

## Relative Costs of Doing Business in Australia: Retail Trade Industry

The SDA provided a submission to the Commission in April 2014.

That submission relied on and added to a submission made by the SDA in September 2011..

In our April 2014 submission we noted that the Commission relied on its report from 2011 as the “starting point for this case study”.

The issues and concerns we raised in our April 2014 and September 2011 submissions continue to be correct and relevant. The key points from those submissions are reiterated below.

The major productivity challenge the retail industry faces is in regard to on line sales by overseas retailers.

The retail industry continues to be faced with unfair competition from overseas on line retailers who are not charged GST or import duties for goods they ship into Australia which have a threshold value less than \$1000.

The former government did create a Low Value Parcel Processing Taskforce.

No concrete actions to deal with the problem cited above have been undertaken by either the previous or the current government.

The previous government did create a Retail Council. That Council has not been reconvened since the change of government.

The SDA totally rejects the idea that wage and / or labour costs are an impediment to effective competition in the retail industry.

All Australian retailers face the same wage and labour costs as a result of the operation of the award system or otherwise apply a wage/labour cost structure which is the result of enterprise bargaining freely entered into by all the parties concerned.

It should be noted that the modern retail award is characterised by a high degree of flexibility in regard to employment terms. Such terms include;

no limits on casual employment,  
no ratios of full time to part time employees,  
no restrictions which prevent labour being employed,  
for work to be performed at any time on any day.

The modern retail award was reviewed as part of the 2012 award review process.

Retail companies, including those who have previously made submissions to the Commission continue to negotiate new enterprise agreements and wage increases as part of enterprise bargaining. Their actions clearly demonstrate an acceptance of the current enterprise bargaining arrangements.

The SDA sees no justification in any further extension of retail trading hours.

The SDA argues that the economic condition of the retail industry overall is strong.

In our April submission we attached a report on the economic conditions in the Retail Industry. This report analysed the various economic data available up to October 2012. This report shows the overall state of retail in Australia and contextualises it over a 30 year period.

Amongst many things this report shows that the overall economic situation of the retail industry remains very strong, even though there has been some deterioration since 2007-08. The report shows that such a change was a necessary “correction” to the unsustainable boom which occurred from 1997-98 until 2007-08.<sup>1</sup>

A further measure of the relative strength of the retail industry identified, in this report, is a comparison of the aggregate profitability of retail industry as against other industries. It concludes that over the long term aggregate profitability of the retail sector has grown at a solid rate which has matched or out-performed other industries including manufacturing, wholesale trade, financial and insurance services and accommodation and food services.

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<sup>1</sup> Economic Conditions in the Retail Industry, Kirchner, page 12, 15.