



National Retail Association

MEDIA STATEMENT

July 1, 2011

Retailers join national anti-carbon tax coalition

The National Retail Association today backed the ACCI's campaign against the proposed Carbon Tax, saying retailers were deeply concerned by the potential impact of the new tax on their businesses.

NRA Executive Director Gary Black said little attention – if any – had been paid during the political debate to the potential impact of a carbon tax on retailers, and the service sector in general.

He said the association had been prompted to speak out because of the very real concerns expressed by many of its members across Australia that they would carry the burden of the tax.

“No modelling seems to have been done in relation to the impact of a tax on the retail sector, which is the nation's largest employer of young and unskilled workers,” Mr Black said.

“There's also been no mention of any support for retailers or their suppliers.

“While consumers have been promised some compensation, we believe this is more likely to be targeted at purchases such as electricity, gas and essential groceries. In these cases, retailers may be able to pass on extra costs to their customers.

“However, it's highly unlikely that compensation will stretch to discretionary spending, which will mean that those categories of retailers who have been suffering the most from the recent downturn in consumer spending will be precariously placed and in high risk of failure. In this case, retailers will not be able to pass on higher supply chain costs – such as electricity, delivery and increased wholesale prices.

“Retail trade figures have been in the doldrums in most states for more than a year now, and higher prices resulting from a carbon tax will further harm the sector as it battles with the rapidly growing on-line shopping market, which in turn is driven by an already inequitable tax and customs regime.”

Mr Black said the promised consumer compensation plan did provide an opportunity for a Government-led stimulus of the retail sector – as occurred with the stimulus packages in 2008/09.

But he said this would very much depend on how the Carbon Tax compensation was handed out to consumers.

“If for example, Carbon Tax compensation is paid via relative small weekly tax cuts, there is unlikely to be a beneficial impact on retail.

“In this case retailers will suffer significantly as consumers wind back their discretionary spending.

“If however the compensation is provided in substantial lump-sum payments, there may be an opportunity for retail benefit as it did during the GFC.

“This in turn would flow through to economic stability for business owners and job security for their staff.

“The Government needs to look very carefully at its compensation arrangements, and it needs to fully understand the damage a Carbon Tax will do to one of the most important sectors of the Australian economy.”

Gary Black is available for interviews. Contact Malcolm Cole – 0408 612 603

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