



National Retail Association

MEDIA STATEMENT

March 31, 2011

Milk war boosts February retail trade figures

The milk pricing war between Australia's two major supermarkets has contributed to a stronger than expected national retail trade result, according to the latest ABS figures released today.

The National Retail Association said the ABS trade figures for February confirmed food dominated the result, with improved overall retail trade result of 3.65 percent – the best annual growth rate recorded for at least 14 months.

Executive Director Gary Black said the strong food results were a reflection of the milk price discounting, which was drawing more customers to supermarkets.

“The milk wars seem to have been very effective in driving increased food sales,” Mr Black said.

“Milk is acting as a loss leader, which means it is being sold at or below cost by the supermarkets to improve overall sales.

“The underlying story in these figures, however, remains that growth in discretionary spending across the rest of the retail sector was anaemic.

“Comparing February 2011 sales with February 2010 sales to ascertain the rate of annual growth, we see that the key retail categories that are reliant on the discretionary spend are all experiencing minimal growth eg household goods (0.44%), clothing (1.01%) and department stores (0.73%). These results show that while food sales have enjoyed a very strong start to the calendar year most other retail categories continue to struggle” he said. The stress across the sector is also demonstrated by employment data which shows that full time employment in the retail sector has fallen by 8% or 58,000 jobs since the pre-GFC position (Feb. 2008). At the same time total full-time employment in Australia has increased by 4% or 316,000 jobs.

Mr Black said the figures revealed some sectors in Queensland in particular were struggling to recover following the floods.

“Newspaper and book retailing was down -9% in February following a fall of 25% in January – this follows six straight months in the second half of last year when growth was negative by about 7% on average.

“The electrical and electronic goods category has been seriously affected by the downturn in consumer spending. In January sales were down 11% and now this has been followed by a fall of 9% in February.

“Recreational goods, sport and camping, toys, games category is also in strife – down 16% in February, following a 33% fall in January, and 10% decline in December,” he said.

Mr Black said it was no coincidence that each of these categories was facing the fiercest competition from online offshore retailers who exploit Australia's GST free import threshold.

“These trade figures provide further evidence that Australian small businesses are being undermined and disadvantaged because of the Australian Government’s refusal to close this GST loophole being exploited by offshore retailers,” he said.

Mr Black said trading conditions in Tasmania were now dire with retail growth remaining negative for 12 consecutive months.

Gary Black is available for interviews: 0413 046 614



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Annual Retail Sales Growth by Category – (seasonally adjusted excluding cafe and restaurants)

Category	Food	Household Goods	Clothing, Footwear & personal accessories	Department Stores	Other Retailing	Australia Total (ex. Café & rest. Data)
Year to January 2010	2.43%	0.32%	1.85%	2.08%	3.40%	2.10%
Year to Feb 2010	-1.48%	-2.75%	-1.10%	-5.28%	-2.55%	2.24%
Year to March 2010	1.41%	-0.57%	-4.11%	-3.15%	2.51%	-0.14%
Year to April 2010	0.28%	0.94%	-4.78%	-4.73%	1.51%	0.81%
Year to May 2010	2.37%	-0.22%	-3.62%	-5.82%	0.77%	0.24%
Year to June 2010	1.76%	-0.1%	-0.85%	1.6%	1.02%	0.83%
Year to July 2010	3.67%	0.46%	2.23%	0.29%	2.81%	2.44%
Year to Aug 2010	2.35%	0.87%	-0.01%	-0.41%	6.52%	2.22%
Year to Sept 2010	1.79%	1.76%	3.65%	0.74%	6.05%	2.63%
Year to Oct 2010	2.85%	1.76%	-1.69%	-3.21%	3.59%	1.77%
Year to Nov 2010	1.11%	0.69%	-3.74%	-2.39%	4.40%	0.77%
Year to Dec 2010	1.77%	3.45%	1.91%	-0.51%	2.62%	
Year to Jan 2011	4.12%	-1.90%	-3.34%	-4.08%	4.19%	
Year to Feb 2011	5.76%	0.44%	1.01%	0.73%	4.91%	3.65%

Annual Retail Sales Growth by State – (seasonally adjusted)

State	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Year to January 2010	4.54%	2.88%	0.58%	2.09%	3.37%	1.85%	1.93%	3.42%
Year to Feb 2010	3.63%	3.94%	2.18%	2.51%	4.65%	3.24%	3.46%	3.75%
Year to March 2010	3.29%	1.21%	-1.91%	0.41%	2.37%	-1.08%	-0.09%	4.24%
Year to April 2010	1.84%	2.67%	-1.04%	3.63%	4.27%	-0.32%	5.22%	2.70%
Year to May 2010	2.32%	2.81%	-2.40%	1.83%	0.86%	-0.87%	3.96%	1.31%
Year to June 2010	2.83%	3.57%	-0.72%	1.46%	1.20%	-1.35%	5.50%	2.16%
Year to July 2010	4.88%	6.53%	2.49%	3.72%	0.07%	-1.05%	4.44%	1.92%
Year to Aug 2010	5.01%	5.80%	1.15%	3.17%	2.77%	-1.54%	3.81%	1.75%
Year to Sept 2010	4.03%	5.82%	1.14%	3.33%	4.43%	-2.10%	5.35%	1.75%
Year to Oct 2010	0.65%	6.02%	0.32%	3.16%	2.65%	-2.81%	-1.72%	2.76%
Year to Nov 2010	0.12%	4.30%	0.55%	-0.89%	1.52%	-2.13%	-3.23%	1.75%
Year to Dec 2010	0.72%	5.80%	1.36%	0.91%	1.33%	-2.63%	-2.79%	1.52%
Year to Jan 2011	1.23%	2.72%	1.56%	0.43%	3.27%	-2.90%	1.94%	3.84%
Year to Feb 2011	3.63%	2.76%	4.82%	1.58%	5.70%	-2.33%	3.00%	2.61%

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