

PRE-BUDGET SUBMISSION 2024-25

JANUARY 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA), which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector** that accounts for **18% of Gross Domestic Product**, and **employs 1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

With a significant portion of every dollar spent in retail flowing back into employees, suppliers, super funds, and local communities, a thriving retail sector benefits all Australians. After a uniquely challenging five-year period, which has had significant impacts on the sector, we are united in advocating for policies, reform and collaboration that will drive growth, resilience, and prosperity for the retail sector and all Australians.

EXECUTIVE SUMMARY

The Australian retail sector is a cornerstone of the national economy, yet it is navigating a challenging environment shaped by persistent **inflationary pressures**, a **cost-of-living crisis**, and **high operational costs**. Consumer discretionary spending remains constrained amidst high interest rates, while retailers contend with **labour shortages**, **supply chain disruptions**, an intense retail crime wave and increasingly complex **regulatory frameworks**.

Despite these challenges, the sector has demonstrated remarkable resilience through **innovation**, **adaptation**, and the **personal sacrifices of many small business owners** in particular. With strategic support from government, retail is well-positioned to realise its full growth potential, delivering significant economic and social benefits to the broader community, while remaining internationally competitive.

Retailers are also responding to rapid **technological innovation**, navigating heightened **cyber risks**, and responding to consumer demand for more **inclusive** and **sustainable practices**. However, high levels of **regulatory and compliance burdens**, particularly for small and medium-sized retailers, underscore the need for reforms that simplify processes and reduce costs while maintaining protections for workers and consumers. Our **2025-26 submission** outlines recommendations across three focus areas aimed at supporting the sector through these challenges and capitalising of emerging opportunities:

1. **Embrace a Growth Mindset:** Foster a thriving retail environment by reducing operational costs, harmonising regulations, and encouraging innovation.
2. **Grow the Retail Workforce:** Address persistent labour shortages and skills gaps by building a skilled, diverse, and resilient workforce.
3. **Collaborate on Community Outcomes:** Strengthen partnerships to promote social inclusion, sustainability, and community resilience.

Retail remains at the heart of the Australian economy and community. A renewed partnership with government is essential to fostering an **adaptive, innovative, and resilient sector** that continues to drive economic growth and deliver social benefits for all Australians.

This submission reflects the insights and priorities gathered through extensive consultation with ARA and NRA members, as well as key stakeholders across the retail industry, and is broadly aligned with the positions of the Australian Chamber of Commerce and Industry, the Council of Small Business Organisations Australia and other business associations.

CONTEXT

Economic and Regulatory Landscape

Retail plays a vital role in Australia's economy, employing 1 in 10 Australians and reinvesting billions into the local economy annually. Small and medium-sized enterprises, many of which are family-run, remain the backbone of the sector, serving communities across metropolitan, regional, and remote areas.

These challenges are compounded by structural inefficiencies in the regulatory framework, which disproportionately affect small and medium retailers. We support a coordinated, multi-jurisdictional approach to harmonising these regulations to reduce duplication and administrative burdens.

Economic uncertainty has heightened consumer sensitivity to value for money, prompting retailers to innovate and invest in exceptional customer experiences. However, this innovation is stifled by rising operational costs and regulatory complexity, highlighting the need for increased government support to sustain the sector's viability.

Productivity Challenges

Australia's declining productivity growth poses significant challenges for the retail sector, which is a key driver of economic activity and employment. Over the past decade, national productivity has experienced its weakest growth in 60 years, with the retail sector facing mounting pressures from regulatory inefficiencies, labour market constraints, and underinvestment in innovation.

Retailers operate in an increasingly complex regulatory environment. Inconsistent payroll tax regimes, fragmented planning frameworks, and varying environmental compliance requirements create inefficiencies that add unnecessary costs and limit businesses' ability to respond swiftly to market changes. These challenges disproportionately affect small and medium-sized enterprises, which often lack the resources to navigate these complexities effectively.

The complexity of the General Retail Industry Award also impacts productivity, placing significant administrative burdens on businesses and increasing compliance costs. Onerous obligations and prescriptive structures within the award limit workforce flexibility, making it harder for retailers to manage staffing levels efficiently and respond to changing consumer demand.

The sector also faces barriers to adopting productivity-enhancing technologies, as the high cost of implementation and limited access to financial support constrain investment in areas such as digital transformation, artificial

intelligence, and logistics systems. These challenges are further compounded by persistent labour shortages and structural skills gaps, which reduce the capacity of businesses to fully utilise new technologies and improve operational efficiency.

Despite these obstacles, the retail sector remains a critical component of Australia's economic landscape, with significant potential to drive productivity improvements that benefit the broader economy. Addressing these challenges is essential to ensuring the sector can continue to deliver value to consumers, support jobs, and maintain its contribution to the national economy.

Workforce Challenges

Labour shortages persist across the sector, with 32,000 vacancies recorded in December 2024. Structural skills gaps, particularly in customer service, digital literacy, and logistics, remain a challenge. This has been exacerbated by reduced government funding for private RTOs, which traditionally deliver critical training for the sector.

To address these shortages, the ARA and NRA call for targeted government support, including reinstating financial incentives for retail traineeships and redirecting funding to private RTOs with demonstrated flexibility and higher completion rates.

At the same time, retailers are managing the impact of the most significant industrial relations reforms in decades. These changes have increased compliance costs and created administrative burdens for employers, particularly small businesses. We support a balanced regulatory approach that fosters innovation, productivity, and fair employment practices.

The retail sector continues to be one of Australia's most diverse employers. Retailers are mindful of creating safe, inclusive work environments and shopping experiences that meet the needs of the diverse communities they serve. The ARA and NRA welcomes the government's focus on initiatives such as Respect@Work, Family and Domestic Violence Leave, and the provision of more affordable childcare. However, government programs must align with retail-specific needs. Expanding workforce participation for underrepresented groups, such as mature workers, people with disabilities, and refugees, could be supported through tailored pathways and pre-employment training. Establishing national consistency on minimum working age laws would also ease hiring challenges for school-aged Australians in casual retail roles.

Sustainability and Supply Chain Resilience

Retailers are playing a key role in Australia's transition to a decarbonised, circular economy. However, achieving sustainability goals requires greater investment in recycling infrastructure, technology and supply chain resilience. While the introduction of national packaging design standards in 2024 marked a positive step, inconsistent single-use plastic implementation across states has significantly increased costs for businesses.

The retail sector will continue to play a key role in the transition to the circular economy, with a focus on more sustainable packaging, but a unified national approach is urgently needed to address inefficiencies. The current fragmented system is costly and minimises progress. A nationally harmonised approach and greater certainty from

the Federal Government are critical to assist retailers in reducing costs, consumption, and emissions more effectively.

Supply chain vulnerabilities remain a critical issue for Australian retailers, with disruptions caused by natural disasters, geopolitical tensions, and industrial action continuing to impact the timely delivery of goods. These issues highlight the fragility of the retail supply chain, which is critical in delivering essential goods to Australian consumers and keeping costs from increasing amidst current cost-of-living pressures. Investment in infrastructure and technology is key to enhancing supply chain productivity and resilience in the face of these ongoing challenges.

Retail Crime: A Growing Threat to the safety of Retail Workers

Retail crime has become a significant challenge for the Australian retail sector, with alarming increases in both the frequency and severity of incidents. A 2024 survey conducted by the ARA revealed that 94% of respondents had experienced verbal or physical assaults against staff members, underscoring the urgent need for action. Retail crime is not only a safety issue but also a considerable financial burden, costing the sector a conservatively estimated \$9 billion annually through theft, vandalism, and fraud.

The rise in retail crime has been driven by organised crime syndicates, and opportunistic theft. In 2024, incidents of theft and aggression increased by 18% compared to the previous year, with organised retail crime groups employing increasingly sophisticated tactics. High-value, easily resold goods such as electronics, clothing, and cosmetics are frequent targets.

The impact extends beyond financial losses. Retail workers are facing heightened levels of workplace stress due to verbal abuse, physical assaults, and threats, which have contributed to lower staff retention rates. Small and medium-sized enterprises (SMEs) are particularly vulnerable, as they often lack the resources to invest in advanced security measures or absorb the associated costs.

Emerging Risks and Opportunities

The Australian retail landscape continues to evolve rapidly, presenting both risks and opportunities.

The growing adoption of Artificial Intelligence (AI) in the retail sector is transforming operations, from personalised marketing to supply chain optimisation. These advancements enable retailers to improve efficiency and enhance customer experiences. Australia is ready to move on from its initial risk and safety focused AI conversation, into how AI can work to achieve better outcomes. As a nation, we need more data centre capability and we need more investment in R&D, innovation and commercialisation of AI products and services, or risk being left behind as a country.

In addition to technological advancements, the retail market is facing disruption from the rapid growth of new global ultra-low-cost online platforms. These businesses leverage aggressive digital marketing strategies, direct-to-consumer shipping models, and ultra-low pricing to gain market share, raising concerns about their impact on the broader retail ecosystem.

Key issues include disparities in tax and regulatory compliance, limited domestic employment contributions, risks related to product safety and intellectual property infringement, and concerns over supply chain transparency, including potential links to modern slavery. Additionally, their environmental footprint has drawn scrutiny from sustainability advocates.

By addressing these growing challenges, the retail sector can navigate risks while capitalising on opportunities for growth and innovation.

RECOMMENDATIONS AND RATIONALE

Against this backdrop, the ARA and NRA have proposed 21 recommendations across three key focus areas to address immediate challenges and position the sector for long-term success. Detailed recommendations are outlined below:

Key Focus Area 1: Embrace a Growth Mindset

Foster a thriving retail environment by reducing operational costs, harmonising regulations, and encouraging innovation.

Recommendations and rationale	
<p>1.1 Establish a Red Tape Reduction Taskforce</p>	<p>Excessive and duplicative regulations create unnecessary administrative burdens and operational inefficiencies for businesses, particularly small and medium enterprises. To address these challenges, we call for the creation of a dedicated multi-jurisdictional taskforce focused exclusively on identifying and eliminating red tape which restricts productivity without providing a regulatory benefit.</p> <p>This taskforce should be empowered to identify and streamline approval processes, reduce unnecessary compliance requirements, and remove outdated regulations that no longer serve their intended purpose. By reducing regulatory complexity, businesses can operate more efficiently, focus on growth, and reinvest in innovation, ultimately contributing to a more dynamic and competitive retail sector.</p>
<p>1.2 Minimise Inflationary Impacts by Reducing Costs and Complexity for Businesses through National Harmonisation.</p>	<p>Inflation and rising costs of doing business are placing increasing pressure on retailers, leading to higher prices for consumers. Simplifying regulatory frameworks is crucial to reducing these pressures and supporting a more competitive retail sector.</p> <p>The retail sector is burdened by inconsistent regulatory frameworks across states and territories, creating inefficiencies, duplicative compliance obligations, and increased costs. Achieving national harmonisation is critical to streamlining processes, lowering costs, and enabling businesses to focus on growth and innovation.</p> <p>We recommend a coordinated effort led by the federal government to harmonise regulatory frameworks in key areas that impact the retail sector:</p> <ul style="list-style-type: none"> • Payroll Tax: Establish a multi-jurisdictional taskforce to align payroll tax rates, thresholds, and administration, while exploring the feasibility of eliminating payroll tax. This would reduce administrative burdens and promote job creation. • Retail Leasing: Develop a national best-practice framework for retail leasing to simplify lease agreements, reduce compliance costs, and ensure

	<p>fairer dealings with landlords. Additional resources should be allocated to dispute resolution pathways, such as mediation services provided by Small Business Commissioners.</p> <ul style="list-style-type: none"> • Environmental Compliance: Empower the Federal Government to consolidate and modernise outdated environmental laws, creating a streamlined and effective regulatory framework. Additionally, the National EPA could develop a clear framework with measurable outcomes for nature conservation, ensuring alignment with global best practices. • Workplace Safety: Establish national workplace safety guidelines, including sexual harassment prevention, to ensure consistent regulatory expectations and provide businesses with clear resources to meet compliance obligations. <p>By addressing these areas with coordinated national frameworks, businesses can reduce costs, operate more efficiently, and alleviate inflationary pressures, ultimately benefiting consumers and the broader economy.</p>
<p>1.3 Improve cashflow and reduce the cost of doing business by expanding eligibility for the 25% small business tax rate to include sole traders and businesses with annual revenues of up to \$250 million, increasing from the current \$50 million threshold.</p>	<p>Australia’s current corporate tax rate for medium-sized businesses is amongst the highest in the developed world.</p> <p>To help reduce costs of doing business and improve cash flow for small and medium-sized enterprises, including retailers and their supply chain partners, we recommend the threshold for the small business tax rate is increased to cover businesses with revenues up to \$250 million.</p> <p>This measure would positively impact many SMBs who have experienced higher costs and cashflow challenges over the past three years.</p>
<p>1.4 Broaden the small business definition in the Fair Work Act to reduce costs and improve productivity</p>	<p>Small businesses make up over 95% of businesses in Australia but face significant challenges in navigating the industrial relations landscape.</p> <p>The current small business definition, capped at 15 employees, excludes a large portion of smaller businesses that would otherwise benefit from small business concessions.</p> <p>To address this:</p> <ul style="list-style-type: none"> • We recommend increasing the small business threshold in the Fair Work Act to 25 employees, enabling more businesses to access critical concessions, reduce costs, and improve productivity.
<p>1.5 Boosting Business Investment to Drive Productivity and Economic Growth</p>	<p>Encouraging greater business investment is essential to lifting productivity, fostering innovation, and driving long-term economic growth. Tax incentives such as the Instant Asset Write-Off (IAW) have proven effective in stimulating investment, particularly during periods of economic uncertainty. However, delays and uncertainty in implementing the IAW have diminished its impact, creating challenges for businesses trying to plan for the future.</p> <p>To restore confidence and enable long-term growth, we recommend making the IAW a permanent measure in the 2025–26 Federal Budget. Additionally, the following enhancements would maximise its effectiveness:</p> <ol style="list-style-type: none"> 1. Increase the Asset Value Threshold: Raise the threshold for eligible depreciable assets from \$20,000 to \$50,000 to encourage investment in critical equipment, vehicles, and machinery that support daily operations and boost productivity.

2. **Support Larger Investments:** Allow the IAW to cover the first \$50,000 of an eligible depreciable asset of any value, with the remainder depreciated over subsequent years. This approach would encourage small and medium-sized businesses (SMEs) to make more substantial, productivity-enhancing investments.
3. **Introduce an Investment Allowance:** Provide a 20% tax deduction for larger-scale capital assets over \$100,000. This measure would incentivise businesses of all sizes to undertake significant investments in technology, infrastructure, and machinery that drive economic growth.

By implementing these recommendations, the government can provide businesses with the certainty and financial support needed to invest in innovation, strengthen productivity, and deliver sustainable economic growth.

1.6 Improve mental health outcomes for small business owners by continuing to fund programs that provide business and personal support.

We recommend the government maintain its focus on improving mental health outcomes for small business owners by continuing to fund early intervention programs that have proven effective.

These include:

- **The NewAccess for Small Business Owners program**, delivered by Beyond Blue, which provides confidential mental health support.
- **The Small Business Debt Helpline**, delivered by Financial Counselling Australia, which offers guidance on financial challenges.

Continued funding of these programs will ensure small business owners have access to the resources they need to manage both personal and business pressures effectively.

1.7 Address the digital divide between small and large businesses.

The digital divide remains a significant challenge for Australia’s retail sector, with small and medium-sized enterprises (SMEs) often lacking the resources to adopt new technologies and compete with larger, more digitally advanced businesses. While government programs such as the Digital Solutions – Australian Small Business Advisory Services (ASBAS) and the Cyber Wardens Program have provided valuable support, further investment is needed to ensure sustained progress.

We recommend the following measures to bridge the digital divide:

1. **Reintroduce the Small Business Technology Investment Boost (SBTIB):** Make the SBTIB a permanent measure and increase funding to support small businesses in adopting new technologies that enhance efficiency and resilience.
2. **Renew the Skills Training Boost (STB):** Extend the STB program to provide small businesses with ongoing access to workforce training and upskilling initiatives.
3. **Expand Digital Skills Training:** Increase funding for digital literacy programs to equip small retailers with the skills needed to leverage emerging technologies and compete in the digital economy.
4. **Enhance Cybersecurity Support:** Scale programs like the Cyber Health Check and Cyber Resilience Service to provide comprehensive cybersecurity training and resources for SMEs. Ensure sensible regulatory guardrails around cybersecurity requirements, balancing security best practices with the cost implications for SMEs in meeting standards such as the ASD Essential 8.
5. **Strengthen SME Data Security Protections:** Provide targeted guidance and support to help small businesses navigate privacy risks and mitigate potential data breaches, recognising the financial and reputational risks associated with cyber threats.

By scaling these initiatives, the government can enable small businesses to embrace digital transformation, enhance competitiveness, and future-proof their operations while ensuring a balanced approach to cybersecurity compliance and data protection.

1.8 National AI Adoption Strategy

Develop and implement a National AI Adoption Strategy that fosters the adoption of productivity-boosting AI technologies while addressing critical concerns around privacy, security, and trust.

The strategy should focus on the following priority areas:

1. **Building AI Readiness:** Develop AI awareness and education programs for businesses, providing baseline digital literacy and practical examples of how AI can enhance operations and drive innovation.
2. **Regulatory Guardrails:** Establish robust guidelines for data governance, privacy, and security to ensure businesses have clarity on the safe and ethical adoption of AI technologies.
3. **Infrastructure Support:** Offer grants and incentives to help businesses—particularly small and medium-sized enterprises (SMEs)—invest in the digital infrastructure and AI tools needed to improve productivity.
4. **Targeted AI Upskilling:** Partner with education providers to deliver AI-specific training programs, ensuring workers across all industries are equipped to effectively leverage AI solutions in their roles.
5. **Commercialisation:** Many AI products developed domestically have export potential. A prescriptive ‘one size fits all’ regulatory approach across all

	<p>industries could stifle innovation, result in suboptimal outcomes for AI users and diminish Australia’s competitive advantage as an innovator of emerging AI.</p> <p>A National AI Adoption Strategy will enable businesses of all sizes to adopt AI technologies responsibly, creating opportunities to improve operational efficiency, enhance customer experiences, and boost economic competitiveness. By addressing the potential risks and providing the tools for businesses to succeed, this initiative will drive productivity gains and innovation across the economy.</p>
<p>1.9 Improve Industry Collaboration on Responsible Sourcing Practices</p>	<p>Sustainable and ethical sourcing is essential in minimising modern slavery risks enhancing Environmental, Social, and Governance (ESG) compliance, and promoting environmental sustainability across supply chains. However, many businesses face challenges due to limited visibility and resources to improve sourcing practices.</p> <p>We recommend funding industry-wide initiatives to foster collaboration in responsible sourcing practices. These initiatives should:</p> <ol style="list-style-type: none"> 1. Develop Shared Tools for SMBs: Support businesses with practical resources and tools for tracing supply chains, ensuring compliance with ESG standards, and ensuring ethical sourcing. 2. Promote Transparency: Support the development of technologies that improve supply chain visibility and accountability guided by the ACCC. 3. Strengthen Education and Training: Provide resources to help businesses and employees understand responsible sourcing principles and implement best practices. <p>By promoting collaboration and supporting transparency, the government can help businesses ethical sourcing and ESG standards, reduce risks, and contribute to a more sustainable economy.</p>
<p>1.10 Support self-regulation in advertising while promoting public health</p>	<p>Blanket advertising bans can lead to unintended consequences, including reduced consumer choice and disproportionate impacts on small businesses. Industry has proactively led and implemented the Australian Association of National Advertisers (AANA) Code of Practice, AANA Food and Beverages Advertising Code, AANA Children’s Advertising Code, Broadcasting services Standards 202, Outdoor Media Association National Health and Wellbeing Policy 2020 and the ABCL Sugar Reduction Pledge, the guidelines have established and agreed parameters that the food and beverage industry must adhere to.</p> <p>To enhance public health outcomes without imposing undue burdens on the retail sector, we recommend maintaining the AANA Code as the industry standard.</p> <p>The government should collaborate with industry and community stakeholders to harmonise food classification systems and support education initiatives that promote healthier consumer choices. The most suitable government-led nutrient profiling model for assessing food and beverage healthfulness in Australia is FSANZ’s Nutrient Profile Scoring Criterion (NPSC). Based on the UK Food Standards Agency’s model for regulating advertising to children, the NPSC relies on objective data from mandatory nutrition labels and ingredient lists. It is enforceable, with food authorities having over a decade of experience using it to regulate nutrition, health, and related claims.</p>

Key Focus Area 2: Grow the Retail Workforce

Address persistent labour shortages and skills gaps by building a skilled, diverse, and resilient workforce.

Recommendations and rationale

2.1 Reduce compliance risks by collaborating with industry associations to educate retail businesses about recent changes to workplace relations legislation

The last three years have seen the most significant changes to workplace relations laws in a generation, adding complexity to an already intricate regulatory landscape.

Given retail’s position as Australia’s largest private-sector employer, modern award reform is critical to ensuring workplace laws are fit for purpose and support both business viability and job creation. The government must prioritise seeing these reforms through to reflect the sector’s evolving needs.

While we welcome various reviews by the Fair Work Commission (FWC) into modern awards and amendments to the Fair Work Act 2009 (the Act), award complexity and the rate of change to the Act remain significant sources of confusion, disputation, and litigation in the retail sector. Small businesses simply do not have the resources to keep up with the rapid rate of change.

Consequently, there is a need to move away from the current reactive approach to compliance – where businesses only seek assistance after a breach has occurred – and adopt a proactive approach that educates small businesses on their compliance obligations to reduce non-compliance.

To achieve this:

1. The government should collaborate with industry associations, such as the ARA and NRA, to engage and educate retail businesses on the Act and awards.
2. Allocate funding to design and deliver a comprehensive education campaign that ensures workplace relations reforms are understood by businesses.

The ARA and NRA can leverage its **strong membership base**, 95% of which are small and medium-sized businesses, to deliver an impactful education program.

2.2 Build a more skilled workforce and reposition retail as a career, by redirecting more funding back to private RTOs

We welcome the increased investment in vocational education and training (VET) through the TAFE system but notes that more than 50% of retail traineeships are delivered by the private sector, that typically deliver higher completion rates than TAFE.

Unlike the TAFE system, which requires attendance on pre-determined days, private RTOs, such as the ARA Retail Institute, tailor training schedules to suit trainees’ availability and work commitments. The loss of funding to private RTOs reduces this flexibility and trainee participation, particularly for workers managing roster constraints.

We therefore recommend that government **allocate more of its record investment in the VET sector back into private RTOs** who are best placed to deliver specialised training packages that meet the needs of individual sectors and trainees.

2.3 Reduce vacancies for front-line retail roles by providing pathways to retail for underutilised and underrepresented groups

Vacancies for front-line retail roles remain at all-time highs despite efforts that industry and government have made to address the issue. With government policy favouring a substantial reduction in migration, it is paramount to look internally for labour to ensure the \$430 billion contribution that retail makes to the economy is not diminished.

	<p>As such, we recommend a holistic approach to engaging with segments of the labour market that are currently under-represented in the retail workforce.</p> <p>To address this, we recommend:</p> <ol style="list-style-type: none"> 1. Extend the Work Bonus for aged pensioners indefinitely, allowing them to continue earning additional income without losing entitlements. 2. Expand the Skills for Education and Employment (SEE) Program to include training in customer service and leadership skills. <ol style="list-style-type: none"> a. These skills are critical in addressing labour shortages, transferable across industries, and can improve career pathways for individuals from low socio-economic backgrounds. b. Leadership training within the SEE Program can equip workers to advance from retail assistants to management roles, improving workforce productivity and individual career trajectories. 3. Appoint a national taskforce to develop consistent minimum working age laws across all states and territories, simplifying the process for employing school-aged Australians without interfering with their education. <ol style="list-style-type: none"> a. The current regulations vary across jurisdictions making it overly complex to employ students who would like to work limited hours on weekends, holidays and evenings. b. A national framework should specify a consistent minimum age for working to ensure uniformity and ensure that employees and employers are not disadvantaged. 4. Create pathways for refugees into retail, with government-funded pre-employment and on-the-job training programs supported by language assistance, mentoring, and coaching. <ol style="list-style-type: none"> a. The ARA's Retail Institute could partner with the government to deliver these programs, ensuring a smooth transition for refugees into the Australian workforce.
<p>2.4 Reintroduce financial incentives for Certificate III and Certificate IV programs to create a skilled and robust workforce</p>	<p>With its younger-skewed workforce, the retail sector has long been instrumental in building foundational skills for Australians. It supports the completion of secondary education, provides pathways to further study, and equips individuals with skills transferable across sectors.</p> <p>The recent decision to defund hiring incentives for Certificate III and IV programs in the food retail sector will make it harder for ARA and NRA members to deliver training, to the detriment of both employers and employees.</p> <p>We recommend reinstating financial incentives, including:</p> <ul style="list-style-type: none"> • \$2,500 for employers upon completion of traineeships. • \$5,000 for apprentices and trainees to assist in completing their training.
<p>2.5 Ensure the economic security of women in the workplace and in retirement by addressing the superannuation gap</p>	<p>The superannuation gap remains a major issue, driven by systemic factors such as wage inequality, interrupted workforce participation, and unpaid caregiving responsibilities. Women retire with significantly less superannuation than men, a disparity exacerbated for mothers who take time out of the workforce or return on reduced hours.</p> <p>We recommend that the Federal Government:</p> <ul style="list-style-type: none"> • Extend Paid Parental Leave (PPL) to include 30 weeks of government-funded superannuation contributions.

	<ul style="list-style-type: none"> • Enhance the Low-Income Superannuation Tax Offset (LISTO) for mothers returning to work on reduced hours. • Introduce a Primary Carers Top-Up Contribution to compensate for time spent away from paid work. • Expand childcare support, improving access to affordable childcare and enabling mothers to re-enter the workforce sooner.
<p>2.6 Support inclusive workplaces for people living with disabilities</p>	<p>Physical and systemic barriers often prevent disabled individuals from entering or remaining in the workforce. While government funding for workplace adjustments exists, many businesses struggle to navigate available support programs. Inadequate accessibility features in workplaces and public transport exclude capable individuals and discourage organisations from hiring and accommodating disabled workers.</p> <p>To address this, we recommend the federal government strengthen connections between businesses and relevant government initiatives to improve understanding of the support available for employers and employees. Improved engagement between government agencies and the business sector would enhance awareness and uptake of existing programs, enabling more people living with disabilities to maintain meaningful employment.</p> <p>Additionally, we recommend the government invest in education materials to help businesses understand what constitutes a reasonable workplace adjustment. This would provide clarity on employer responsibilities and support compliance with positive duty obligations to eliminate discrimination in the workplace.</p>

Key Focus Area 3: Collaborate on Community Outcomes

Strengthen partnerships to promote social inclusion, sustainability, and community resilience.

Recommendations and rationale

<p>3.1 Create a safer, more resilient retail environment - protecting businesses, employees, and communities.</p>	<p>To support the implementation of the 2025 Retail Crime Strategy, we recommend federal government action across three critical pillars: Protect Retail Workers, Combat Retail Theft and Organised Crime, and Innovate for Safer Retail.</p> <ol style="list-style-type: none"> 1. Protect Retail Workers: <ol style="list-style-type: none"> a. Provide funding to improve state-based policing and ensure a consistent, best-in-class response to retail crime incidents. This funding would enable the creation of dedicated retail crime response units, specialised training for police officers, and enhanced resource allocation to address the unique challenges of retail crime. b. Support a nationally consistent approach to knife sales legislation by funding the introduction of Jack’s Law across all states and territories. Establishing a uniform framework would help prevent the misuse of bladed weapons in retail environments and improve frontline worker safety. c. Fund the development and distribution of resources and training materials tailored to the retail sector. These resources would include trauma-informed training, customer de-escalation techniques, and support systems for victims of retail crime. SMEs, in particular, would benefit significantly from access to these tools. 2. Combat Retail Theft and Organised Crime:
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- a. Support existing reporting, and address the need for increased reporting, of retail crime to enable real-time data sharing. These platforms provide uniform data across jurisdictions, helping law enforcement agencies track and disrupt organised retail crime more effectively. A national approach is critical, as retail crime crosses state borders, and intelligence gaps allow offenders to evade detection.
- b. Establish a federal task force to coordinate intelligence and disrupt organised retail crime networks. The task force would work across jurisdictions to target the root causes of organised retail crime, which is often linked to other illicit activities in Australia and abroad.
- c. Invest in a framework to enhance transparency in online marketplace sales, supporting efforts to reduce the resale of stolen goods and deter organised retail theft while ensuring a balanced and practical approach for businesses.
- d. Support and encourage harmonisation on the introduction of Workplace Protection Orders, the use of technology as a deterrent to retail crime. The NRA have worked closely with State and Territory Government's to educate retailers on changes to weapons, and critically, knife laws.

3. Technology for a Safer Retail Sector:

- a. Fund public campaigns aimed at increasing acceptance and trust in existing technologies like biometrics and AI. These campaigns would focus on educating the public about the role of such technologies in preventing retail crime, addressing privacy concerns, and building confidence in their ethical use as in other sectors.

By implementing these measures, the government can create a safer, more resilient retail environment that protects businesses, employees, and communities from the growing impacts of crime.

3.2 Improve resilience of the retail supply chain.

The COVID-19 pandemic, geopolitical tensions, and natural disasters have highlighted the fragility of Australia's supply chains, with disruptions causing delays, increasing costs, and reducing access to essential goods. Addressing these vulnerabilities is critical to ensuring the long-term efficiency and resilience of supply chains. Food security, particularly in regional and remote areas, is a growing concern, with rising costs and supply chain inefficiencies limiting access to fresh and affordable food for many Australians.

We recommend the following actions to strengthen Australia's supply chain infrastructure:

1. **Create Regulatory Consistency for Freight:** Harmonise freight regulations across local, state, and federal jurisdictions to address inconsistencies in transport delivery curfews, axle weight restrictions, and driver rest area provisions. This initiative will ensure smoother logistics operations nationwide and reduce inefficiencies in the supply chain. Further permanent relaxations to delivery curfews should be afforded consistently by the states, to better navigate supply chain shocks, boost the productivity of domestic supply chains and reflect industry's investment in quiet technologies.
2. **Future-Proof the Workforce:** Invest in initiatives to identify and address skills gaps in the supply chain sector. This includes aligning vocational training with industry needs and supporting upskilling programs to meet

future technological demands, ensuring the sector is equipped to adapt to changing requirements and innovations. For example, truck drivers should be added to the skilled migration list to assist with stark shortages, and a system established for drivers to be matched to reputable transport carriers with registered enterprise agreements and bridging training.

3. **Enhance Freight and Logistics Infrastructure:** Upgrades to infrastructure, including rail capacity and last-mile logistics, are vital to reducing costs, improving efficiency, and ensuring a more resilient supply chain. A National Freight Corridors Fund should be established to upgrade first and last mile connections and address regional infrastructure gaps, reducing delays by 15–20% for time-critical supply chains.

By addressing these priorities, the government can support a more resilient and efficient retail supply chain that reduces costs, improves reliability, strengthens food security, and enhances Australia’s economic stability.

3.3 Promote National Consistency and Collaboration on Health and Nutrition Policy Through Enhanced Labelling Standards, Consumer Education, and Support for Healthier Retail Practices

The retail sector plays a vital role in shaping the nutritional habits of Australians. Retailers are uniquely positioned to promote healthier food choices and support government efforts to reduce food insecurity and waste.

To enhance access to nutritious foods while supporting businesses, we propose the following key initiatives:

1. **National Consistency in Food Labelling:** Harmonise food labelling requirements across states and territories, focusing on systems like the Health Star Rating (HSR) and Nutrition Information Panel (NIP) to provide clarity for consumers while reducing compliance burdens. Retailers oppose unnecessary additions, such as kilojoules per 100g on menu boards, which create confusion and operational challenges.
2. **Educate Consumers on Nutrition and Food Waste:** Launch national campaigns to educate Australians on nutrition, meal planning, and food waste reduction. Collaborate with retailers to address barriers to fresh produce consumption, such as cost and shelf life, empowering consumers to make healthier and more sustainable choices.
3. **Support Retailers in Providing Healthier Options:** Build on the industry’s ongoing efforts to reduce sugar, salt, and fat in products through voluntary programs and targeted incentives. Support investment in fresh food safety, refrigeration, and supply chain upgrades to expand healthier options, particularly in regional and remote areas.
4. **Focus on Collaborative Solutions Over a Sugar Tax:** The industry does not support the introduction of a sugar tax, due to its regressive impact on low-income households and the lack of strong evidence linking it to sustained behavioural change. Instead, collaborative efforts between government, industry, and community can drive healthier consumer choices. These efforts include supporting reformulation initiatives, increasing access to affordable fresh food, and promoting education campaigns that empower consumers to make informed dietary decisions.

By prioritising consistency in labelling, voluntary reformulation, and comprehensive education campaigns, this approach ensures practical, effective measures to promote healthier eating without creating unnecessary regulatory or financial burdens on businesses and consumers.

3.4 Support businesses in the transition to decarbonisation by introducing a national energy policy and implementing it nationally to enhance energy network efficiency and lower costs for consumers.

A streamlined national energy policy is essential to unify energy efficiency schemes, minimise duplication across states and territories, and ensure effective resource use.

We recommend that such a policy should:

1. **Encourage private investment** in energy infrastructure to modernise networks, improve functionality, and support a sustainable, low-carbon system. This investment would help reduce costs for both businesses and consumers.
2. **Expand grants, subsidies, and tax incentives** to promote the adoption of energy-efficient technologies and renewable energy solutions.
3. **Provide early financial stimulus and incentives** to support the adoption of energy-efficient technologies, renewable energy, sustainable transport, and sustainable and regenerative agricultural technologies and practices as scaled adoption allows them to become commercially viable.
4. **Facilitate efficient data collection and sharing** through climate-related data measurement, verification, and reporting standards, and also support standardised frameworks, tools, and a central data repository.
5. **Provide education and training** to equip businesses and employees with the skills needed to implement low-carbon practices and manage environmental impacts effectively.

A survey of members revealed that over 50% of respondents required additional information and guidance on achieving net-zero emissions and managing supply chain environmental impacts.

3.5 Help businesses transition to low-carbon freight and logistics, with targeted incentives to reduce costs

To drive decarbonisation in freight, the government must address barriers such as inadequate infrastructure, high costs, and policy uncertainty. Currently, a lack of clear government direction on transition pathways—including the role of Low-Carbon Liquid Fuels (LCLFs) and other alternatives—is creating uncertainty for business investment.

We recommend implementing the following measures:

1. **Remove GST and import duties** on battery-electric vehicles (B-EVs).
2. **Provide rebates** for the installation of charging stations for commercial vehicles.
3. **Establish consistent fuel efficiency standards:** implement uniform national fuel efficiency standards that encourage the supply of electric vehicles (EVs) while supporting the transition to lower-emission internal combustion engine (ICE) vehicles in the interim.
4. **Address the green premium:** introduce targeted incentives and regulatory measures to reduce the higher upfront costs associated with low-emission technologies, including EVs, hydrogen-powered vehicles, and renewable energy infrastructure, easing the financial burden on freight operators.
5. **Streamline planning and approvals:** support the sector by expediting planning and approval processes for renewable energy infrastructure, developing clean industrial hubs, and setting ambitious emissions standards to drive long-term sustainability.
6. **Invest in charging and grid infrastructure:** Prioritise investment in charging networks and energy grid upgrades to enable the efficient charging of EV fleets, ensuring the reliability and accessibility of low-emission transport solutions, including support for LCLFs as a transitional solution.

Currently, battery-electric vehicles cost 30–50% more than diesel equivalents, making them unaffordable for many businesses. Uncertainty around government policy on alternative low-carbon fuels is further delaying investment decisions. A clear technology-neutral transition strategy is needed to ensure businesses can invest with confidence in sustainable and cost-effective freight solutions.

3.6 Accelerate the transition to the circular economy and reduce waste to landfill.

Achieving a circular economy requires significant investment in Australia’s recycling infrastructure and a national approach to waste management. Current facilities lack the capacity and technology to process materials effectively, resulting in inefficiencies, higher costs, and missed opportunities to reduce landfill waste.

The ARA recommends the following initiatives to drive progress:

1. **Prioritise a National Waste Strategy:** Work with States and Territories to introduce a harmonised national approach to waste management. This strategy should streamline regulations, encourage innovation, and deliver consistency for businesses operating across multiple jurisdictions.
2. **Expand Recycling Infrastructure in Regional Areas:** Allocate additional funding to establish modern recycling facilities in regional and remote areas, where limited access currently results in lower recycling rates and higher waste disposal costs. Investment should also support the expansion of organic waste processing infrastructure to facilitate Food Organics and Garden Organics (FOGO) programs and help food-related businesses efficiently divert food waste from landfill.
3. **Support the Federal Packaging Design Reform Process:** Harmonise kerbside standards, single-use plastic bans and Container Deposit Schemes. Ensure that State and Territory Container Deposit Schemes (CDS) are exempt from any future Extended Producer Recycling Scheme, and encourage industry to collaborate on a potential, future EPR and where funds are directed, and can support industry to implement truly circular solutions.
4. **Address Food Waste and Insecurity:** Support the passage of the *Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024*, which would encourage businesses to donate surplus food by addressing the costs of transportation and logistics. This initiative would reduce waste and support vulnerable communities.
5. **Support Innovation and Education:** Collaborate with industry to develop education programs that increase consumer awareness on the recycling methods, including the Australasian Recycling Label (ARL) and improve access to facilities for hard-to-recycle materials. Government-led campaigns are critical to enhancing public confidence in recycling systems and driving higher recycling rates.
6. **Incentivise Research and Development:** Provide grants and tax incentives to encourage innovation in circular economy practices. R&D funding can accelerate advancements in recycling technology, develop sustainable materials, and create solutions for hard-to-recycle products.

By implementing these measures, the retail sector can significantly reduce waste, improve environmental outcomes, and help Australia achieve a sustainable circular economy.

3.7 Strengthen Support for Indigenous Businesses and Retail Infrastructure in Remote Communities

The Aboriginal and Torres Strait Islander business sector grew by more than 50% between 2016 and 2021, reaching an estimated 29,200 business owner-managers—representing **4.4% of the 15+ population**. Despite this growth, systemic barriers

hinder many First Nations businesses from reaching maturity, including limited access to capital and procurement opportunities.

Additionally, remote Indigenous communities face significant challenges in accessing affordable goods, with research showing that groceries and essential products in these areas are, on average, **60% to 68% more expensive** than advertised prices in urban centres. These cost disparities stem from high transportation costs and supply chain inefficiencies.

To address these interconnected issues, we recommend the Federal Government:

1. **Expand grant programs and low-interest loan schemes** to improve funding opportunities for First Nations businesses, enabling them to access the capital needed to grow and thrive.
2. **Strengthen the Indigenous Procurement Policy (IPP)** to ensure more meaningful engagement with Indigenous business owners and retailers during contract awards, facilitating greater participation in supply chains.
3. **Provide tax incentives and duty exemptions** for goods transported to remote communities, reducing transportation costs and encouraging equitable access to affordable goods.
4. **Invest in retail infrastructure development** in remote areas to enhance supply chain efficiency, support local businesses, and improve competition, ensuring consistent access to quality products for all communities.
5. **Establish a Remote Communities Supply Chain Strategy** to mitigate supply disruptions, assess the viability of new freight routes, and reduce costly delays in getting essential goods into remote areas.

By addressing these priorities, we can empower Indigenous businesses, reduce economic disparities in remote communities, and foster greater economic participation across the country.

The Australian Retailers Association and National Retail Association appreciate the opportunity to contribute to this important discussion.

We remain committed to supporting the government in developing and implementing effective policies that strengthen the retail sector and deliver meaningful benefits to the broader Australian community. As the largest private-sector employer in the country and a critical driver of economic growth, retail is uniquely positioned to address pressing national challenges, from workforce development to sustainability and community resilience.

We look forward to working collaboratively with the government to ensure the retail sector remains dynamic, competitive, and sustainable, delivering economic and social benefits to all Australians. Now is the time to take decisive action to address these challenges and unlock the sector's full potential.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.