



Queensland Small Business Strategy
 Department of Employment, Small Business and Training
 PO Box 15033
 CITY EAST
 BRISBANE QLD 4002

Level 3 / 67 St Pauls Terrace
 Spring Hill QLD 4000
 1800 RETAIL (1800 738 245)
 www.nra.net.au

By email: SmallBusinessStrategy@desbt.gld.gov.au

13 December 2019

Dear Sir or Madam

Queensland Small Business Strategy Discussion Paper

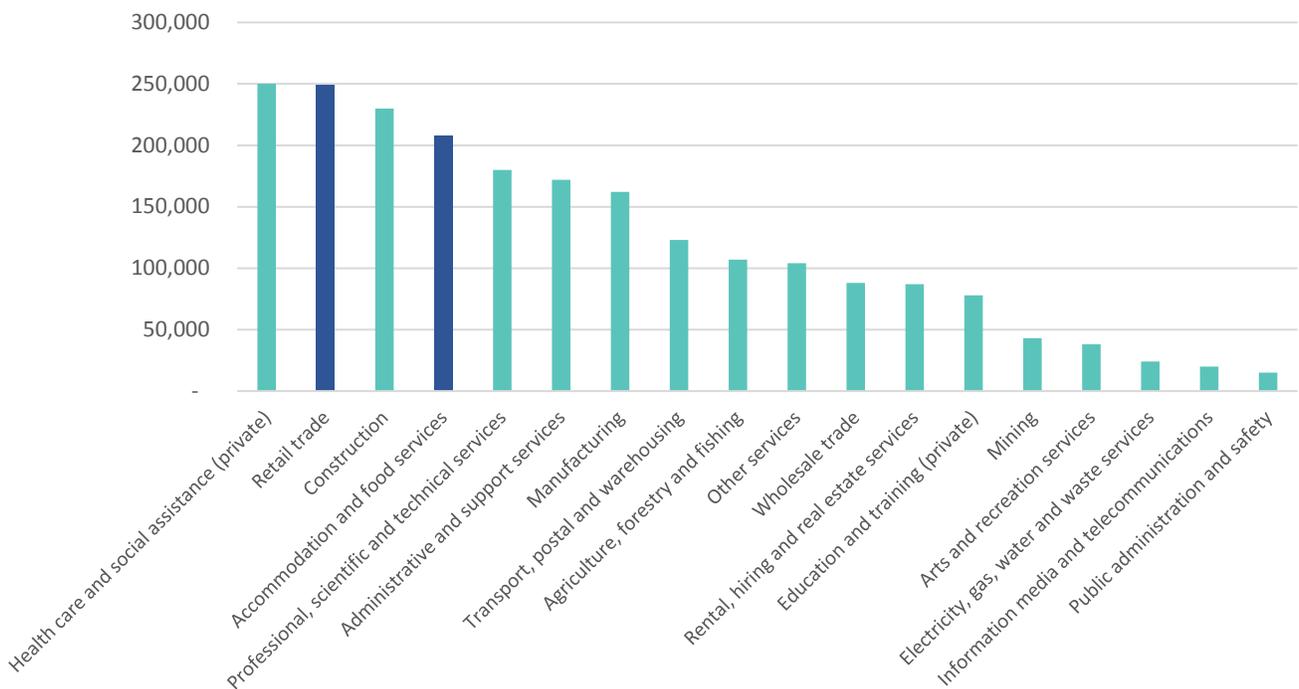
Thank you for the opportunity to comment on the Queensland Small Business Strategy Discussion Paper.

The National Retail Association (NRA) welcomes the Minister’s attention on Small Business and agree that small businesses are both economically and socially vital to our regions, providing local jobs and reinvesting back into local communities.

With the release of the Discussion Paper, the National Retail Association seeks to remind the Minister on the significance of retail in the economy. Currently, the Australian retail sector accounts for 4.1 percent of GDP and 10.7 percent of employment, which makes retail the second largest employer in Australia and largest employer of young people.

Retail trade in Queensland accounts for approximately \$68 billion in annual sales, and 10% of total employment. Retail is the second highest private sector employer in Queensland (249,000 employees) and Accommodation & Food services (including a sizeable number of retail food outlets and cafes) are the fourth largest.¹

**Employment by industry division at end June 2018 (QLD)
 regardless of business size**



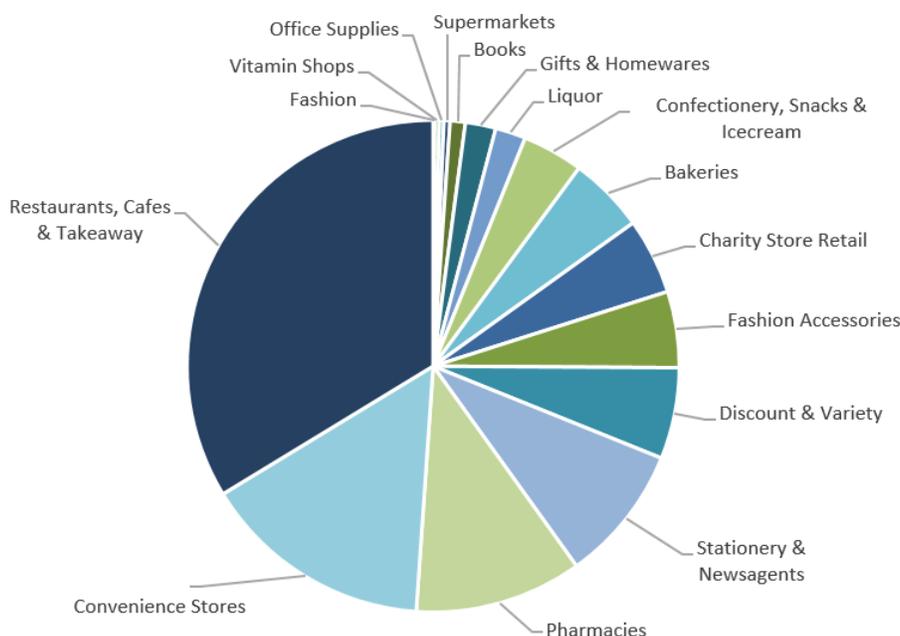
¹ Australian Bureau of Statistics, 2019, Australian Industry 2017-18, Table 6: States and territories by industry division, cat. no. 8155.0, viewed 10 December 2019, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/8155.0>

In terms of small business, when all retail and food services data is combined (ANZSIC 40, 41, 42, 43 and 45) there are more than 20,000 small businesses in this sector located throughout Queensland². This indicates that this sector is the fifth largest small business industry in Queensland, contrary to the Discussion Paper.

Major chains are responsible for a sizeable proportion of sales in Australia and these businesses also have the scale and resources to more easily adapt to new measures, as well as experience and capabilities gained from operating in other jurisdictions where similar measures have already been implemented.

However, attention is warranted for the tens of thousands of small, independent or franchised retail businesses across Queensland who, collectively, can make a very big difference when it comes to the commercial impacts of improving current industry practices. These small businesses represent numerous categories of retail and food service as shown in the graph below.

**Categories of small retail businesses in Queensland
(approximate proportions)**



The retail and food service sector is a critical part of the Queensland economy but is facing multiple challenges, especially in small businesses. Retail trade and IT/media have been the only industry divisions in Queensland in which employment has stagnated or declined in the last 3 years.³ The NRA submits that more assistance should be directed to this critical sector rather than focusing on those already experiencing growth highlighted in the Discussion Paper.

Challenges facing small Queensland retailers and food service

It is well known that many small businesses, especially in the retail sector, are struggling to maintain their margins and viability in the face of new economic challenges. Assistance is needed for these small businesses to learn that it is possible for them to manage challenges and changing trends in a commercial way that may actually improve, rather than detract from, their margins.

1. Crime

Crime is a serious matter for the retail industry. It significantly impacts businesses by disrupting operations, harming staff, affecting customers and eroding profitability. Crime statistics show that while major crime categories have been stable over the past few years, retail theft continues to increase.

² Australian Bureau of Statistics, 2019, Counts of Australian Businesses, including entries and exits 2014 – 2018, cat. no. 8165.0, viewed 10 December 2019, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>

³ As per footnote 1

Retail theft is not a victimless crime and the industry estimate that retail theft, both external and internal, could account for two per cent of sales, each year. Industry does not consider this as petty crime and believe that, more often than not, the bulk of activity is conducted by organised individuals and syndicates.

The National Retail Association has actions that focus on improved sharing of resources, information and intelligence between all stakeholders. These projects build on an opportunity identified to improve information and intelligence sharing between retailers, government and law enforcement agencies.

2. Sustainability

The National Retail Association acknowledges the impact of plastic on the environment, particularly when disposed of incorrectly as litter, and supports the aim of government to reduce the impact of litter on our natural environment.

For many years retailers across Australia have been proactive in various environmental initiatives, making alternative bags available, promoting their use with subtle messaging, and providing in-store recycling. We submit that retailers are concerned about the impact of the products they sell on the environment, and need time and support to continue innovating while meeting consumer demands.

The NRA believes that government needs to consider substantial investment in improving Australia's circular economy innovation and infrastructure before further regulatory change. Currently, waste management and recycling systems vary in each local government area, with many residents, particularly those in remote areas, lacking access to sophisticated recycling facilities.

The NRA submits that though consumers are generally concerned about the impact of plastic on the environment, they lack understanding on many issues such as degradability, bioplastics, recycling markets, impacts on waste management systems and the benefits of supporting goods made from recycled materials. Businesses are similarly faced with confusion, misinformation and misleading claims from suppliers, and many report that they don't know which alternatives provide the best environmental outcome.

3. Leasing

Whether a new retailer starting out, or an established retail brand across multiple locations and channels, leasing and property strategy right is critical to long-term business success. Next to wages, rent is the most significant operating cost for retailers and rental overheads have been identified as the biggest challenge keeping retailers awake at night.

4. Aggressive and Violent Customers

Recent incidents of terrorism and mass shootings in crowded places, and the climate these create, have caused disruption to the retail industry as it affects customers, harms staff and erodes profitability. Given the retail industry is one of the largest sectors of the economy, and shopping is a daily activity for most Australians, the impact of these events has had far-reaching effects on the broader community.

Promoting customer safety is a key focus for retail businesses not only due to basic human concern for one another, but because without customers retailers cease to have a viable business. If customers perceive crowded places such as shopping malls and retail precincts as high risk, unsafe areas targeted by armed offenders, the impacts on the retail industry would be substantial.

Any reduction in the number of consumers shopping in retail precincts due to fear threatens the viability of thousands of businesses, and ultimately impacts the way of life of millions of Australians given shopping is a popular and necessary activity.

5. Regulatory and legal burden

Small businesses already struggle with a large and growing cumulative regulatory burden. To provide context, there are almost thirty government agencies and regulators in Australia currently imposing legal obligations on these businesses.

These businesses are expected to have near perfect compliance and knowledge with a set of quite complex and changing requirements in areas including fair work laws, superannuation laws, fair trading laws, the taxation regime, health and safety, retail shop leasing and tenancy arrangements, corporation laws, competition laws, trading hour regulations, and food and health standards.

For example, in the area of product compliance, different regulators impose obligations in areas like weights and measures, consumer product safety warnings, technical standards, ingredients, allergens, country of origin, customs requirements and many more.

In the face of so many complex areas of compliance, many small businesses feel overwhelmed by the total regulatory burden, are not properly aware of, or compliant with, existing regulatory requirements and would appreciate greater support or assistance.

6. Retention

The retail industry has one of the highest staff turnover rates across the world and is still often perceived as a temporary or entry-level job rather than a career, meaning small business owners find it hard to retain staff and are constantly faced with high training and recruitment costs, both in time and money. Importantly, retail is one of the highest employers of women and the highest employer of youth.

More support is needed to encourage Queenslanders to pursue a career in retail which could not only reduce costs for business but vastly improve the knowledge, experience and service standards offered by Queensland retailers.

7. Regional and remote communities

Specific consideration should be given to the stores and outlets in regional and indigenous communities particularly given the additional challenges that distances and low population densities create. A number of NRA's members, including some major chains, struggle to deliver competitive services and meet customer expectations in regional areas due to higher costs and lack of support services.

8. Connections and collaboration

The NRA agrees with the point made in the Discussion Paper regarding small businesses finding it difficult to access connections and peer support. The NRA has recently undertaken multiple engagement and networking programs targeting small businesses, including engaging Queensland businesses about the plastic bag ban, retail crime, and digital upskilling. As small retail business owners are difficult to contact through traditional channels or workshops, the NRA employs highly-intensive engagement programs on the ground, door-to-door when necessary.

A key benefit of such comprehensive engagement programs is creating networks and communication channels between retailers to share insight and knowledge to improve business practices. For example, the NRA's SafeCity Network gathers regular insight from small and large retailers in Brisbane regarding retail crime and associated criminal behaviour and shares this insight back through the network via bulletins and alerts. This project has significantly increased the reporting of retail crime and improved business practices such as team safety, target hardening and product placement.

Similarly, it is important for small business to have clear channels to voice opportunities and challenges to government, encouraging greater collaboration and representation. Industry associations and representative bodies are uniquely positioned to convey these insights.

In summary, Queensland retailers are keen to collaborate and be part of the solution. Many retailers are taking a proactive approach to a range of initiatives and strongly support current regulations. At the same time businesses are faced with a myriad of regulations, economic pressures, consumer demands, health and safety requirements, cost limitations, misinformation about alternatives, and lack of recycling infrastructure.

We would welcome the opportunity to discuss opportunities and challenges facing the Queensland retail and food service sector with the Department. Please do not hesitate to contact me on d.stout@nra.net.au or 0409 926 066.

Yours sincerely



David Stout
Director, Policy

About the National Retail Association

The National Retail Association (NRA) is Australia's most representative retail industry organisation, servicing more than 28,000 retail and fast food outlets nationwide.

The NRA is a national, not-for-profit industry association with a highly experienced team of professionals governed by a Senior Management team and Board of Directors. The NRA is also a Registered Training Organisation (RTO) and is the only retail association with a retail-specific in-house legal firm.

We know all types of retail.

Our members cover all types of retail including fashion, groceries, department stores, household goods, hardware, fast food, cafes and services. The NRA has represented the interests of retailers and the broader service sector for almost 100 years.

We represent all of retail.

The NRA not only leverages off the strength of its existing member network and existing communication channels, but is one of the few industry associations which engages with retailers *beyond* its membership base. Our inclusive approach allows us to engage across the entire industry, providing unparalleled access to our partners.

We offer an all-in-one solution for retail businesses.

At our core, we help retail and service sector businesses to navigate and comply with an ever-changing and growing regulatory environment. We provide professional services and critical information right across the retail industry, including national retail chains and thousands of small businesses, independent retailers, franchisees and other service sector employers.

We help retailers get on with business.

We understand that as a business operating in a competitive marketplace, it is vital that retailers receive accurate and timely information on issues that impact their business. But no business, whether large or small, can afford to employ in-house experts in every regulatory area in the industry. We provide retailers with easy and affordable access to industry-specific advice and solutions across all jurisdictions.

We know what we're doing.

NRA services are delivered by highly trained and qualified in-house staff with combined decades of experience and industry knowledge. Importantly, because the NRA is a not-for-profit industry association, we can deliver professional services at a much lower cost than other providers.

We work well with others.

The NRA are known and respected for our professional approach to collaboration, influence and negotiation. This mature approach enables us to gain greater access, build stronger relationships, and work collaboratively with a wide range of stakeholders, including all levels of government, law enforcement, regulatory bodies, shopping centres, community groups, supporting associations and many more.