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To the Productivity Commission

KWT is a wholesale company selling primarily bicycle tyres, tubes, locks, pumps and lights. The company has been in operation for over 30 years.

In the past 5 years, in particularly the last 2 years, KWT has had to change its business structure. This is because of the amount of business it was losing to the internet. Even folding bicycle tyres which retail for \$50 - \$75 were being sold to the Australian public from primarily UK bicycle online stores and not through our Australian retail dealers.

Today KWT must sell only cheap bicycle products which do not come under threat from the internet. I can't even begin to imagine the pain and suffering the retail bicycle store owners must be under, especially when almost all of their mid to high end accessory business has evaporated in the last few years.

I understand basic economics and benefits of the lowest cost producer and their positive impact for an economy. However I think the Australian Government must also look at the scope of the impact it is having on the local industry, in particular small to medium size businesses.

Small business is such an important sector of the economy and if some policy action isn't implemented soon many Australian businesses will have to close their doors.

The rapid advancement of the efficiency of online retail operators operating from low tax environments such as the UK has had an insurmountable impact on all retail goods industries. Particularly goods which are price sensitive and have a general high value to weight ratio.

The best action to assist the thousands of retail and wholesale businesses in Australia is this

1. Charge 10% GST on all goods over \$250 AUD
2. Charge customs fee for imported goods over this \$250 threshold

This action will cost the government no doubt hundreds of millions of dollars in red tape and man hours. However the benefits will be far reaching.

1. Government will get 10% on all GST purchases

2. Businesses in Australia will be more profitable employing more people, spending more money and contributing greater growth to the national economy.

I think after time it will become evident that there is a much greater gain for the whole economy in implementing the cost of a lower GST threshold and customs fee for imported goods. The money stays and circulates throughout the nation and assists in GDP growth and consumption.

Kind Regards,

Eamon Thompson  
KWT Nominees Pty Ltd  
Manager