

To Whom it May Concern,

My name is Ashley Swann, I am a Family member and part owner of Yarra Valley Cycles, a Retail Bike Shop located in the Eastern Suburbs of Melbourne. We have owned the store for 5 Years and have seen it change and transform in this time. In 2006 we purchased this business and grew the business consistently through the next 4 years. We do small amounts of trade online, and use our website as an advertising medium. This has been quite successful and defiantly drives some of the local and interstate business our way.

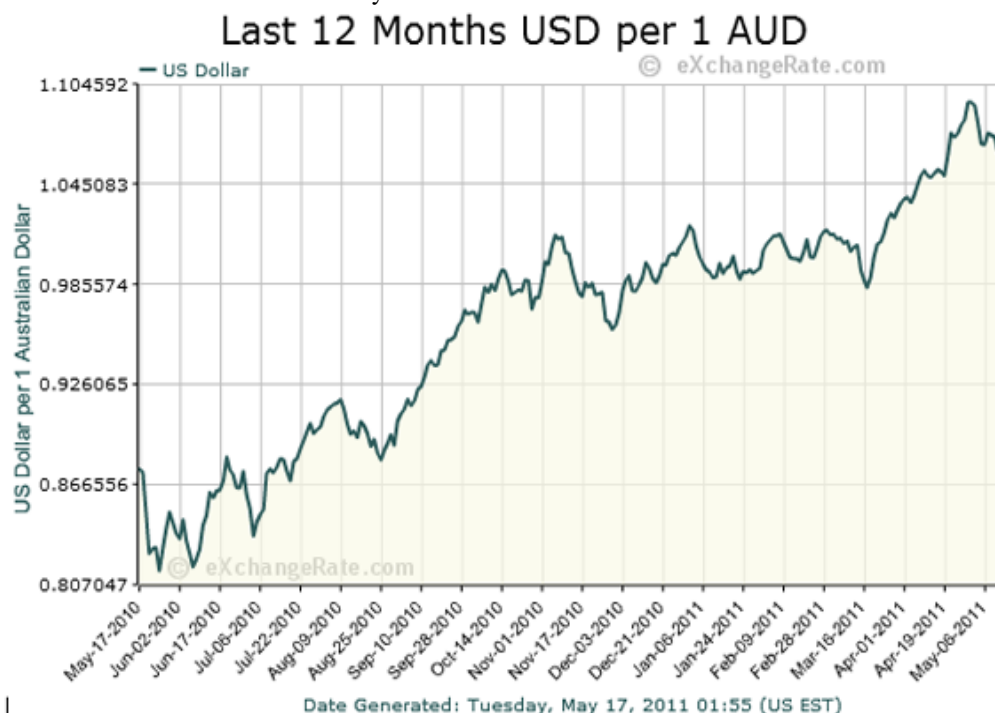
In recent times, since the middle of 2010 especially, we have seen a rapid decrease in some particular products, in particular high end BMX parts, DH parts and XC and Road components. Whilst consumers continue to visit our store, we have increasingly seen sales of many items lost to online international retailers. At first we were more angst with these consumers, especially those considered regulars, but as time has gone past we have not only accepted their decision to buy online, we have tried our best not to alienate those that still wish to visit our store by offering servicing and fitting of these parts (at least this way we are able to make some money on the labour portion of the purchase).

In August-November 2010 the Australian Dollar almost reached parity with the US soaring around the \$0.98 to \$1.00. With this we saw a rapid decrease in sales and traffic to our website and increased amounts of online international products entering our store (not purchased in store). It was a tough winter and we were forced to fire some casual staff due to sales. With this we also saw some stores in our local area close down, D-Bike in Drouin, Bears Bikes in Pakenham and Bears Bikes in Narre Warren. We have also heard that some other major stores are struggling and may close down shortly.

### Website Hits for [www.yarravalleycycles.com](http://www.yarravalleycycles.com) May 2010-current



### Australian Dollars vs US Dollar May 2010-Current



We associate a large majority of these closures to the increase in online purchasing that has come as the AUD and US dollars meet parity, the flow of technology increases, the lack of industry protection and the cheap price of international shipping. Our distributors have attempted to combat some of the problems by reducing prices through tough negotiation with manufacturers, but this is having little effect as international retailers definitely have the buying power and the consumer base to combat this.

The major problem we are seeing is the Cause and Effect of this International purchasing. Not only are the Retailers hurting, so are the wholesalers. This is a merry-go-round of issues that needs addressing. In order for consumers to buy from Australian Retailers, the prices must be close to what is offered online from overseas. Quite often the products are exactly the same from brand to brand so consumer confidence when purchasing online from a reputable international retailer is high, knowing what they have ordered should be the same as what the domestic retailer has to offer. A tax on Imports for not only purchases over \$1000, but those under as well is an important start. Whilst we don't want people to miss out on some of the bargains, I find it frustrating as a retailer to know that I have to pay tax on items I buy and charge Tax on items I sell, when a huge majority of products entering our country are doing so TAX FREE!!!.

By applying a tax to all international purchases, we can combat some of the losses we are experiencing in retail trade and set the course forward for wholesalers to take larger commitments, achieve better buy prices, hold stock and offer a better service to Retailers and consumers. This cause and effect has to start with a Monetary or Fiscal policy that recognises not only the instant flow on effect of slowing down tax free international retail purchases, but the change that this will have on promoting domestic retail sales, increasing wholesale confidence reducing the risks of "buying up big".

In summary, it is paramount that the Australian Government take a good hard look at the tax losses we are experiencing due to imported goods under \$1000. Based on my exposure to this Online Import trend, I believe the Tax revenue would be huge, and the flow on benefits to retailers and wholesalers, not to mention employment would be widespread. As an employer of 10 staff members, I don't want to be the next business in our area to shut down simply because our government didn't offer our industry any protection.

Sincerely,

Ashley Swann  
Owner Manager  
Yarra Valley Cycles