

14 April 2011

Chairman  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Sir,

**RE: Inquiry into the Economic Structure and Performance of the Australian Retail Industry**

I would like to make the following observations regarding the current debate specifically relating to the existing GST tax free threshold on the importation of items for personal use that are valued at or below \$1000.

Firstly, I note that there appears to be the notion that removing or reducing the \$1000 tax free threshold will address some of the challenges faced by Australian retailers. Even with an additional 10% GST charged on imported goods, consumer behaviour would unlikely change as many products will continue to be significantly cheaper to purchase online from overseas retailers. The overall result of a change to the tax threshold would be an increase in government spending with little change in consumer behaviour. Would it not be better to have Customs utilise their resources to police the illegal importation of drugs and other prohibited items that have a detrimental social and financial impact of all of Australian society?

Secondly, this debate has highlighted that the traditional concept of a bricks and mortar retail outlet has significantly changed and will continue to do so with more consumers electing to shop online. The implication of this change in consumer behaviour is the requirement for Australian retailers to offer online shopping in order to remain competitive. Retailers are no longer competing against other retailers on the same street or in the next suburb. In today's marketplace retailers are now competing with retailers in other Australian capital cities and even in other countries. This globalised marketplace can be seen as providing exciting opportunities to reach broader markets particular for those retailers offering unique, quality Australian products.

Thank you for taking the time to consider my observations, should you require any further information please do not hesitate to contact me.

Yours Sincerely

*{Signed}*

Charmaine Graham  
Managing Director  
USA Shopping Affair