

2 September 2011

Productivity Commission

Canberra ACT

By e-mail

Dear Sir

Economic Structure and Performance of the Australian Retail Industry

Our business is a retail bicycle store; arguably a segment suffering greater impact from untaxed and unregulated overseas competitors.

The following submissions are made in response to the Commission's draft report.

Draft recommendation 6.1

Clearly the current low value threshold (LVT) exemption for GST on imported goods results in a lack of tax neutrality with domestic sales.

The draft report goes on to recognize that there are costs associated with collection of GST and that it is inefficient to impose compliance costs to collect small amounts of revenue.

The draft report only considers this issue from the perspective of Customs collecting GST at the border.

The Australian GST system relies on Customs collecting GST at the border and GST registered businesses collecting GST on domestic supplies. Therefore and notions of collecting or not collecting GST on the basis of compliance costs must be considered across the system, and not just at the border.

It is submitted that any low value threshold for not collecting GST at the border must be reflected in the domestic GST arrangements. Currently small retailers shoulder enormous compliance costs to collect a very small amount (in relative terms) of net GST on a very large number of transactions. If Customs aren't collecting because of cost factors then Australian businesses must receive the same treatment.

Safety standards for bicycle helmets

Australia has a system that requires any bicycle helmet to meet an Australian Standard before it can be legally sold to a consumer.

Enjoy the experience

This requirement imposes significant costs in terms of testing and certification on Australian businesses.

My experience is many non-compliant helmets are being sold in the Australian market by the overseas on line companies. This is mostly price driven – the overseas helmet models do not pass the Australian Standard and do not bear the compliance costs and therefore are cheaper. Customs are not enforcing this safety standard at the border.

My concerns are twofold. Australian businesses are losing helmet sales to overseas online competitors because there is local regulation that is not being imposed in the imports from overseas online sellers. The second concern is safety related. Presumably the Australian Standard exists because non-compliant helmets are not safe for Australian consumers to use.

It is submitted that Customs or the ACCC should be ensuring that all bicycle helmets imported from commercial suppliers should be compliant with the applicable Australian Standard.

James Collins

Director