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Costs of Doing Business: Retail Trade Industry study  
Productivity Commission  
GPO Box 1428  
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### **Re: Relative Costs of Doing Business in Australia: Retail Trade – Response to Interim Report**

I write to outline the Australian National Retailers' Association (ANRA) feedback on the interim report into the *Relative Costs of Doing Business in Australia: Retail Trade*.

ANRA represents Australia's largest retailers across the full spectrum of retail goods and services. ANRA's membership includes leading household names in supermarkets, department stores and specialty retailers. ANRA members account for more than \$110 billion of the more than \$260 billion in retail spending across Australia annually.

ANRA has no additional suggestions for inclusion in the report, but would like to thank the Productivity Commission for its work on this inquiry, which is essentially a follow-up on its comprehensive review of the sector in 2011.

In particular, ANRA strongly endorses the following key observations made in the interim report:

*"Retailers are operating in an increasingly dynamic and globalised environment, competing on different platforms and across borders — which has undoubtedly delivered better outcomes for consumers."*<sup>1</sup>

*"Retailers are innovating and adopting a range of strategies to reduce their costs of doing business through the use of technologies such as self-assisted checkouts, a shift from casual to permanent staff, better supply chain management, the use of private label merchandise, energy efficiency measures and a move to online operations."*<sup>2</sup>

*"The sector has provided many examples of inconsistent, highly prescriptive and seemingly adhoc rules and regulations. The sector continues to labour under regulations that are out of synch with changing shopping patterns."*<sup>3</sup>

ANRA is disappointed that despite the 2011 report from the Productivity Commission, and subsequent inquiries by state-bodies such as Western Australia's Economic Regulatory Authority, a large amount of regulation continues to constrict the sector.

*"Many issues raised in this study were also raised in that inquiry. However Governments' progress to address these costly anticompetitive provisions has generally been slow and patchy and participants have generally been critical of the overall lack of reform since 2011."*<sup>4</sup>

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<sup>1</sup> Productivity Commission (2014) *Relative Costs of Doing Business in Australia: Retail Trade – Interim Report* pg.4

<sup>2</sup> *Ibid.* Pg 8

<sup>3</sup> *Ibid.* Pg 9

<sup>4</sup> *Ibid.* Pg 83

The report's breakdown of cost areas facing retailers highlights the significance of labour costs to the sector. As the report indicates, this means the sector is inherently concerned about policy changes that could add to these employment costs.

The importance of labour costs also reflects the large role the sector has in employing hundreds of thousands of Australians across all communities. Many of these jobs offer work opportunities outside traditional standard working hours that allow otherwise disenfranchised employees, such as students and those with caring responsibilities, to engage in work.

A concerted effort by all governments in Australia to act on the 2011 Productivity Commission recommendations would support further growth in retail and allow even more employment opportunities to be generated. Such job-creating action is particularly important at this point in the economic cycle as sectors such as mining and manufacturing continue to shed jobs.

I also enclose for your information recent research conducted by Ernst & Young for ANRA on the impacts of retail trading hour restrictions.

Thank you for considering joining ANRA's feedback on the interim report. Should you have any questions regarding this please contact Mr Russell Goss, Deputy Chief, at our Sydney office

Sincerely,

Margy Osmond  
Chief Executive