



Inquiry into Australian Retail Industry  
Productivity Commission  
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## **RESPONSE TO DRAFT REPORT FROM AUSTRALIAN TOY ASSOCIATION**

The Australian Toy Association (ATA) wishes to comment on two chapters in the Draft Report:

### **Chapter 4: Trends and issues relating to online retailing**

The Draft Report contains only one recommendation in this chapter relating to the need for better research information which ATA supports.

However the chapter contains the following in relation to product safety but there is no specific recommendation to back it up:

“The increasing scale and complexity of online retail transactions has placed new demands on consumer protection.” (page 71)

As the new product safety regulator, the Australian Competition and Consumer Commission, is well aware, enforcement activity since the introduction of the Australian

Consumer Law at the start of this year has involved a marked proportion of toys and children's products as ATA will detail at the public hearing.

It will obviously be the case that increasing levels of online shopping particularly from overseas will lead to more goods coming into Australia which do not comply with Australian Standards creating the safety and consumer protection issues referred to in the Draft Report.



ATA suggests that this aspect of retail should be addressed with a recommendation for action. While it is recognised that the Australian Consumer Law is still in its early days it is not too early for the enforcement authorities to be consulting with the affected industries which are often the best source of information on non-compliance.

ATA urges the Productivity Commission to make a specific recommendation about the need to increase consumer awareness about the dangers of non-complying goods and the need to involve affected industries in strategies and decision-making.

### **Chapter 6: Appropriateness of indirect taxation arrangements.**

ATA welcomes Recommendation 6.1 that, “There are strong in-principle grounds for the low value threshold (LVT) exemption for GST and duty on imported goods to be lowered significantly, to promote tax neutrality with domestic sales.”

In relation to Recommendation 6.2 - “The Government should establish a task force charged with investigating new approaches to the processing of low value imported parcels...This review should report to Government in 2012.” - ATA suggests an amendment.

ATA recognises that the in-principle support for the LVT to be lowered significantly is a major step forward reflecting the recommendations contained in the Association's original submission. It is disappointing however that the Productivity Commission has not been able to complete its task and it is unfortunate that major agencies have not assisted by tardy submission of information.

Although the Draft Report in Chapter 6 makes frequent reference to the inadequacy and insufficiency of information, the Productivity Commission is already the repository of more information on this subject than any other agency.

The ATA submits therefore that the necessary steps to develop a 'cost-effective' process will be achieved more efficiently and far more quickly if the Government provides the Commission with a follow-up reference to complete the task itself.



The Commission will recall, as does ATA, that the introduction of the Australian Consumer Law incorporating a national product safety regulatory regime involved more than one inquiry. Past experience with both the LVT and product safety suggests that the continued involvement of the Productivity Commission is far more likely to produce a timely and cost-effective solution than a task force composed of the organisations referred to in Recommendation 6.2.

Kind Regards,

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