

Media Release



Friday 26 June 2009

ARA supports Grocery Choice axing

Peak retail industry body the Australian Retailers Association (ARA) has congratulated Minister for Competition Policy and Consumer Affairs Craig Emerson for putting an end to the Grocery Choice farce and saving \$13 million dollars of taxpayer money.

ARA Executive Director Richard Evans said Minister Emerson had listened to the needs and wants of the retail sector and should be congratulated for his rational decision to defund the Grocery Choice website.

"The Grocery Choice site, while initially well intentioned, provided out-of-date data and irrelevant price comparisons for shoppers.

"The Australian grocery market is highly competitive - prices can change by the hour and vary between locations. The information on the Grocery Choice website provided no community benefit and by recognising this Minister Emerson has saved taxpayers \$13 million dollars.

"This decision demonstrates an openness and rationality towards issues impacting the retail sector and the ARA looks forward to working with Minister Emerson in the near future," Evans said.

For over 105 years, the Australian Retailers Association (ARA) has been the peak industry body in Australia's \$292 billion retail sector which employs over 1.5 million people. As an incorporated employer body under the Workplace Relations Act and with a range of member services including business consulting, policy development, advocacy and education, the ARA promotes and protects over 5000 independent and national retailers throughout Australia. Visit www.retail.org.au or call 1300 368 041.

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For interview opportunities with ARA Executive Director Richard Evans contact:
Kath Christie, ARA Policy & Media T: 0422 293 544 E: kath.christie@retail.org.au

Sunday 26 April 2009

Budget 2009: jobs and prices the key to retail recovery

Peak retail industry body the Australian Retailers Association (ARA) has called for the Rudd Government to focus on jobs and strategies to keep prices low in the Federal Budget in May.

- Employment incentives for retailers to employ young Australians
- Education and training support to retailers, particularly in the regions
- No new taxes for SME retailers
- Reduce wasted government expenditure
- National economic narrative needs to change

ARA Executive Director Richard Evans said employment stability is the key to domestic economic recovery and the Rudd Government's second budget must provide leadership and strategy to encourage employers to maintain and grow their workforce.

"Employers need support from government to overcome the reduction in consumer demand over the past 12 months. Over 65 percent of retailers have indicated they will shed staff to cope with the increased costs of the government's new Fair Work Australia regime and award modernization* - they don't need increased taxes and compliance costs from budget announcements," Evans said.

"Retailers create employment for 15 percent of working families through full time, part time and casual jobs for 1.5 million Australians. Indeed retailers attract many Australians to their first job and they now need incentives to continue providing employment opportunities - particularly for our youth who may be discriminated against as a result of changes to industrial relations law.

"Any increase in taxes will mean increases in prices and the community cannot sustain price increases before economic recovery. If the government is looking for savings to help pay for their programs, perhaps it should consider cutting waste from its expenditure. Grocery Choice is a perfect example of a complete waste of \$13 million in taxpayer's money that could be better used in education for retailers and employment incentive programs, rather than on a website that will never work and provides no community benefit," Evans said.

"Retailers - who believe negative economic commentary is affecting consumer confidence by deferring spending decisions - are looking for leadership from government, economic experts and commentators to overcome obviously difficult trading times. It's time for the narrative the change.

"Retailers operating in times of increased legislation and economic uncertainty, particularly smaller retailers in regional areas, would also like to see increased training and education through Business Enterprise Centres across Australia.

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"Small and independent retailers struggling to survive need access to advice and training about how to manage their business in hard times, as well as to keep them informed and up-to-date with legislation changes affecting the small business sector," Evans said.

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MEDIA RELEASE
Thursday 7 August 2008

GROCERYchoice won't control retail prices
- ARA calls Govt to act on retail leasing laws

Peak retail body the Australian Retailers Association (ARA) today urged the Rudd Government to look at steps to help contain spiraling occupancy costs for retailers rather than promoting a website that does nothing to reduce grocery prices.

ARA's Executive Director Richard Evans said the release the Productivity Commission's report on retail leasing, originally due in March and now pushed back to August, is well overdue.

"Labour rates and occupancy costs are the two significant overheads for retailers. Currently the cost of occupancy is well above what the retail sector should be paying as a percentage of direct costs to bring goods to market while maintaining a sustainable profit margin.

"If the Government really wants to reduce grocery prices they should be showing some leadership on the issue of retail leasing. While the ACCC's inquiry into grocery prices has confirmed the cost of production and domestic weather conditions are affecting the cost of goods going to market, retailers are still struggling with escalating occupancy costs. This is retail economics 101 – to reduce retail price we need to reduce costs not add a compliance burden as recommended in the Government's announcement on unit pricing.

"We need to start finding real solutions to reduce grocery prices rather than the smoke and mirrors approach the Rudd Government has taken so far with unit pricing and the GROCERYchoice website," Evans said.

"With the mooted labour reform, award modernisation and the introduction of Emissions Trading Scheme (ETS) there is a lot of uncertainty for retailers at the moment. We urge the Government to provide certainty in the tenancy issue by taking a national approach and by releasing the Productivity Commission's report on retail leasing.

"Over the years no consensus was reached on certain issues including end of lease issues, management fees, the introduction of competition changing the tenant mix, the inability of the small retailer to run a case against the might of the landlord and remedies relating to non-disclosure. This has to change and this is something very tangible the Rudd Government can do to ease the cost of business for retailers and therefore impact prices," Evans said.

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Friday 1 May 2009

No choice for Govt but to defund Grocery Choice

Peak retail industry body the Australian Retailers Association (ARA) has urged the Rudd Government to defund the \$13 million dollars of taxpayer money being wasted on the Grocery Choice website.

ARA Executive Director Richard Evans said if the Rudd Government is serious about saving taxpayer funds, immediate action to defund Choices' out-of-date and inappropriate Grocery Choice website would be a good first step.

"The Grocery Choice website is nonsense. It provides out-of-date data, irrelevant price comparisons and promotes one brand against another. This is a clear example of market interference the Government shouldn't be supporting," Evans said.

"The website lets down the retail market through bias and misreporting with no community benefit from the \$13 million of taxpayers dollars funds. The Grocery Choice site, while initially well intentioned, is a shallow and disturbing configuration which doesn't provide relevant information for shoppers.

"The retail market is highly competitive - prices can change by the hour and vary between locations. The Grocery Choice information is more of a hindrance to consumers than a help.

"Shoppers know where the best deals are - they read the weekly mailings and they consider advertising to determine when they should buy. They don't need an out-of-date irrelevant web site to tell them where specials are.

"The Rudd Government should act to stop this waste of tax payers' funds and if they do they would have retailers support," Evans said.

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Media Release

Wednesday 13 May 2009

BUDGET 2009: Retail response



Retailers offer Govt savings of \$15.2 million on wasted spend

Peak retail industry body the Australian Retailers Association (ARA) said the Government's announcement of \$2.2 million to establish a unit pricing code for retail supermarkets was wasted expenditure that could be better spent on establishing a code of conduct to help retailers operating in a tenancy crisis.

ARA Executive Director Richard Evans said the \$2.2 million provided to the ACCC over the next two years would be wasted on the heavy-handed implementation of a code to regulate unit pricing initiatives that many retailers are already voluntarily introducing.

"This is a clear focus on funding initiatives with no consumer benefit just like the \$13 million allocated to the GroceryChoice website which the ARA called to be scrapped prior to the Budget. Initiatives like these will only result in the burden of compliance costs for retailers to avoid costly sanctions. Meanwhile, one of the biggest issues retailers are facing during the GFC - tenancy - is being ignored," Evans said.

"Retailers are very savvy with their spending and they could easily save the Government \$15.2 million by scrapping the ineffective GroceryChoice and unit pricing code initiatives.

"If the Rudd Government is serious about reducing cost burdens for small business they should be focused on measures to address the retail tenancy crisis and implementing recommendations from the Productivity Commission's *Market for Retail Tenancy Leases* final report (August 2008), including a code of conduct to help curb robust behaviour from landlords.

"In the past six months, over 31 percent of retailers suffered rent increases greater than 10 percent when they renewed their leases. Some of these retailers have reported annual rent increases of up to 25 percent at a time when many of them are struggling with 12 months of reduced demand.

"Retailers operate within tight margins and they watch every dollar they spend. Retail budgeting 101 states that if recurrent revenues decline then recurrent spending should also be reduced. We see little evidence of this in the Federal Budget with the Government's wasted funding on initiatives that will only burden retailers with compliance costs and sanctions – including the funding for the unit pricing code.

"The Government has a real opportunity to introduce a code of conduct to major shopping centre landlords regulated by the ACCC and take steps towards alleviating spiralling retail occupancy costs, but there has been little action to do so.

"Instead, the Federal Budget wastes \$2.2 million dollars on a unit pricing code resulting in retail compliance costs, including training staff to deal with customer confusion, that will be passed onto to working families at the check-out," Evans said.

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Media Release

Wednesday 1 October 2008



Retailers slam latest Govt promotion - ARA says: 'GROCERYpromo' website inappropriate

Peak retail body the Australian Retailers Association (ARA) today criticised the Rudd Government's GROCERYchoice website as a brand promotion tool for Australian supermarkets after the October grocery survey data released today labelled a major supermarket brand as the 'cheapest'.

ARA's Executive Director Richard Evans said the 'highlights' section of the GROCERYchoice website shows dangerous signs of government brand promotion.

"Since its introduction in July the GROCERYchoice website has done nothing to reduce costs for working families. The out-of-date information and the website's limited coverage of supermarket sites over long distances make it impossible for consumers to extract any meaning from this farcical attempt to reduce the weekly grocery bill.

"But now the Rudd Government is taking a dangerous turn and promoting particular big supermarket brands by naming them the 'cheapest' in Australia. There is no place for Government interference in brand promotion and marketing of Australian supermarkets. This is overt favouritism of major brands while local grocers and fruiterers are being ignored.

"GROCERYchoice does not promote options for Australian families; it is one step away from an advertising campaign for Australia's biggest brands which is contrary to government pronouncements on market share issues.

"We need to start finding real solutions to reduce grocery prices rather than the smoke and mirrors approach the Rudd Government has taken so far with the GROCERYchoice website, as well as their plans to introduce unit pricing," Evans said.

"Australian grocery retailing is highly competitive to the benefit of the consumer. Our major retailers are excellent. The market doesn't need government intervention, like GROCERYchoice, which discriminates against small independent grocers. It's not GROCERYchoice; it's GROCERYpromo," Evans said.

"If the Government really wants to reduce grocery prices they should be taking some action on the recommendations to the retail leasing inquiry released in August. While the ACCC's inquiry into grocery prices has confirmed the cost of production and domestic weather conditions are affecting the cost of goods going to market, retailers are still struggling with escalating occupancy costs.

"This is retail economics 101 – to reduce retail price we need to reduce costs and occupancy is one of the highest overheads for retailers," Evans said.

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