



CITY OF MELBOURNE

2 May 2014

Retail Trade Industry Case Study
Productivity Commission
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To Whom it May Concern

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Relative costs of doing business in Australia: Retail Trade Industry Case Study

Since our submission to the Commissions Enquiry on the Economic Structure and Performance of the Australian Retail Industry in 2011, the City of Melbourne, together with the State Government have worked to deliver the first combined retail and hospitality strategy; Melbourne Retail and Hospitality Strategy 2013-2017.

<http://www.melbourne.vic.gov.au/enterprisemelbourne/industries/retail/Strategy/Pages/MelbourneRetailStrategy.aspx>

This strategy builds on the significant achievements of our previous retail and hospitality strategies and examines opportunities to further develop and grow Melbourne's diverse retail landscape and continue to attract investment.

While the strategy does not address the detailed considerations around the costs to the Australian retail industry and the drivers of these costs, it does, in broad terms address the challenges facing this evolving landscape.

Melbourne businesses are affected by a challenging Australian dollar and increasing competition from international and online businesses. The dip in the Australian dollar in 2013 may have helped local retailers be more competitive against offshore and online shopping options, but it also forced retailers to raise prices to cover margins on their own imported products.

City retailers increasingly have the opportunity to optimise sales around the clock with Melbourne evolving as a late night destination however this opportunity comes at a cost with penalty rates affecting a stores ability to trade profitably

The City of Melbourne, mindful of those issues, seeks via the strategy to provide a supportive environment for retail business to thrive. This occurs in a number of ways such as:

- Developing programs providing opportunities for retailers to link in directly to delegates coming to Melbourne for major conferences, conventions and seminars such as the International AIDS2014 conference in July this year
- Developing tailored shopping campaigns associated with major events such as Melbourne Spring Fashion Week and Melbourne Music Week
- Providing public realm infrastructure improvements such as redevelopment of Bourke Street Mall and Swanston Street
- Focusing on programs aimed at promoting the retail offer to city and metropolitan wide residents, regional Victoria, interstate and international visitors
- Ongoing support for the Melbourne Retail and Hospitality Advisory Board to advise Council on issues relating to retail and hospitality

Contrary to some media reports, Melbourne's retail market continues to perform strongly, driven by luxury international brands seeking spaces for new stores.

In the past four years, the City has welcomed the redevelopment and significant re investment in anchor department stores Myer and David Jones, the recent opening of The Emporium shopping complex, alongside the introduction and increased presence of international brands including Zara, Dolce & Gabbana, Gap, Converse, Paul Smith, Uniqlo, Muji, H&M, Prada, Chanel and Costco.

Melbourne has also welcomed many new independent stores including Sneakerboy, Melbournalia and Gewurzhaus.

Please contact me directly if you require any further information.

Yours sincerely

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