

**2019-20 Federal Budget:**

**Provide for Australia’s Future**

***February 2019***

AUSTRALIAN RETAILERS ASSOCIATION

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The ARA’s 2019-20 Federal Budget Submission

About the ARA:

The Australian Retailers Association (ARA) is the retail industry’s peak representative body representing Australia’s $310 billion sector, which employs more than 1.2 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,500 independent and national retail members, which represent in excess of 50,000 shopfronts throughout Australia. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to Australia’s economy.

Members of the ARA include Australia’s most trusted retailers, from the country’s largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

Executive Summary:

There is no doubt that Australia’s economy has strengthened significantly during the last five years. The Federal Budget Deficit has reduced, economic growth remains high, employment has grown significantly and Australia’s population has skyrocketed. More people are living, working and enjoying the luck, potential and vibrancy of Australian society. Moreover, Australia has now enjoyed a record run of nearly 28 consecutive years of economic growth, a statistic envied by the rest of the world.

However, despite the positives, significant challenges remain for the Commonwealth in this year’s Budget. Domestically, Australia’s housing market is beginning to decline, wages growth remains stubborn, and the population increase is straining infrastructure across the major cities on the Eastern Seaboard. Meanwhile, the energy market is increasingly expensive and unreliable for industries and households across the country. Meanwhile, not all areas of the country are sharing in the benefits and these challenges will only make that worse.

Each of these factors weighs on consumer confidence, not least retail, which is viewed by many as a barometer for the broader economy. The most recent retail turnover data shows growth slowing over the last three years.

The Commonwealth has an opportunity to utilise this year’s Budget to address some significant structural challenges to Australia’s economy, regulations, workplace relations, skills and energy markets, to ensure that 28 years of uninterrupted growth continues to provide for Australia’s future.

The ARA has prepared this submission, with 35 key recommendations to assist the Commonwealth achieve this vision in the 2019-20 Federal Budget.

Recommendations:

* Recommendation 1: Revisit the Henry Tax Review with a view to a phased-implementation of relevant recommendations.
* Recommendation 2: Should the need arise, commence a subsequent review to bring forth fresh recommendations relevant to Australia’s current and future taxation requirements.
* Recommendation 3: Reduce the reliance on personal and income tax by broadening the tax base and lowering rates.
* Recommendation 4: Work through the Council of Australian Governments to align tax structures and rates between jurisdictions and abolish Payroll Tax, to be replaced with a more suitable solution
* Recommendation 5: Implement important GST reforms including wholesale changes to the Tourism Refund Scheme and the Low-Value Import Threshold regimes.
* Recommendation 6: Progress amendments to the Fair Work Act 2009 to address issues with Enterprise Bargaining, specifically the BOOT.
* Recommendation 7: Formally define the employment relationship in the NES, to remove the reliance on Common Law.
* Recommendation 8: Improve the definition of casual employment in the NES.
* Recommendation 9: Compel the FWC to focus on simplifying Awards to reduce complexity and improve compliance.
* Recommendation 10: Support businesses and employer groups to assist female employees in maximising leadership and entrepreneurship skills and attain formal qualifications to improve equity.
* Recommendation 11: Support businesses to create mentally healthy workplaces, through grants and resources, before developing a formal strategy in the medium-term.
* Recommendation 12: Work with the States to identify more clearly delineated responsibilities, greater accountability and a reduction in overlaps in the VET sector.
* Recommendation 13: Improve equity between HE and VET Funding to level the playing field.
* Recommendation 14: Amend the PaTH program to improve arrangements for training providers and place training providers at the forefront of organising internships, job outcomes and work experience, to improve outcomes.
* Recommendation 15: Fund an immediate review of ANZSCO and commit to fully funding more regular reviews to improve market information and workforce planning.
* Recommendation 16: Create a unified, single-source platform for information on Skills and Training to improve transparency, ease-of-use and create a well-informed market.
* Recommendation 17: Fund a well-resourced campaign to promote the importance of VET to the economy and remove stigmas surrounding VET as an ‘option of last resort.’
* Recommendation 18: Finalisation of rolling out the recommendations from the Australian Consumer Law Review to increase certainty. This should involve amending the Act to better support retailers and service providers in dealing with powerful suppliers when providing remedies to customers relating to faulty goods and product failures.
* Recommendation 19: The removal of outdated retail restrictions, where states including Queensland, Western Australia and South Australia continue to impose restrictive regulations on retail trading hours. This directly disadvantages employees who seek greater work opportunities, as well as small businesses who want to grow, and local communities who rely on tourism and the social and economic activation that retailing provides.
* Recommendation 20: Re-visit the recommendations outlined in the Harper Review to kick start a revival in competition-enhancing regulatory reforms that are crucial to grow the economy.
* Recommendation 21: Transport restrictions, which differ in every jurisdiction, creating holdups to supply chains, increasing congestion and curtailing productivity. This includes Heavy Vehicle Reform, especially with a view to amending and streamlining charges, time of day restrictions and load restrictions.
* Recommendation 22: Assist businesses to take advantage of opportunities to invest in digital technologies through capability grants and funding and development policies
* Recommendation 23: Continue to facilitate mentorship and collaboration with leading institutions and industry through the Small Business Digital Champions initiative.
* Recommendation 24: Fully adopt the recommendations from the final report of the Inquiry into Impacts on Local Businesses in Australia form Global Internet-Based Competition.
* Recommendation 25: Develop a national population plan in conjunction with States and Territories that articulates a clear vision to share the benefits of population growth across the country and address significant challenges to infrastructure, housing, the environment, energy and employment.
* Recommendation 26: Progress Infrastructure Australia’s priority list and reform agenda to kick start crucial major projects
* Recommendation 27: Focus reform efforts on developing a strategic long-term infrastructure agenda between all levels of government
* Recommendation 28: Work with States and Territories to remove or simplify inconsistent regulations which delay or impede major projects
* Recommendation 29: Continue to fund major public infrastructure plans and pipeline projects.
* Recommendation 30: Implement a clear, comprehensive framework for Australia’s national energy market to ensure stability, reliability and lower costs.
* Recommendation 31: Adopt the recommendations of the ACCC’s Energy Inquiry Final Report.
* Recommendation 32: Use incentives to encourage states to lift moratoriums on gas production.
* Recommendation 33: Develop a suite of economy-wide policies to support emissions reductions plans.
* Recommendation 34: Support the development of research into new and emerging energy technologies through funding.
* Recommendation 35: Renew support for major energy infrastructure projects such as Snowy Hydro 2.

1: Taxation Reform:

The ARA is supportive of the Commonwealth using this Budget to commence a wholesale and phased re-structure of the taxation system. This should include Commonwealth and State taxes, and be consistent with the Henry Tax Review’s recommendations, which were ultimately left to gather dust. A further review may ultimately be necessary to kickstart a long-overdue overhaul of the system which is fast-becoming unfit-for-purpose.

We believe that Australia should move to a broader tax base, with lower rates. Inefficient taxes should be abolished, and complexity reduced, to encourage compliance, minimize administrative and financial burdens on businesses, and improve funding certainty for the future.

The conversation needs to happen now while we have the economic platform to achieve meaningful reform, rather than wait for the end of the now-28 consecutive years of economic growth to end before action is taken.

1.1: Low-Value Import Threshold for GST:

The changes to the Low-Value Import Threshold (LVIT) and subsequent application of GST to overseas purchases under $1000 were welcomed by the ARA. However, a number of concerns continue to exist around the collection model, compliance, and enforcement.

The ARA is concerned that the obligation for collection placed on vendors domiciled overseas is unenforceable. The reliance on international tax treaties to ensure compliance with Australian taxation laws will be largely ineffective and represents an unimaginative solution to the competitive disadvantage faced by Australian retailers. The ARA is aware of several private case studies which demonstrate widespread non-compliance by overseas vendors, especially in the electronics space. Moreover, the ARA remains concerned about personal importation and the usage of postal services to circumvent the requirement to pay applicable GST, Excise or Duties on personal imports into Australia.

A 2014 study by Copenhagen Economics found that compliance levels in the European Union (EU) for Value Added Tax (VAT) collection sits at 98%. The EU model relies on technology to place collection liabilities on cargo systems, with VAT charged prior to dispatch as part of the shipping costs, and the carrier liable for collection and remittance. Tax requirements for a particular jurisdiction are flagged under this technology as soon as a location is entered into shipping details.[[1]](#footnote-1)

We are advocating for the Commonwealth to use this budget to fund an expanded collection model, focused on postal-liability. This would place obligations on cargo

and shipping providers to collect GST upon receival in Australia, and prior to dispatch. Track and trace systems using blockchain and/or barcoding are an

increasingly viable option, and will assist with monitoring imports which attract GST, Duty or Excise, and improve collection rates. This has a net financial benefit for both the Commonwealth and the States, and the ARA implores the Federal Government to use this Budget to close the loopholes which disadvantage local businesses.

1.2: GST Tourist Refund Scheme:

Australia’s tourism industry is thriving and provides important cultural, economic and social benefits to the state economy. With a 6% increase in international visitors during the 2017/2018 financial year, and a 5% increase in visitor spending to $43.2 billion, the Commonwealth has a golden opportunity to leverage Australia’s tourism success.[[2]](#footnote-2)

Retail shopping is an important component of the overall tourism experience in Australia. In recent years, the ARA has been strong in its support for enhancements to tourism shopping arrangements in Australia. The ARA’s analysis of the most recent international visitor survey shows that shopping comprises close to 10% of international visitor spending in Australia representing a $4.3 billion contribution from international visitor spending on retail alone.[[3]](#footnote-3)

Australia is world-renowned as an international tourist destination; this is reflected in the World Economic Forum’s *Travel and Tourism Competitiveness Index*[[4]](#footnote-4), where Australia ranks seventh globally. However, on price competitiveness, Australia ranks as the 128th country out of 136 countries assessed.

[[5]](#footnote-5)

The ARA is looking to the Commonwealth to prioritise retail in this Budget as an important activator for tourism and visitor spending. The development of a Retail Tourism Strategy, as well as associated support through targeted program funding, will assist in positioning local retailers in the best position to take advantage of Australia’s growing attractiveness as a tourism destination.

This strategy should prioritise support for SME retailers in tourism hotspots, helping to drive employment and investment in Australia’s regional communities, while supporting the growth of locally produced products.

The ARA would also like to see the Commonwealth use this strategy to advocate through COAG for a reform to the GST Tourism Refund Scheme (TRS). Australia currently lags many other countries around the world, where private providers operate a more efficient TRS and actively promote the service as a key offering to international visitors. This initiative represents a tangible step towards increasing the yield by international visitors whilst in Australia.

Recommendations:

* Recommendation 1: Revisit the Henry Tax Review with a view to a phased-implementation of relevant recommendations.
* Recommendation 2: Should the need arise, commence a subsequent review to bring forth fresh recommendations relevant to Australia’s current and future taxation requirements.
* Recommendation 3: Reduce the reliance on personal and income tax by broadening the tax base and lowering rates.
* Recommendation 4: Work through the Council of Australian Governments to align tax structures and rates between jurisdictions and abolish Payroll Tax, to be replaced with a more suitable solution
* Recommendation 5: Implement important GST reforms including wholesale changes to the Tourism Refund Scheme and the Low-Value Import Threshold regimes.

2: A Workplace Relations System that Benefits Everyone:

In Australia, over 130,000 retail businesses employ nearly 1.3 million people; retail is Australia’s largest private industry employer.[[6]](#footnote-6)[[7]](#footnote-7) Retail provides countless Australians the opportunity to enter the workforce, support themselves through their studies or transitions, and forge fulfilling and prosperous careers. Retail is also a key industry

for female workforce participation, with 55.4% of employees in the sector, as well as youth employment.[[8]](#footnote-8)

Despite the positives associated with employment in retail, ARA members consistently note their single biggest concern is managing labour costs. Our members agree that a contemporary workplace relations system is one which provides support and benefits for workers and employers alike. The ARA believes this is synonymous with a system that supports managers and businesses in maximising productivity, encourages entrepreneurship and competitiveness, and consequently, increases employment opportunities.

[[9]](#footnote-9)

Governments and institutions such as the Fair Work Commission (FWC) are responsible for creating and maintaining the framework that influences this. Unfortunately, a myriad of lingering issues with this framework are continuing to quell opportunities for businesses and employees to be successful. While recent changes to employment legislation and regulations have addressed significant issues, the ARA compels the Commonwealth to use this Budget to prioritise continuing improvement to the framework.

* One key concern is the decline in Enterprise Bargaining over recent years, which has increased costs for businesses, worsened outcomes for employees, and reduced flexibility. While recent changes have been made to assist the FWC in approving Enterprise Bargaining Agreements, the ARA and our members remain concerned about the Better-Off Overall Test as a key

impingement. The BOOT still needs to be reformed, to focus on the proper acceptance of employees on the whole being better off under an agreement.

Further improvements can be made by revisiting recommendations from the Productivity Commission’s (PC) 2015 Inquiry into Australia’s Workplace Relations System. The ARA’s priorities outside of this include formally defining employment relationships in legislation, better definitions on the status of casual employment in the National Employment Standards (NES) legislation, and simplification of awards to improve compliance.

The ARA does not support any amendments to the Fair Work Act 2009 which do not respect the independence of the FWC in adjusting Awards or prevent Award rates from being appropriately revised in response to changing conditions.

2.2: Support the Social Benefits of Work:

We would welcome the Commonwealth utilising this Budget to fund the development of programs that support and educate businesses on how to better support and develop female work participation. This is crucial to improve equity in career prospects and assist industries such as retail to leverage the strength of a workforce comprised of 55% women. This should be achieved through development of leadership and entrepreneurship skills and formal qualifications.

The ARA would also like to see the Commonwealth use this Budget to support businesses and employer groups to promote mentally healthy workplaces as a key component of modern workplace relations. This could be achieved in-part by providing grants and support resources, ahead of developing a formal strategy based on the recommendations of the PC’s upcoming Inquiry into Mental Health.

Recommendations:

* Recommendation 6: Progress amendments to the Fair Work Act 2009 to address issues with Enterprise Bargaining, specifically the BOOT.
* Recommendation 7: Formally define the employment relationship in the NES, to remove the reliance on Common Law.
* Recommendation 8: Improve the definition of casual employment in the NES.
* Recommendation 9: Compel the FWC to focus on simplifying Awards to reduce complexity and improve compliance.
* Recommendation 10: Support businesses and employer groups to assist female employees in maximising leadership and entrepreneurship skills and attain formal qualifications to improve equity.
* Recommendation 11: Support businesses to create mentally healthy workplaces, through grants and resources, before developing a formal strategy in the medium-term.

3: Vocational Education and Training:

The ARA supports the recognition of Vocational Education and Training (VET) as a crucial driver of employment, productivity and skills outcomes for the Australian economy. While we welcome recent focuses on re-designing key aspects of the VET system to improve efficacy and quality, the ARA and our members remain concerned at a lack of substantial investment. Despite substantial increases in investment by the Commonwealth for early learning, schools and higher education, a reduction in investment for VET has been unwelcome.

While the current structure of the VET System, as a provider for skills-based training and qualifications, should not change, the ARA supports a range of initiatives to improve funding, governance, information, workforce planning, and employment pathways.

Commonwealth and State Governments should work together to identify more clearly delineated responsibilities, greater accountability and a reduction in overlaps. Providers and employers operating in the skills sector are overburdened by multilayered regimes and divergent platforms needed to ensure compliance across multiple jurisdictions.[[10]](#footnote-10) The ARA believes that this leads to poor outcomes and chart 3 illustrates the decline in retail-related training commencements since 2013.

[[11]](#footnote-11)

A key component of this is the equity between Higher Education (HE) funding and VET funding. The imbalance between the two sectors has only fuelled perceptions of VET as a ‘poor cousin’ or ‘second choice’ for learners. In order to equip employees and industry with the right skills to manage and adapt to changing ways of working and future capabilities, the Federal Government should prioritise a level playing field between the two sectors.

As a part of this Budget, and in acting on outcomes from the Independent Review into Vocational Education and Training, the Commonwealth should prioritise better overall coordination and a clear delineation of responsibility in VET to encourage action. While the National Partnership Agreements under the Skilling Australians Fund goes some way towards addressing this issue, contention between jurisdictions continues. Meaningful funding reform in this area should continue to be a priority and will deliver long-term outcomes in all areas of post-secondary education.

In the meantime, overall investment should not be reduced, and indeed more targeted effort should be placed on increasing apprenticeships, particularly for school to work transitions and disadvantaged groups, to reduce the reliance on welfare support.

3.1: Employment Programs:

In a highly competitive marketplace, it is increasingly difficult for inexperienced individuals to gain employment. The ARA was an early supporter of the PaTH program, and we are hopeful that the Commonwealth will utilise the Budget to assist with improving the program to increase its ability to provide outcomes.

3.1.2: PaTH:

The ARA is concerned that the PaTH program does not provide enough incentives or reimbursements for efforts to secure internship or job outcomes. The current arrangement ensures that training providers must share financial incentives for placements with employment service providers. This model places training providers under strain, given their responsibility and reliance on intensive resource and financial expenditure to facilitate quality training programs, and ensure compliance and documentation.

The ARA is recommending that the Commonwealth improve the program to ensure PaTH training providers with strong links to industry or to employers are involved in organising internships, job outcomes and work experience. Training providers are best-placed to facilitate these outcomes due to their unique expertise in developing skills and delivering outcomes. This will increase the viability and success of the program and assist with achieving a reduction in the youth unemployment rate. Further outcomes may result in increased commencements in further training, and higher workplace productivity.

3.2: Information for a Better-Informed Market:

The ARA, as well as a broad range of representative organisations and individuals across industry, employment, trade unions, Government and the workforce, rely on the statistical infrastructure provided by the Australian and New Zealand Standard Classification of Occupations (ANZSCO).

Despite its importance, ANZSCO is fast-becoming unfit-for-purpose, due to only two reviews being conducted since its introduction in 2006. Rapid advancements in the workforce, new kinds of technology and ways of working, and changes to the economy, are not reflected in ANZSCO.

The ARA would like to see a commitment in this Budget to funding a review of ANZSCO on a more regular basis, with funding allocated to the Australian Bureau of Statistics regular budget in order to facilitate an updated statistical database.

In addition to improving the information available through ANZSCO, the ARA believes that industry, employees, students and the overall economy, would benefit from vastly improved access to information about qualifications, training, skills and higher education. A well-informed market will lead to better workforce planning outcomes for all involved, and this should be a high priority. [[12]](#footnote-12)[[13]](#footnote-13)

The ARA is advocating for a single platform as a source of market information in post-secondary education, skills and higher education. This platform should be focused on providing a transparent, easy-to-understand, one-stop shop for the information students, employees and industry need to make good decisions. Any such platform should also involve:

* Tools to assist students with identifying strengths and passions and matching students to potential industries and occupations.
* Industry profiles and the types of skills, strengths and qualifications needed to work in that industry.
* Potential career pathways and long-term employment outcomes.
* Education providers.
* Information about government subsidies, cost of delivery, private returns and length of time to pay back loans.
* Study modes, course content and duration.
* Who to contact for further information and assistance.

3.3: Promotion of Skills:

The Commonwealth should work with industry to better promote apprenticeship and traineeship pathways as a high-value proposition for industry and Australians of all ages. A lifelong learning concept, skills transferability and flexible options are crucial components to this goal. This should be a priority outcome of this Budget, to assist with levelling the playing field, and removing the stigma of VET as a ‘fall-back’ or ‘second-rate’ option to Higher Education.

More care needs to be taken to clearly articulate the benefits of all post-secondary qualifications to students, prioritising reskilling older workers and facilitating pathways to employment in industries like retail. This will assist in leveraging mature-age workers’ experience, whilst providing high level, transferable skills to enable people to stay in the workforce for longer[[14]](#footnote-14).

An initiative which can assist in achieving these goals is fostering greater recognition of flexible, abbreviated and modular qualifications, including professional development, communications and upskilling, to provide additional skills, job outcomes and capabilities[[15]](#footnote-15). Key business skills, including succession planning, transitional arrangements, personnel management, communications, and entrepreneurship, are crucial for all industries. These forms of training, which under the current model would be classified as ‘non-accredited’ cannot continue to be overlooked and should be a priority for funding and subsidy[[16]](#footnote-16).

The Commonwealth should fund a coordinated and well-resourced campaign which promotes VET as a rewarding and positive pathway, which promotes lifelong skills for the future. A key focus of this should be the growing services sector, including prioritising retail training as a qualification. Many higher-level roles exist within the retail industry, which are often overlooked, and this diminishes the attractiveness of training and careers in the retail and hospitality industries.

Recommendations:

* Recommendation 12: Work with the States to identify more clearly delineated responsibilities, greater accountability and a reduction in overlaps in the VET sector.
* Recommendation 13: Improve equity between HE and VET Funding to level the playing field.
* Recommendation 14: Amend the PaTH program to improve arrangements for training providers and place training providers at the forefront of organising internships, job outcomes and work experience, to improve outcomes.
* Recommendation 15: Fund an immediate review of ANZSCO and commit to fully funding more regular reviews to improve market information and workforce planning.
* Recommendation 16: Create a unified, single-source platform for information on Skills and Training to improve transparency, ease-of-use and create a well-informed market.
* Recommendation 17: Fund a well-resourced campaign to promote the importance of VET to the economy and remove stigmas surrounding VET as an ‘option of last resort.’

4: Regulation and Red Tape:

The ARA supports the principle of small government, which removes the laws and regulations that create unnecessary time and cost burdens for business. We are concerned at the continuing growth of regulation, which is directly increasing the compliance burden on business, driving up costs and discouraging innovation Competition, growth, employment opportunities and investment are all diminished with every extra piece of regulation.

[[17]](#footnote-17)

World Bank *Doing Business* assesses 190 countries across the world for their ease of doing business. The 2017 edition places Australia 14th, ranked behind New Zealand, Singapore, Denmark, South Korea, Hong Kong SAR, the United States, the United Kingdom, Norway, Georgia, Sweden, Macedonia and Finland. Table 1 outlines a selection of key indicators.

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| --- |
| **Table 1: Ease of Doing Business: Economy Rankings** |
| **Country** | **Overall Rank** | **Starting a Business** | **Electricity Access** | **Registering Property** | **Credit Access** | **Paying Taxes** | **Access to Trade** |
| NZ | 1 | 1 | 37 | 1 | 1 | 9 | 56 |
| Singapore | 2 | 6 | 12 | 19 | 29 | 7 | 42 |
| Sth Korea | 4 | 9 | 2 | 39 | 55 | 24 | 31 |
| HK | 5 | 3 | 4 | 55 | 29 | 3 | 36 |
| USA | 6 | 49 | 49 | 37 | 2 | 36 | 35 |
| UK | 7 | 14 | 9 | 47 | 29 | 23 | 28 |
| **Australia** | **14** | **7** | **47** | **51** | **6** | **26** | **95** |

Out of 190 countries, Australia ranks poorly (well below our overall ranking) on key indicators including cross-border trade (95th), registering property (51st) and electricity access (47th)[[18]](#footnote-18). These correlate with some of the more significant challenges facing Australian businesses in 2019.

Moreover, Australia’s competitiveness and ease of doing business is slipping compared to our global counterparts is further illustrated by the World Economic Forum’s *Global Competitiveness Index,* which ranks Australia 21st overall, and 21st for public institutional efficiency and 31st for market competition.[[19]](#footnote-19)

The ARA would like to see the Commonwealth utilise this Budget to fund a significant program of reform to reduce regulatory burdens. This should extend through COAG to drive outcomes in all jurisdictions. We believe this can be achieved through establishing a National Red Tape Commissioner, and re-invigorating the National Partnership on Regulatory Reform and the Regulator Performance Framework.

Recommendations:

* Recommendation 18: Finalisation of rolling out the recommendations from the Australian Consumer Law Review to increase certainty. This should involve amending the Act to better support retailers and service providers in dealing with powerful suppliers when providing remedies to customers relating to faulty goods and product failures.
* Recommendation 19: The removal of outdated retail restrictions, where states including Queensland, Western Australia and South Australia continue to impose restrictive regulations on retail trading hours. This directly disadvantages employees who seek greater work opportunities, as well as small businesses who want to grow, and local communities who rely on tourism and the social and economic activation that retailing provides.
* Recommendation 20: Re-visit the recommendations outlined in the Harper Review to kick start a revival in competition-enhancing regulatory reforms that are crucial to grow the economy.
* Recommendation 21: Transport restrictions, which differ in every jurisdiction, creating holdups to supply chains, increasing congestion and curtailing productivity. This includes Heavy Vehicle Reform, especially with a view to amending and streamlining charges, time of day restrictions and load restrictions.

5: Business Innovation:

Debates about the pace of technological disruption and its associated positives and negatives abound. However, the ARA believes the Commonwealth should focus on practical, simple priorities, to assist businesses with adapting to the modern economy.

From the retail perspective, younger demographics increasingly prefer online shopping and have high expectations for convenience and interconnectivity. SME retailers face a lack of visibility in the online space, yet face further challenges adopting innovative retail methods, strategies and technologies, which are costly to develop and implement Indeed, cost pressures are one of the greatest hurdles to any business attempting to modernise their technology to compete in the digital age.

Retailers require access to reliable, easy to set up and high-quality communications technology at low-cost. The ARA believes the Commonwealth should continue to provide funding and support to assist SMEs in priority industries, such as retail, to assist with digital transformation. The ARA welcomed the Small Business Digital Champion’s initiative and is supportive of its continuation in this year’s Budget.

This will assist businesses to take advantage of opportunities to invest in emerging digital technologies. The Commonwealth should fund capability and development policies including an Entrepreneur Program and programs which facilitate mentorship and collaboration with universities, training providers, Data61 and industry leaders.

We also implore the Commonwealth to adopt the full suite of recommendations as outlined in the final report of the House of Representatives Standing Committee on Industry, Innovation, Science and Resources *Inquiry into Impacts on Local Businesses in Australia from Global Internet-Based Competition*.

Recommendations:

* Recommendation 22: Assist businesses to take advantage of opportunities to invest in digital technologies through capability grants and funding and development policies
* Recommendation 23: Continue to facilitate mentorship and collaboration with leading institutions and industry through the Small Business Digital Champions initiative.
* Recommendation 24: Fully adopt the recommendations from the final report of the Inquiry into Impacts on Local Businesses in Australia form Global Internet-Based Competition.

6: The Infrastructure and Population for the Future:

6.1: Provide a Population Policy:

Australia’s economy, industry and society have reaped the benefits of the population boom over the last five years. Over 1.5 million extra residents called Australia home between June 2014 and June 2018, representing a 6.4% increase during the last four years[[20]](#footnote-20). However, the uneven distribution of this growth has meant that the benefits and burdens of rapid demographic change have not been evenly shared. Major cities on the eastern seaboard have seen the bulk of the increase, while regional areas and other States and Territories have missed out. Yet both of the aforementioned, in different ways, are facing significant challenges for cost-of-living, infrastructure and transport, the environment, and planning and development.

The ARA is advocating for the Commonwealth to work with States and Territories to develop a national population plan. This plan should be developed as a long-term strategy, focused on spreading the benefits across the entire country. The plan should include actionable policies to grow the regions and States and Territories experiencing either low growth or population declines, and ensure economic, productivity, social, liveability and employment benefits.

6.2: Infrastructure for the Future:

The Commonwealth should use this Budget to lay out a comprehensive and fully funded reform of the infrastructure agenda, to kick start crucial major projects which have been mired in delays and uncertainty. This should be agreed with States and Territories and consistent with Infrastructure Australia’s priority list and reform plan. This reform should be tied to the development of a population policy, to ensure infrastructure is delivered to cater for anticipated growth.

The ARA would also like to see this agenda for reform focus on supporting more strategic long-term planning and efficient provision. This could include the removal or simplification of inconsistent regulations at and between all levels of government. Infrastructure Australia should also be expanded to maintain a presence in every State and Territory to encourage more efficient correlation of Commonwealth and State infrastructure plans.

The Commonwealth should, concurrently, continue its focus on public investment in major infrastructure plans and pipeline projects.

Recommendations:

* Recommendation 25: Develop a national population plan in conjunction with States and Territories that articulates a clear vision to share the benefits of population growth across the country and address significant challenges to infrastructure, housing, the environment, energy and employment.
* Recommendation 26: Progress Infrastructure Australia’s priority list and reform agenda to kick start crucial major projects
* Recommendation 27: Focus reform efforts on developing a strategic long-term infrastructure agenda between all levels of government
* Recommendation 28: Work with States and Territories to remove or simplify inconsistent regulations which delay or impede major projects
* Recommendation 29: Continue to fund major public infrastructure plans and pipeline projects.

7: Energy and Environment Policy:

One of the major concerns for the Commonwealth in this Budget is to design and fund an appropriately sustainable, affordable and reliable energy and gas framework to ensure that the cornerstone of the economy continues to support Australian industries and households into the future.

ARA members consistently raise energy costs as a major concern for their businesses and increasing instability and uncertainty in the market have not been aided by constant shifts, indecision and blame shifting around energy policy. Electricity and gas prices have increased for customers across the economy and led to more frequent blackouts over the past decade.

The ARA implores the Commonwealth to utilise the Budget to restore the reliability, affordability and stability of the Australian energy and gas market, as the transition to a low-emissions economy gathers pace. This can only be achieved with a comprehensive, evidence-backed and clear framework which is implemented nationally. The Commonwealth should work across the Parliament, as well as with all jurisdictions through COAG to deliver on the ARA’s energy priorities of:

* Low-cost supply of energy and gas.
* Stable and reliable energy market.
* Strong commitment to meeting or exceeding future emissions-reduction goals.

Changes and transitions in Australia’s energy market, including an increase in intermittent technologies and shifting trends in energy consumption have reduced stability and reliability, and driven up costs. The Commonwealth must use this Budget to design a framework which provides strong indications to build clean, efficient and reliable electricity generation with low-cost technologies.

We believe that the first step is to fully adopt the recommendations of the Australian Competition and Consumer Commission’s (ACCC) *Electricity Supply and Prices Inquiry Final Report*. This should be followed by the Commonwealth using incentives to ensure the removal of gas moratoriums preventing development in States and Territories. Finally, this must be backed by the development of a full suite of economy-wide policies to support Australia’s transition to a low-emissions economy, containing prices and increasing sustainability and clean power.

Further, the ARA and our members advocate for a policy which supports investment in researching new and emerging energy technologies, as well as continuing usage of existing technologies during the transition. We also support renewed investment in major energy infrastructure announcements such as Snowy Hydro 2.

Recommendations:

* Recommendation 30: Implement a clear, comprehensive framework for Australia’s national energy market to ensure stability, reliability and lower costs.
* Recommendation 31: Adopt the recommendations of the ACCC’s Energy Inquiry Final Report.
* Recommendation 32: Use incentives to encourage states to lift moratoriums on gas production.
* Recommendation 33: Develop a suite of economy-wide policies to support emissions reductions plans.
* Recommendation 34: Support the development of research into new and emerging energy technologies through funding.
* Recommendation 35: Renew support for major energy infrastructure projects such as Snowy Hydro 2.

Summary:

The adoption of the ARA’s Budget Recommendations will assist Commonwealth in ensuring the continuation of the retail industry’s significant contribution to the economy will continue. These recommendations also detail a range of policy initiatives which will boost productivity, increase economic, employment and social opportunity, and support the industries which continue to link in to and depend on the strength of retail in Australia.

The ARA is proud to represent Australia’s vibrant retail sector, and pledges to work with the Commonwealth to achieve success for the industry, as well as the broader economy.

For more information on the ARA’s policies, please contact Joshua Walker, ARA Policy and Regulatory Affairs Advisor, at josh.walker@retail.org.au, or Russell Zimmerman, ARA Executive Director, at russell.zimmerman@retail.org.au.



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