transactions. It is not good business to wait twelve months before taking action.
2. There seems to be perceptions in Government that people owning a small retail business are substantial capitalists. This is usually not the case and many earn less than their employees.
3. As a former CPA public accountant who looked out for hundreds of small businesses, it was my experience that any slight disruption in the economy caused great stress and casualties.
4. When I look at the background of most of our politicians it seems to me they know very little about the small retailers. Maybe the Retailers Association could run some sessions and give them a better insight so their decisions will be better informed.

I hope our two PC Commissioners and possibly Mr Shorten find these comments useful

Yours Sincerely

Roger Moore FCPA FCIS