

To Whom this May Concern,

I am an importer and distributor of a German brand of writing instruments called LAMY. I supply 150 outlets in Australia and have recently lost \$100K in amounts owing with the Borders downfall and so have been directly challenged by lost sales due to online retailers actively advertising into the Australian market. These retailers are not charged GST or duty on their goods and therefore have an unfair advantage over Australian retailers. They do not invest in our economy and yet are reaping the benefits to the detriment of the Australian economy in the short and long term.

I read about the “rip off merchants” we have here in Australia and how goods are so cheap overseas and that therefore we are not competitive here but there are many reasons for this and I am listing them here as someone who is directly affected by online sales. The goods that I import sold can be found at less than my wholesale overseas. I employ 5 people including myself. I don't make a huge profit. I make enough to pay my staff and just support my family.

- What everyone should understand about the challenges that importers and distributors face in Australia is that our cost of living is dramatically higher than our overseas online competitors.
- Wages in the US are \$7.50 per hour, Asia \$3 per hour. Here minimum wage \$13.50 per hour PLUS super, PLUS workers comp insurance PLUS holiday pay PLUS sick pay PLUS payroll tax.
- Income tax for business FLAT TAX at 30%. In Asia income tax is a MAXIMUM of 15% and starts at only 7%.
- GST (10%) and duty (5% on my products) is not payable on imported goods with invoices below \$1000 so there is another 15% right there added to the cost of Australian goods which gives our online competitors an unnatural and unfair advantage. I know that the online retailers overseas simply reduce the cost of the invoice to get the goods in under the threshold of \$1000. They are very savvy about the Australian laws and know how to get around them.
- Additionally, for my goods I have to pay 5% duty on the imports and on the display materials – this adds to the price as margin is added to the total cost of the landed goods. In Asia and USA there are no duties on the import of the same brand.

- The Australian exchange rate has moved dramatically and has not helped the situation.

Where does all this money needed to pay Australian workers and Australian income tax come from? The margin that that we need to add on to the goods.

- We all love this country and the space, quality of living, government services such as medicare, centrelink support etc that come with it. But there is a price and the price is paid by business and importers and in the end, consumers. In reality, it is not fair to ask retailers and importers to compete with their Asian and USA counterparts as the cost of inputs doesn't allow it. In Asia, if you are unemployed you will starve – same with the USA. In Australia you get paid a salary until you get back on your feet – for some they can choose not to work at all and still be supported! In Australia if you are injured at work, you are supported with Physio, counselling and job retraining so you can work again.
- Retail is Australia's biggest employer.
- Rents are not going to come down until enough retailers go out of business. When retailers go out of business, we will be in a recession,
- And if everyone insists on going online and purchasing from overseas, you will see more and more jobs lost here in Australia. This is a fact.
- So many consumers here will go and look at the goods in a store because they want to see and feel it and touch it and then go online and buy it cheaper. There is a cost of holding goods on a shelf, staff, rents etc that go in hand with this service and this must be covered by the retailer's margin. With a much smaller population (often 10% or 20% of our overseas counterparts), retailers cannot afford to charge lower prices or retailers will not be in business.
- Shopping centres will turn into ghettos, jobs will be lost, overseas debt will skyrocket unless something is done. If people want the retail experience, then unfortunately it needs to be paid for.
- I spend money on advertising and marketing here in Australia to help drive demand for the brand I import. This supports other freelancers and suppliers and provides them an

income. My online competition in America and Asia are capitalising on my investment in advertising and marketing in Australia. They do not spend any money on their own markets and are able to price their goods specifically to compete with mine without investing in marketing – in short they are cashing in on my investment and the retailers of Australia's investment in stock and retail space. They are able to markup their goods 20% to 25% and sell online. Many don't even bother selling into their own markets!! How could an Australian retailer compete after they pay huge wages and rents????????? And don't forget we only have 22million people here.

The fact that these online retailers can avoid GST and duty and, in effect, steal from the Australian economy is not right.

They do not invest in our economy but reap the benefits of my investment and steal from me and us as a nation.

There should be a penalty tax on international retail type purchases of 20% to 30% of less than \$1000. This will create a more level playing field and enable Australian retailers to try and compete. It will also create a revenue source for the Australian economy and government. Goods that say samples only should be checked as sometimes they are samples and many times they are from online retailers avoiding Australian taxes. At the very least, every shipment into Australia should be charged 10% GST and 10% duty and invoice values should be spot checked against the actual value of the goods to avoid the situation where online discounters understate the value of the goods to lower the tax value with very heavy penalties imposed on those who attempt to rot the system.

I look forward to your response and would like to be on a mailing list for results and information about this commission.

Kirsten Bennell
LAMY LOVER
ikonink pty ltd

203/59 Great Buckingham St, Redfern NSW 2016
Exclusive distributors for **LAMY**

