

  
Let's talk shop.

## Pre-budget submission 2026-27

The Australian Retail Council represents a \$444 billion sector that employs 1.4 million Australians—one in ten workers—making retail the nation's largest private sector employer and a cornerstone of the Australian economy, contributing 18 per cent of national GDP.

Our membership spans the full breadth of Australian retail: from family-owned, small and independent businesses, which comprise 95 per cent of our membership, to the largest national and international retailers that support thousands of jobs and sustain communities across both metropolitan and regional Australia. Our industry operates more than 155,000 retail outlets nationwide, with the majority of those also represented by an online or e-commerce presence.


A strong retail sector delivers widespread benefits to all Australians, with a significant portion of every dollar spent in retail flowing back into employees, suppliers, superannuation funds, and local communities. We are united in advocating for the policy settings, reforms and collaboration that will drive growth, resilience, and long-term prosperity for Australian retail and the millions who rely on it.

### Executive Summary

To lift the Australian economy we have to back the retailers that back Australia. A healthy retail economy translated to a strong Australian economy and vice-versa. While there has been a shift to higher household spending and stronger retail sales in the past six months, a large number of retailers continue to face tough operating conditions with reduced margins, stymied by growing complexity and cost, and facing offshore competition that does not bear the same regulatory and tax burden. The Federal Government has the capacity to remedy this situation, and in so doing, lift investment, grow the retail sector, build a stronger Australian economy and create jobs.

Australia enters the 2026–27 Budget with a deteriorating fiscal environment. There are persistent structural deficits across most parts of the nation, rising public debt, growing expenditure pressures and reduced capacity to deal with external shocks. Further, the capacity of the private sector to catalyse growth has been constrained. With cost pressures still elevated across the economy, policy settings that prioritise productivity and reduce the cost of doing business will be critical to strengthening economic growth, supporting real wage growth and delivering sustainable living standards. Retail can play a significant role in this contributing higher growth and ensuring the dividends of that growth are shared across the nation. It is a sector that millions of Australians interact with and rely on every day. It plays a central role in ensuring that Australia can realise its potential, economically and socially.

The Australian Retail Council (ARC) encourages the re-elected Albanese Government to expedite the work it initiated last year to lift productivity. While the Economic Reform Roundtable held in August 2025 provided an important opportunity for industry, the community and other experts to put forward practical ideas to lift productivity and drive stronger economic growth, it is critical there is follow-through. Now is the time to encourage investment and make it easier to do business. That means tackling both regulatory duplication and adjusting the tax settings that shape investment decisions and competitiveness.



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Retailers continue to face high operating costs and increasingly complex regulatory requirements. In particular, fragmented rules and duplication across states and territories create unnecessary compliance burden and cost, including through inconsistent requirements and reporting obligations that force businesses to maintain multiple processes for the same outcome. Not only does this limit growth prospects for small and medium retailers, it also materially affects the efficiency and productivity of large multi-site employers operating across jurisdictions. This comes at a time when the competitive landscape is changing rapidly, as evidenced by the rapid growth of offshore e-commerce retailers such as Temu and Shein.

Our 2026–27 submission outlines key priority Budget measures aimed at improving productivity, lowering business costs, supporting employment and strengthening community outcomes.

Retail is at the frontline of cost-of-living pressures and employs more Australians than any other sector. Rising costs, regulatory complexity, workforce challenges, organised retail crime, and non-compliant offshore online competition are undermining productivity and consumer outcomes. ARC's focus in this pre-budget submission is on targeted, nationally coordinated reforms that lift productivity, improve the operating environment, and deliver cost-of-living relief in a fiscally constrained environment. These include:

1. Deliver productivity growth for the retail sector through national harmonisation

Fund nationally coordinated reform to remove duplication across jurisdictions, lower compliance costs, make it easier for smaller businesses to expand nationally, and lift retail-specific productivity.

2. Modernise tax settings to lift investment and competitiveness

Establish a Tax and Federation Reform Commission to progress whole-of-economy reform that reduces complexity, improves competitiveness, and strengthens incentives for business investment and productivity, including by addressing federal–state tax inefficiencies.

3. Reduce regulatory impacts that disproportionately effect small retailers

Target high-friction compliance and reporting requirements to deliver measurable burden reduction and improve small business viability, ensuring that Impact Analysis are adequately reviewed to avoid unnecessary burdens.

4. Improve worker safety by combating retail crime and disrupting trade of illicit tobacco

Improve the safety of retail employees through coordinated action that disrupts organised retail crime and illicit trade that drive up prices, insurance costs and safety risks.

5. Enforce non-compliance with ultra-low-cost offshore retailers



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Take action to ensure ultra-cheap offshore retailers meet their obligations under the Australian Consumer Law, the Privacy Act and other relevant regulatory regimes, ensuring they compete on a level playing field.

6. Support the modernisation of a workplace relations system, including investment in retail skills and training

Invest in practical compliance guidance and flexible, industry-led training that supports upskilling and progression into front-line and supervisory roles, while reducing disputes and building workforce capability.

7. Deliver packaging system reform through Federal leadership and a nationally consistent approach

Provide Federal leadership and investment to implement nationally consistent, enforceable packaging reform that reduces duplication, supports a circular economy and avoids unnecessary costs for businesses and consumers.

Retail is well placed to translate productivity-focused reform into broad-based benefits for households, workers and communities. A collaborative partnership with government, focused on practical, deliverable reforms in the near term, will strengthen the sector's capacity to invest, employ and continue contributing to Australia's long-term prosperity.

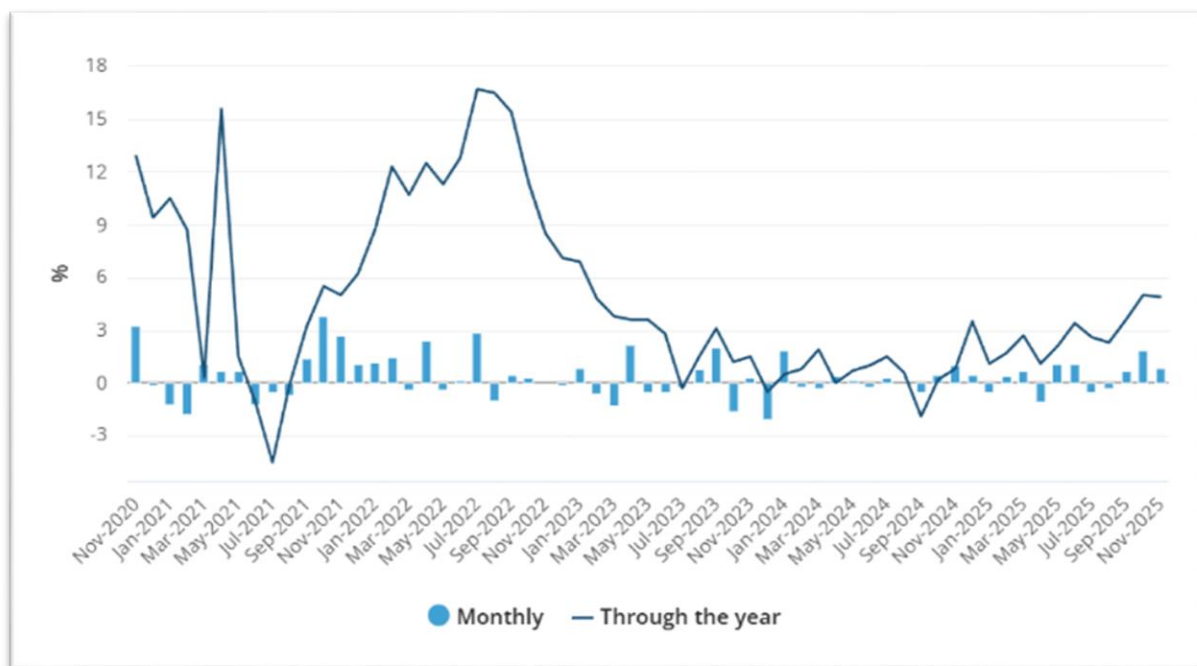
This submission reflects the insights and priorities gathered through extensive consultation with ARC members, as well as key stakeholders across the retail industry, and is broadly aligned with the positions of the Australian Chamber of Commerce and Industry and other business associations.



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## Introduction – Sector Performance

Retail demand has remained volatile over recent years, reflecting the post-pandemic rebound and ongoing cost-of-living pressures. The latest trend shows a modest uplift in spending on goods, but conditions remain tight, reinforcing the need for productivity and cost-reducing measures that support both households and retailers.



ABS: Household spending on goods, current price, seasonally adjusted estimate

## Sector Priorities & Rationale

The following seven priorities provide a structured overview of the retail sector's core policy challenges and the rationale for Federal leadership through the 2026–27 Budget. They are designed as practical, deliverable levers that reduce duplication, improve compliance and skills outcomes, strengthen enforcement against unfair competition, and support safer, more sustainable retail communities.

### 1. Deliver productivity growth for the retail sector through national harmonisation

Australia's retail sector operates within an increasingly competitive global market, which requires favourable, competitive and efficient domestic regulatory settings. However, Australian businesses face a fragmented and complex regulatory environment across federal, state, and territory governments. This fragmentation creates inefficiencies, increases compliance costs, limits investment, and reduces productivity.

The scale of the problem is significant. Recent analysis estimates regulatory complexity costs the Australian economy at least \$160 billion each year, equivalent to more than 6 per cent of GDP.<sup>1</sup> Board-level attention

<sup>1</sup> Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity.

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devoted to compliance has increased from around 24 per cent to 55 per cent, and external legal and advisory spending has risen from approximately \$6 billion to \$16 billion. At the same time, the volume and complexity of Federal legislation have expanded sharply, with the number of laws increasing by more than 140 per cent and total pages of legislation by almost 190 per cent.<sup>2</sup>

For retail, regulatory inconsistency is not an abstract issue; it directly contributes to higher operating costs and slower rollout of stores, supply chain improvements, and new services. These challenges increase operational costs and compliance obligations through duplication, deter investment, and place upward pressure on consumer prices, further exacerbating cost-of-living pressures.

ARC calls for stronger Federal leadership to drive a nationally harmonised regulatory framework that reduces complexity, lowers costs, and provides regulatory certainty to encourage investment. Harmonisation priorities for retail should be addressed through government leadership, leveraging the National Competition Policy and supported by strategic use of the National Productivity Fund to incentivise and reward states and territories that actively reduce regulatory inconsistencies. Priority areas for harmonisation include payroll tax, retail leasing, work health and safety (including retail crime), sustainability and environmental regulation (including packaging and waste), and freight and transport regulation.

## 2. Modernise tax settings to lift investment and competitiveness

Australia's tax system is increasingly complex and imposes material compliance costs on businesses, particularly those operating across multiple jurisdictions. For the retail sector, which is characterised by high volumes, low margins, and large workforces distributed across states and territories, complexity and inconsistency in tax settings can directly reduce investment capacity, slow productivity improvements, and place upward pressure on consumer prices.

A central priority for the 2026–27 Budget should be establishing a Tax and Federation Reform Commission to drive a practical, whole-of-economy reform agenda. The Commission should be tasked with identifying reforms that improve competitiveness, reduce complexity and compliance burden, and clarify Commonwealth–state responsibilities where fragmentation creates duplication and inefficiency. This provides a credible mechanism to progress reforms that are widely recognised as necessary but difficult to advance through ad hoc, one-off measures.

As part of this agenda, Government should prioritise reforms that strengthen Australia's international competitiveness and incentives for investment. Australia's two-tier company tax structure creates distortions and adds complexity; aligning the company tax rate to 25 per cent for all businesses would simplify settings and improve competitiveness, while supporting investment and productivity growth over time.

A credible tax reform agenda must reduce complexity, not add to it. The Productivity Commission's proposed net cashflow tax risks creating a new, parallel tax system that would increase compliance burden and administrative cost for business, including retailers already managing multi-jurisdictional obligations.

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<sup>2</sup> Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, Australian Institute of Company Directors, December 2025

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Government should explicitly reject the net cashflow tax proposal and focus instead on simpler, widely understood investment settings that support productivity and competitiveness, including maintaining and making permanent the Instant Asset Write-Off to provide certainty and encourage business investment.

Consistent with ARC's practical reform focus, priority should be given to measures that are easy to implement, minimise red tape, and encourage investment in productivity-enhancing equipment and technology, including digital capability, automation, and supply chain upgrades.

### 3. Reduce regulatory impacts that disproportionately affect small retailers

Small, medium and family-owned businesses (SMBs) are central to Australia's economic resilience, employment and community vitality, yet they are operating under sustained pressure that is constraining growth, investment and productivity. Retail SMBs are particularly exposed, facing rising costs, weak demand conditions and limited capacity to absorb regulatory and compliance burdens.

Recent ACCI survey findings underline the extent of these pressures. Many small businesses continue to report that costs are rising faster than revenue, with labour, energy, insurance and regulatory compliance among the most significant pressures. These conditions are leaving many SMBs operating at or near break-even and delaying planned investment, including investment in technology, store upgrades and workforce capability. Ensuring investment settings such as a permanent Instant Asset Write-Off remain available and certain would assist retail SMBs to continue investing in productivity-enhancing equipment and technology, particularly in a tight margin environment.

Workforce constraints continue to add to the challenge, with many small businesses reporting ongoing difficulty finding suitable staff. Combined with rising wage costs, this makes it harder for SMBs to maintain service levels, grow operations and remain competitive.

Regulatory and administrative complexity further compounds these pressures. Almost 80 per cent of small businesses report spending more time on compliance than two years ago, diverting owner-operators away from core business activities.<sup>3</sup> For retail SMBs operating across local government boundaries or multiple states, inconsistent rules on planning, trading hours, workplace regulation and licensing create additional cost, uncertainty and barriers to expansion.

Without targeted action to ease cost pressures, reduce unnecessary compliance burden and support investment, Australia risks weakening business dynamism at a time when SMBs should be driving employment, innovation and local economic recovery.

### 4. Protect retail workers by strengthening retail precinct safety, disrupting organised crime and enabling responsible technology

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<sup>3</sup> Australian Chamber of Commerce and Industry, Small Business Conditions Survey 2025 – Retail Sector Insights

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While crime prevention and enforcement are primarily matters for state and territory governments, retail crime has escalated to a national challenge that now requires strong federal leadership and coordination. The scale, consistency, and cross-jurisdictional nature of retail crime mean it can no longer be addressed through fragmented state-based responses alone. Retail crime is increasingly driven by repeat and organised offenders, enabled by online marketplaces and supply chains that operate across state borders, with significant implications for national productivity, workforce participation, and cost-of-living pressures.

This national dimension has been formally recognised by governments. In November 2025, the Standing Council of Attorneys-General agreed that retail worker safety is a priority for all jurisdictions and acknowledged the need to strengthen responses to violence and abusive conduct in retail settings. Attorneys-General also committed to sharing information and best practice on legislative tools, forthcoming reforms and enforcement approaches through a cross-jurisdictional working group, reflecting growing consensus that retail crime requires coordinated, nationally aligned responses rather than isolated state-based action.

Retail crime is a systemic threat to the safety of workers and customers across businesses of all sizes. Australian Bureau of Statistics (ABS) data shows that “other theft” offences, which include shoplifting and theft from workplaces, are at a 21-year high, with 595,660 victims nationally in 2024, up six per cent on the previous year. Almost half of these incidents occur in retail settings, equating to around 268,686 retail theft victims in a single year. Analysis by Auror indicates that around 10 per cent of offenders are responsible for roughly 60 per cent of total harm, demonstrating that a relatively small cohort of high-risk, repeat offenders is driving the most serious and costly incidents.

This is not just a business issue, but a broader community concern. Around nine in ten Australians visit a retailer at least weekly, and two-thirds either work in the sector themselves or have a close friend or family member who does. Redbridge polling shows that 62 per cent of Australians are concerned about retail crime levels in their state, while more than nine in ten report that crime has negatively affected their overall sense of safety. Persistent retail crime is also undermining the vibrancy and viability of retail precincts, contributing to store closures, reduced foot traffic, and declining confidence in local shopping areas. Retail crime is also affecting the ability of retailers to attract and retain staff, with ongoing exposure to abuse, threats and violence driving attrition, increasing absenteeism, and discouraging people from entering or remaining in frontline roles, which exacerbates labour shortages and directly undermines workforce participation.

Beyond its impact on safety and workforce stability, retail crime has clear cost-of-living consequences. Retail crime is estimated to cost the Australian economy around \$9 billion each year through increased security expenditure, higher insurance premiums, stock losses, and operational disruption. A significant proportion of this harm is driven by organised criminal activity operating across jurisdictions, including illicit tobacco and other contraband that are now entrenched in some retail precincts, drawing organised crime networks into everyday shopping environments and elevating risks for workers and customers. The 2026–27 Budget should support a coordinated national response focused on safer retail precincts, stronger disruption of organised retail crime and illicit tobacco, and the responsible use of technology. Including Commonwealth-led retail crime intelligence and disruption capability, a nationally coordinated illicit tobacco enforcement strategy delivered with states and territories, and targeted co-investment to help retailers, particularly SMBs, uplift

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preventative safety and security measures and improve incident detection and investigation outcomes and pilot nationally supported training programs on customer aggression management and de-escalation.

### 5. Enforce non-compliance against ultra-low cost offshore retailers

Healthy competition is essential to delivering lower prices, innovation and choice for Australian consumers. However, competition only delivers these benefits when all participants comply with their obligations under Australia's regulatory framework, that is, a fair and level playing field. This principle is increasingly undermined by the rapid growth of ultra-low-cost offshore retailers operating in ways that are non-compliant with Australia's regulatory framework, directly impacting the viability of Australian-based businesses that continue to invest in local jobs, communities and the economy more broadly.

Online retail channels continue to grow, with Australian households spending over \$69 billion online in 2024.<sup>4</sup> Ultra-cheap offshore retailers are growing quickly but are not complying with Australian laws. An estimated four million Australians have shopped with Temu and around two million with Shein, reflecting strong consumer uptake driven by price sensitivity and cost-of-living pressures.<sup>5</sup>

Their growth has occurred alongside evidence of non-compliance with Australia's regulatory frameworks. Regardless of whether retailers sell to Australian consumers domestically or cross-border, online or offline, ultra-cheap or otherwise, Australia's regulatory frameworks require that all retailers must play by the same rules and comply with a range of obligations, including under the Australian Consumer Law, the Privacy Act, Modern Slavery reporting, and the Goods and Services Tax regime. However, there is increasing evidence of non-compliance from certain ultra-low-cost offshore retailers that creates a structural imbalance and weakens incentives for responsible sourcing, consumer protection and compliance across Australia's retail sector.

Many of these issues have been identified by regulators in overseas jurisdictions, including the European Union, leading to significant and ongoing enforcement activity. We would urge Australian regulatory authorities, in particular the Australian Competition and Consumer Commission, to prioritise enforcement against non-compliance in order to address the uneven playing field that undermines local businesses, erodes consumer protections and distorts competition rather than strengthening it.

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<sup>4</sup> Australian Bureau of Statistics (ABS), Household Impacts of COVID-19 Survey and Retail Trade, Australia, 2024.

<sup>5</sup> Roy Morgan, Temu & Shein's Australian customer base keeps growing, 2024.



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### 6. Support the modernisation of a workplace relations system and invest in retail skills and training

Retail is one of Australia's largest employing sectors, yet persistent workforce shortages, skills gaps and participation barriers are increasingly constraining productivity, service delivery and economic growth. While many levers affecting employment sit across jurisdictions, the scale and consistency of these challenges mean they now require stronger national leadership and targeted Commonwealth investment. Without coordinated action, labour constraints will continue to limit trading capacity, placing pressure on existing workers and potentially impacting retail workforce participation.

Recent workplace relations reforms and evolving modern award requirements have added complexity for employers, particularly small and medium retailers without dedicated HR or legal capability. Where guidance is unclear or change occurs rapidly, businesses can unintentionally fall out of compliance, driving reactive enforcement, higher dispute rates and unnecessary administrative costs.

Targeted Commonwealth investment in practical workplace relations education would support implementation of recent reforms and award changes, reduce inadvertent non-compliance, and lower disputation and enforcement costs, while ensuring employee entitlements are upheld. Delivered through trusted channels, proactive education can shift the system away from a reactive posture, where businesses and workers only engage once a breach or dispute has already occurred. In a tight labour market, clearer guidance and higher employer confidence to "get it right" also supports hiring and retention by reducing uncertainty and perceived compliance risk.

At the same time, retail skills needs are evolving. There is growing demand for job-ready customer service capability, digital literacy and operational competence, alongside clearer pathways into supervisory and management roles. Retailers are investing in technology, data and automation, but returns on that investment depend on workforce capability keeping pace. Where training is not responsive to rosters, regional delivery realities, or employer needs, participation and completion rates suffer, particularly for smaller businesses and frontline cohorts.

The current VET funding mix does not consistently reflect outcomes or delivery, which can limit the system's responsiveness to labour market demand. Redirecting investment toward high-quality, outcome-based training delivery, alongside stronger industry-led pathways and flexible, work-integrated models, would lift participation and completions, better align training with retail rosters, and help reposition retail as a long-term career rather than a transitional job. The 2026–27 Budget should therefore invest in an integrated workplace relations modernisation and skills uplift initiative that combines practical compliance education with targeted, outcomes-based training measures, including support for flexible delivery models and incentives that encourage uptake and completion of structured training pathways for front-line, supervisory and emerging digital roles.



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## 7. Deliver packaging system reform through Federal leadership and a nationally consistent approach

While the introduction of the National Circular Economy Framework has established ambitious national targets, including doubling Australia's circularity rate, Federal packaging reform must be prioritised. The introduction of Federal packaging reform will deliver enforceable, harmonised standards across all jurisdictions, eliminating the inefficiencies of the current state-based system, while protecting retailers and consumers from unnecessary financial burden.

Packaging reform is essential to standardise recyclable packaging requirements, including clear labelling and material guidelines. Inconsistent rules across councils and jurisdictions cause consumer confusion, high contamination in recycling streams, and barriers for brand owners in designing sustainable packaging, ultimately leading to excessive waste, resource depletion, and missed opportunities for a circular economy.

Packaging reform will ensure more packaging is designed to be recoverable, reusable, recyclable, and reprocessed safely. Without mandatory national standards, voluntary efforts fall short, fragmenting systems and limiting infrastructure investment. Currently, 84 per cent of packaging is technically recyclable, yet only 20 per cent is recovered.

The solution lies in long-term investment in fit-for-purpose recycling infrastructure, backed by federal leadership, national public information campaigns to reduce consumer confusion (28 per cent of Australians find recycling unclear), and industry-led education programs to support compliance with new packaging, labelling and design standards. A core priority must include a national kerbside recycling collection standard, paired with a compatible community education campaign. While tools such as the Australasian Recycling Label (ARL) and Packaging Recyclability Evaluation Portal (PREP) provide useful guidance, they are only partial help without nationally consistent collection standards and recyclability rules. Aligning what is accepted in kerbside systems would optimise materials recovery facilities (MRFs), reduce contamination, enable infrastructure investment, and rebuild consumer trust.

Additionally, harmonising related policies including single-use plastic bans and Container Deposit Schemes must remain a priority, supported by supply-chain traceability, consistent material quality standards, and simplified data collection and reporting requirements. Mandatory national packaging rules with strong enforcement will ensure all players meet the same standards, reducing free-riding without creating a new cost layer.



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### Recommendations and rationale

Key recommendations	
<p>Federal Leadership to enable National Harmonisation</p> <p><i>[Priority Area 1]</i></p>	<p><b>Recommendation:</b> Provide strong Commonwealth leadership and targeted investment to reduce regulatory fragmentation across jurisdictions, lifting productivity and competition and lowering costs that flow through to consumer prices.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• Establish a standing national harmonisation mechanism (Commonwealth-led) to agree priorities, coordinate reform across jurisdictions, and publicly report on progress and economic impact.</li> <li>• Use the revitalised National Competition Policy approach and the National Productivity Fund to incentivise and reward state and territory alignment in priority retail-facing areas.</li> <li>• Prioritise harmonisation where fragmentation is most costly for retail, including payroll tax, retail leasing, WHS (including retail crime), sustainability and environmental regulation (including packaging and waste), and freight and transport regulation.</li> <li>• Improve the consistency and quality of regulatory processes and impact analysis across portfolios to reduce duplication and unintended compliance burden.</li> </ul>
<p>Increase Australia's Productivity Performance</p> <p><i>[Priority Area 1]</i></p>	<p><b>Recommendation:</b> Invest in practical productivity levers that translate reform into real economy-wide gains, including technology adoption, workforce capability, resilience, and implementation discipline.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• Encourage Government and regulators to share data, harmonise standards and reduce duplication and manual compliance, and enable efficient operations.</li> <li>• Provide targeted support for businesses (including SMBs) to adopt productivity-enhancing technology (e.g. inventory systems, automation and logistics solutions).</li> <li>• Fund scalable, industry-led training and rapid upskilling aligned to technology adoption, so workforce capability keeps pace with investment.</li> <li>• Recognise resilience as a productivity enabler, including measures that reduce disruption and support transition planning for climate and energy risks.</li> <li>• Improve coordination, sequencing and evaluation of productivity reforms across portfolios and jurisdictions so reforms reduce burden in practice and support competition and innovation.</li> </ul>
<p>Tax reform to improve competitiveness and reduce complexity</p> <p><i>[Priority Area 2]</i></p>	<p><b>Recommendation:</b> Establish a Tax and Federation Reform Commission to progress whole-of-economy tax reform that reduces complexity, improves competitiveness, and strengthens incentives for business investment and productivity.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• Establishing a Tax and Federation Reform Commission with a clear mandate to identify practical, implementable reforms that simplify the tax system, reduce compliance burden, and improve investment settings.</li> </ul>

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	<ul style="list-style-type: none"> <li>Addressing Commonwealth–state tax inefficiencies and areas of duplication that increase compliance costs for multi-jurisdiction businesses, including clearer delineation of responsibilities and reform pathways where fragmentation creates unnecessary burden.</li> <li>Improving international competitiveness by simplifying company tax settings, including progressing a single 25 per cent company tax rate for all businesses to reduce distortions and improve investment incentives.</li> <li>Explicitly rejecting the Productivity Commission’s net cashflow tax proposal, noting it would introduce an additional layer of complexity and compliance burden, and instead prioritising tax reforms that are straightforward to administer and support investment and growth.</li> </ul>
<p>Grow Small, Medium and Family-Owned Businesses</p> <p><i>[Priority Area 3]</i></p>	<p><b>Recommendation:</b> Support small, medium and family-owned retailers to scale, invest and innovate by removing growth cliffs, improving investment certainty, and strengthening capability.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>Reduce scale penalties by broadening the Fair Work Act small business definition to 25 employees, and progressing a more consistent definition of “small business” across government programs and legislation.</li> <li>Provide clearer, simplified compliance pathways for growing SMBs, including practical guidance and early support to reduce inadvertent non-compliance.</li> <li>Make the Instant Asset Write-Off permanent, increase the threshold to \$50,000, and apply it to the first \$50,000 of higher-value assets to support investment in productivity-enhancing equipment and technology.</li> <li>Introduce a targeted investment allowance for larger capital purchases to support adoption of advanced technology and productivity improvements.</li> <li>Support SMB capability uplift through targeted digital programs delivered via trusted intermediaries, and measures that reduce persistent cost pressures (including energy efficiency upgrades).</li> </ul>
<p>Enable Healthy Competition</p> <p><i>[Priority Area 5]</i></p>	<p><b>Recommendation:</b> Taken action against non-compliance of ultra-low cost offshore retailers with respect to their obligations under the Australia’s regulatory regimes to ensure a level playing field across retail channels, protecting consumers and compliant Australian businesses.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>Enforce non-compliance with the Australian Consumer Law, Privacy Act, Goods and Services Tax on Low Value Imported Goods and other relevant regulatory frameworks for offshore sellers supplying Australian consumers, including coordinated compliance action across agencies.</li> <li>Strengthen data sharing and intelligence across regulators and with industry, for example by creating a clearing house for real-time sharing of product safety data between regulators and retailers, enabling emerging safety risks and bad actors to be quickly identified, improving visibility of high-risk goods.</li> <li>Ensure competition settings reward compliance and innovation, not regulatory avoidance, including implementation of relevant National Competition Policy reforms.</li> </ul>
<p>Reduce compliance risks through workplace relations education</p>	<p><b>Recommendation:</b> Allocate dedicated federal funding for a national workplace relations education program to support retail businesses to understand and implement recent Fair Work Act and modern award changes.</p>

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<p><i>[Priority Area 6]</i></p>	<p>This should include:</p> <ul style="list-style-type: none"> <li>• Funding practical, employer-facing education and guidance focused on implementation of recent reforms and award changes.</li> <li>• Targeting support to prevent inadvertent non-compliance, reduce disputation and enforcement costs, and improve employer confidence to hire and retain staff.</li> <li>• Delivering proactive education through trusted industry channels to reduce reliance on reactive enforcement while ensuring employee entitlements are upheld.</li> </ul>
<p>Build a more skilled workforce by redirecting more funding back to private RTOs</p> <p><i>[Priority Area 6]</i></p>	<p><b>Recommendation:</b> Improve VET responsiveness and retail job-readiness by restoring funding neutrality and investing in flexible, industry-led training aligned to employment outcomes.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• Restoring funding neutrality between public and private RTOs, based on quality and employment outcomes.</li> <li>• Increasing funding for industry-led training delivered by private RTOs, including employer co-designed courses, apprenticeships, traineeships and micro-credentials aligned to retail needs.</li> <li>• Funding flexible, work-integrated training delivery that accommodates rosters and reduces costs and administrative barriers, particularly for small and medium retailers.</li> </ul>
<p>Reduce vacancies for front-line retail roles by providing pathways for underutilised and underrepresented groups</p> <p><i>[Priority Area 6]</i></p>	<p><b>Recommendation:</b> Reduce persistent vacancies by expanding practical pathways into retail for underutilised cohorts, supported by targeted participation measures and settings that recognise ongoing labour supply constraints.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• Extending the Work Bonus for age pensioners on an ongoing basis, enabling older Australians to work more hours without reducing pension entitlements.</li> <li>• Expanding funding for the Skills for Education and Employment (SEE) Program to strengthen job-ready foundations relevant to retail roles, including customer service and digital capability, with structured pathways into accredited retail qualifications and work placement.</li> <li>• Funding targeted refugee employment pathways into retail, including job-ready training, language support, and on-the-job mentoring delivered with industry partners.</li> <li>• Ensuring migration settings and workforce programs support the availability of labour for retail roles, including where domestic supply remains insufficient.</li> <li>• Supporting national coordination to reduce complexity in school-aged employment rules, including clearer and more consistent minimum age settings across jurisdictions.</li> </ul>
<p>Reintroduce financial incentives for Certificate III and IV programs to create a skilled and robust workforce</p>	<p><b>Recommendation:</b> Reinstate and strengthen Commonwealth incentives that support employers and trainees to commence and complete retail Certificate III and IV qualifications, lifting workforce capability and progression.</p> <p><b>This should include:</b></p>

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<p><i>[Priority Area 6]</i></p>	<ul style="list-style-type: none"> <li>• Ensuring retail qualifications and roles are eligible for Commonwealth apprenticeship and traineeship incentives, including through the Australian Apprenticeships Priority List (or equivalent mechanism) where appropriate.</li> <li>• Reintroducing completion-based incentives that encourage investment in training and progression, particularly for front-line and supervisory roles.</li> <li>• Targeting incentives to lift uptake and completion of retail Certificate III and IV pathways, supporting internal progression and retention.</li> </ul>
<p>Support inclusive workplaces for people living with disabilities</p> <p><i>[Priority Area 6]</i></p>	<p><b>Recommendation:</b> Increase employment participation and retention for people living with disability through targeted employer guidance, practical adjustment support, and removal of participation barriers.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Funding employer-facing guidance and support to improve awareness and uptake of existing programs, (Inclusive Employment Australia, JobAccess and the Employment Assistance Fund) with a focus on SMBs and practical workplace adjustments.</li> <li>• Investing in disability confidence training and advisory support to help employers understand and implement “reasonable adjustments” and support inclusive hiring and retention.</li> <li>• Prioritising accessible transport and workplace infrastructure investment under the National Disability Strategy to remove participation barriers, particularly in regional and outer metropolitan areas.</li> </ul>
<p>Prioritise Retail Worker Safety &amp; Reduce Retail Crime</p> <p><i>[Priority Area 4]</i></p>	<p><b>Recommendation:</b> Provide strong Commonwealth leadership to reduce retail crime and improve retail worker safety by delivering safer retail precincts, strengthening intelligence-led disruption of organised retail crime and illicit tobacco, and enabling the responsible use of technology through national coordination, targeted enforcement and co-investment that supports workforce retention and the long-term viability of retail precincts across Australia.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Providing targeted Commonwealth funding to support safer retail environments, including rebates or co-investment programs to help retailers, particularly SMBs, invest in preventative safety and security infrastructure that reduces risk to workers and improves incident detection and investigation outcomes.</li> <li>• Funding Commonwealth-led national retail crime coordination and intelligence capability to address organised and repeat retail crime operating across jurisdictions, including cross-border offending and online resale of stolen goods, and to improve national alignment, intelligence-led disruption, and prevention outcomes.</li> <li>• Delivering a national illicit tobacco enforcement and disruption strategy, led by the Commonwealth in partnership with states and territories, to address organised criminal supply chains, reduce violence linked to contraband markets, and remove criminal activity from retail precincts.</li> <li>• Funding the development of clear national guidance and regulatory certainty to support the safe and lawful use of facial recognition technology in retail settings, enabling early identification of repeat offenders, improved incident investigation, and safer retail precincts, while maintaining strong privacy safeguards.</li> </ul>

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<p>Deliver packaging reform</p> <p><i>[Priority Area 7]</i></p>	<p><b>Recommendation:</b> Provide Commonwealth leadership to deliver mandatory national packaging reform by establishing harmonised, enforceable standards for packaging design, labelling, and recyclability; introducing a national kerbside collection and education framework; driving long-term investment in recycling and reprocessing infrastructure; and aligning related policies including single-use plastics bans, Container Deposit Schemes to support a circular economy without imposing unnecessary costs on businesses or consumers.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Implement mandatory national packaging reform to replace fragmented state-based systems, delivering harmonised, enforceable standards that reduce costs, eliminate free-riding, and provide regulatory certainty for industry and consumers.</li> <li>• Establish a national packaging design, labelling and material standard so all packaging is designed to be reusable, recyclable or recoverable, supported by consistent rules, the ARL, and aligned recyclability requirements.</li> <li>• Introduce a national kerbside recycling collection standard and education campaign to reduce consumer confusion, cut contamination, rebuild trust in recycling, and improve material recovery outcomes.</li> <li>• Drive long-term investment in recycling and reprocessing infrastructure through consistent material quality standards, supply chain traceability, and stable policy settings that support end markets for recycled content.</li> <li>• Harmonise related policies including SUP bans, CDS schemes, and data reporting to reduce complexity, improve system efficiency, and ensure the circular economy framework delivers real-world recovery outcomes without adding unnecessary cost layers.</li> </ul>
<p>Partner with industry for a circular economy</p> <p><i>[Priority Area 7]</i></p>	<p><b>Recommendation:</b> Partner with industry to accelerate the transition to a circular economy by establishing nationally consistent packaging reform, investing in priority infrastructure and product stewardship, and building retailer capability to participate in circular systems.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Introducing a Circular Economy Act to remove duplication and fragmentation across jurisdictions and establish a nationally consistent packaging and circular economy framework. This should include the creation of a central, Commonwealth-led coordinating function to set standards, administer programs, engage with industry, and publicly report on progress.</li> <li>• Establishing an independent, well-resourced statutory authority, to oversee implementation, administer product stewardship and packaging schemes, strengthen governance and transparency, and coordinate investment programs. This body would also manage shared guidance, tools, and implementation support, particularly to reduce compliance and transition costs for small and medium retailers.</li> <li>• Ensure a national EPA is structured to support consistent regulatory enforcement, infrastructure investment, and system performance while working in parallel with delivery agencies to identify and address recycling and recovery infrastructure gaps. This should include capital funding for priority infrastructure to improve domestic reprocessing capacity and end-of-life outcomes.</li> </ul>



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	<ul style="list-style-type: none"> <li>• Deliver comprehensive, future-proof packaging reform in close consultation with industry, supported by investment in system capability, data, and performance monitoring. This should include funding to strengthen and modernise product stewardship schemes, and the development of a retail circularity measurement and reporting tool to improve data quality, enable benchmarking, and better target public and private investment.</li> <li>• Partner with industry to review and implement the Productivity Commission's circular economy recommendations and scale new business models through co-investment in repair, reuse, leasing, and resale pilots, supporting innovation and scaling viable circular business models that unlock productivity, resilience, and economic value.</li> </ul>
Partner with industry on health and nutrition policy	<p><b>Recommendation:</b> Partner with industry to improve food security, support healthier consumer choices, and reduce cost and complexity for businesses through targeted investment in access, education, and modern nutrition information systems.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Funding to expand food donation and redistribution infrastructure to reduce food insecurity and improve access to nutritious food.</li> <li>• Ensure affordability through measures that address rising input costs (fuel, energy, packaging, freight, labour, insurance) to keep food affordable and accessible.</li> <li>• Co-investment to improve access to affordable fresh food in low-income, regional, and remote communities. Invest in food education partnerships delivered in collaboration with retailers.</li> <li>• Establish hubs that combine food distribution, education, and social support, modelled on Foodbank, and tailored to Australia's rural and regional needs.</li> <li>• Funding scalable digital food literacy tools that support healthier consumer choices within household budgets.</li> <li>• Investing in supply chain resilience and infrastructure, including freight networks and national food supply chain mapping, investing in R&amp;D for produce adaptation.</li> <li>• Addressing gaps in priorities, as household debt increases, energy is becoming an increasing concern for businesses and consumers. The cost of freight and fuel and increasing operational costs has subsequently led to consumers purchasing products with value in mind.</li> </ul>
<p>Build a Low Carbon and Resilient Supply Chain Network</p> <p><i>[Priority Area 1]</i></p>	<p><b>Recommendation:</b> Support a more productive, resilient, and lower-emissions retail supply chain by investing in freight decarbonisation, priority corridor upgrades, and nationally consistent access and planning systems.</p> <p><b>This should include:</b></p> <ul style="list-style-type: none"> <li>• Providing targeted incentives, including grants or accelerated depreciation, to support uptake of zero and low-emissions freight vehicles servicing retail distribution networks.</li> <li>• Investing in energy network upgrades and improved planning coordination to ensure adequate power capacity at freight depots, logistics hubs, and key freight corridors.</li> <li>• Funding targeted upgrades to 47 nationally significant, industry-identified priority freight routes, with a road investment focus on the Bruce Highway</li> </ul>



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(Queensland) and a rail investment focus on the East–West Sydney–Perth corridor, to improve reliability and resilience.

- Funding the national rollout of automated access systems for heavy vehicles to support nationally consistent approvals, faster routes to market, and safer movement of goods.

The Australian Retail Council appreciates the opportunity to contribute to the 2026–27 Pre-Budget process.

We remain committed to working with the Government to progress practical, deliverable reforms that lift productivity, reduce the cost of doing business, and strengthen Australia's economic resilience. As the nation's largest private sector employer and a cornerstone of household consumption, retail is well placed to translate targeted Budget measures into real-world outcomes, supporting jobs, competition, and cost-of-living relief.

We look forward to continued collaboration to ensure policy settings support a dynamic, competitive and sustainable retail sector that delivers economic and social benefits to communities across Australia.

Any queries in relation to this submission can be directed to our policy team at [policy@retail.org.au](mailto:policy@retail.org.au).