



National Retail Association

MEDIA STATEMENT

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Draft PC report only tells half the story, retailers say

The draft Productivity Commission report on the retail sector has outlined a strong case for dismantling the GST and import tax loophole that discriminates against Australian businesses and workers, the National Retail Association said today.

However, NRA executive director Gary Black said the Commission appeared to have put the issue in the “too-hard basket” by saying the cost of collecting tax would be too high to make it worthwhile.

Mr Black said the Commission had failed to consider the cost of allowing overseas-based retailers to hold a significant competitive advantage over Australian businesses.

“While the Commission makes significant mention of the “dead weight” cost of collecting GST and other import charges on low value items, it has completely ignored the cost of doing nothing,” Mr Black said.

“The cost of inaction on this issue will be widespread business failure, and around 80 thousand Australian jobs moving offshore. This would in turn result in substantially lower business and personal tax receipts, and falling GST collection.

“The NRA believe these costs must be weighed against the estimated compliance costs associated with collecting the GST, import duty and customs charges for low-value imports.”

Mr Black said retailers would be heartened by the Commission’s in-principle support for collecting the tax on imports, and he called on the Federal Government to back the draft recommendations related to reducing the compliance costs so the tax could be collected efficiently.

“It’s quite clear the Commission believes there needs to be reform in this area. It’s disappointing that this view was not carried through into stronger draft recommendations for action.

“For example, the Commission rightly identifies that the costs could be recovered through a minor handling charge on imported parcels, as occurs in Canada and the United Kingdom, but it then falls short of recommending such a system here.

“We are also disappointed that the Commission seems to have dismissed the concerns of retailers about the impact of this tax inequity on their businesses.

“While the Commission says the tax discrimination is only a minor factor in the difficulties confronting Australian retailers, our members – particularly those who compete directly with on-line overseas businesses – report it is the single greatest impediment to business growth.

“Retailers understand they are operating in a cut-throat environment. They simply cannot give rivals a headstart comprising GST, import duty and Customs charges and then expect to be able to compete on an even footing.

“Business owners experience this reality every day. It’s a shame the Productivity Commission dismissed their views so lightly.”

The National Retail Association is Australia’s largest and most diverse retail representative body. Its members include major retail chains, small and independent retailers and businesses in the fast food sector.

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