

SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO THE
ECONOMIC STRUCTURE AND PERFORMANCE OF THE
AUSTRALIAN RETAIL INDUSTRY

The reason why so many consumers shop overseas has, in many cases, more to do with the failure of Australian firms to meet the needs of Australian consumers than the attraction of buying overseas. Australian business going on-line is not in itself sufficient to entice Australians back. The main problem is not one of price but of providing the right goods supplied with quality service. There is no doubt that superior products can be bought in North America and Europe either by direct purchase overseas or by ordering on-line from within Australia. The imposition of a tax on these goods beyond what currently exists would not, it will be argued, change the buying habits of those who shop overseas.

A. The failure of Australian large retailers

1. The inability to provide clothing that fits all sizes particularly for men e.g., men's trousers vary by five centimeters - 82-87, 87-92, 92-97, 97-102 etc. For many men this means alterations. By shopping overseas it is possible to obtain in-between sizes so that off-the-peg shopping becomes a possibility. Some women also experience similar difficulties.
2. Poor service that includes long waits to be served, the "what's wrong with you" look if the store cannot meet the customer's requirements - the customer is clearly in the wrong by not requiring what the store is prepared to offer.
3. "We are sold out" - either supplies are still coming from the Eastern States or overseas or the shop assistant is not prepared to ask another of the company's stores.
4. Poor quality - particularly applicable to clothing and manchester items. It is possible to buy better "made in China" goods in, for example, Europe than in Australia. A response from a Sales Manager of Marks and Spencer's suggested not being too harsh in judging Australian stores but that Marks and Spencer's were a multinational company with a very large market who employ top quality buyers and are the first to be served
5. The lack of Fair Trade suppliers -Germany according to a recent report (quoted this month on the Journal) has 30,000 stores selling Fair Trade items..

By buying overseas it is possible to buy clothing that washes well, i.e. keeps its shape and colour and outlasts Australian bought products by a considerable margin. The service is better overseas - personal shopping is much better and on-line deliveries arrive within the stated six day margin, e.g. goods ordered on

the Tuesday before Easter still were delivered on Easter Monday. With the present high value of the Australian dollar overseas goods are generally cheaper even when postage is included. However, goods were still bought in the UK when the Exchange Rate was 34-38 pence to the A\$ so that the current rate of over 60 pence to the A\$ is simply a bonus but not a determining factor.

B. Problems linked with tax/customs duty

1. How is this tax to be collected? What would it cost the Post Office/Couriers to collect the tax/duty for on-line purchases and the Customs to inspect goods under \$1000? If goods purchased overseas are worn or used for say three months how can they be identified and valued - would this mean still longer queues at the end of long flights?

2. Would such taxes/duties raise more revenue than they cost? Since overseas purchases are done because of the failure of Australian companies to supply consumer needs consumers are still going to buy overseas.

3. Electrical appliances such as computers, T.Vs. Reputable dealers at airports such as Heathrow, Gatwick, Stockholm and in shopping centres in the UK and Sweden will advise against purchase on warranty and regional grounds. Buying overseas can be counterproductive and buyers take a substantial risk.

C. Personal comment

I will continue to buy overseas even if a 10% GST was placed on overseas goods until such time as Australian Departmental Stores can meet my requirements

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