



20/05/11  
**Retail Industry Inquiry**  
**Productivity Commission**

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**Background:**

We are, in the scheme of retail, a relatively small business. My wife and I own this business and my two boys help out when needed. In essence we are a true family business.

We sell BMX's and their relative Parts & Accessories along with clothing.

We have an online store. The majority of our sales in store and online are below \$1000.00

Recently we have reduced our shipping to \$9 below order totals of \$100 and Free Australia wide shipping for orders over \$100. This immediately reduces our margin and directly affects what our family eats each week. It is a small sacrifice we are willing to make to remain competitive.

We are well priced and strive to remain competitive especially in the online market place.

We have, on many occasions, matched the USA prices on the same goods.

Unfortunately in our industry it seems that the US Retail price matches our Australian Cost price.

For example: A BMX Frame from US retails at US\$369.99 plus US\$80 shipping to Aus. Our cost from the Australian distributor is \$355.00 Plus GST plus Shipping.

Added to that cost we must pay GST on everything we sell along with Wages, Insurance, Rent, Power, gas, water & land rates.

How can we compete? Or even survive.

Recently in our industry a number of distributors have downsized and sadly a number of retailers have closed. How long before we do something to stop the massive decline of our industry?

The local demand is there but with the AUD only getting stronger it is much more attractive to buy OS.

We must level the playing field and keep jobs in Australia. We must look after ourselves first and not help the US economy to get stronger whilst cutting our own retail network. To the retailers it just makes no sense.

The solution to our declining retail industry is 3 fold.

1. Our distributors/importers must lower their margins
2. We as a retailer must lower our margins also
3. A reduction or elimination in the Low Value Import Threshold will reduce the number of overseas purchases.

Reducing or eliminating the Low Value Import Threshold will increase revenue for the Australian government at the same time increasing its workload. In turn, creating new jobs.

Along with reduced US online purchasing our own Australian retail industry will survive.

Our survival is vital as the retail sector forms part of the food chain that is the Australian economy. Please do something now before it's too late.

Regards,

*Richard Course*