

To Retail Industry Productivity Commission

In regards to response for Draft report as aligned with the BIA and strong interest from the SIA and ASGA.

Draft reports:

The ABS should monitor and report on online expenditure by Australian consumers both domestically and overseas either by upgrading existing surveys or conducting new surveys. The ABS should design surveys so they can disaggregate online spending with 'multi-channel' establishments and 'pure play' online retailers. The ABS should also redesign its surveys to show levels of employment associated with online retail sales as reflected by the size of the workforce of pure play retailers and the online divisions of multichannel retailers.

Agree to increased monitoring and assessing current trends in purchasing habits of Australian consumers.

The lack of understanding of the sectors of the Australian retail sector and the way they are affected is extremely alarming.

16% of all bicycle and bicycle related purchases made in Australia are sourced from online offshore sites. This has increased from 6.9% in January 2010. (Source Quantum Data).

Only 3% of purchases are made from Australian based internet sites

DRAFT RECOMMENDATION 6.1

Appropriateness of indirect taxation arrangements. *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. However, the Government should not proceed to lower the LVT until it is cost-effective to do so — that is, at a minimum, the tax revenue should exceed the full costs of collecting it.*

Strongly support the reduction of the LVT to achieve tax neutrality relating to all products valued less than \$1000 whether purchased in Australia or overseas.

We do not believe that ours or any other industry should be 'punished' as a result of the inefficiency of a government department.

As identified in the report, a low threshold in all other countries (except Hong Kong) is achieved; Australian retailers are suffering because of government inefficiencies.

The Government should establish a task force charged with investigating new approaches to the processing of low value imported parcels, particularly those in the international mail stream, with a view to preparing for significant improvements and efficiencies in handling. The task force should be comprised of independent members, with the Australian Customs and Border Protection Service (Customs), Australia Post and the Conference of Asia Pacific Express Carriers providing advice. The terms of reference should outline the criteria that any new system must satisfy including: minimising the costs of processing and delivery delays, user pays, and without compromise to the border protection functions of Customs and AQIS. This review should report to Government in 2012.

We support any improvements to the handling and processing of domestic and international cargo and mail, reducing the administrative costs associated with each process.

The formation of a taskforce will provide expert guidance and direction to this process.

We are concerned about the timeframes associated with any change stemming from this taskforce, with the retail sector, especially the bicycle sector suffering considerably from the massive growth in offshore online purchasing.

A speedy response is required to prevent the bicycle sector, which employs over 10,000 be forced to reduced both staffing levels and services to the community.

We are disappointed the PC did not examine the impact of Australian Standards on the costs associated with goods purchased in Australia compared to those available from foreign offshore sites.

Australian bicycle helmet suppliers as example are forced to pay up to \$25,000 per year prior to importing a single helmet, with additional costs associated with testing and assessing each batch of helmets delivered with many paying over \$100,000 per annum in testing and likening fees to meet Australian Standards.

Many of the same models of helmet are available for purchase offshore online – these helmets are not tested and if an Australian shop sold them untested, they would face a \$1,100,000 fine.

Although there is some productive issues coming from the enquiry, retail in Australia is changing dramatically and unless the government helps to level the playing field for the face to face Australian retailer we will start to see this aspect of retail trade decline.

The whole retail sector is starting to warp, when a consumers can buy product at wholesale prices then how is it possible for retailers to trade, Australia retailers have high cost associated with running business (Higher (by world standards) commercial rent, Higher (by world standards) wages) and these costs will continue to rise as the margins go down to become competitive.

We also believe that educating the consumers about the chain of events that occur to get the product to the local retailer can provide some sort of explanation as to the cost of retail products,

Wholesale promoting/selling = \$\$=retailers preorder-> wholesale importing taxes/freight =\$\$ -> Wholesale product standards/promotion/Advertising =\$\$ -> retailers receive stock freight/tax =\$\$ ->retailers markup advertising/running cost=\$\$ consumers pay\$\$\$\$\$\$\$\$
Direct importing Price\$\$ ->freight \$\$ = consumer \$\$\$\$

The outcomes from the commission will have to be drastic to save the retail industry as we know it , hopefully its not too late.

Regards,

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