

PRE-BUDGET SUBMISSION 2024-25

JANUARY 2024

The Australian Retailers Association (ARA) is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country.

As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and across all categories from food to fashion, hairdressing to hardware, and everything in between.

The ARA also has a proven track record in the delivery of training and upskilling for the retail sector through our Registered Training Organisation (RTO) the ARA Retail Institute, which marked 30 years in operation in 2022.

EXECUTIVE SUMMARY

The Australian retail sector continues to feel the impact of interest rate rises and the cost-of-living crisis that has resulted in a slowdown in consumer discretionary spending at the same time as inflationary pressures increase the cost of doing business.

These challenges are in addition to the sector having to navigate the most ambitious workplace relations agenda in more than a decade, stubbornly high labour shortages, elevated levels of retail crime, the rise of cyber security and Artificial Intelligence (AI), supply chain disruptions and the continued transition to a more inclusive and more sustainable sector.

In response to this dynamic landscape, the ARA welcomes the opportunity to make this submission to Treasury ahead of the 2024-25 Federal Budget, outlining 22 recommendations against five key focus areas:

1. Strong retail sector.
2. Productive workforce.
3. Inclusive workplaces and experiences.
4. Sustainable business practices.
5. Safety and resilience.

While the retail sector has adapted and responded positively to challenges that have impacted consumer spending, labour markets and supply chains in recent years, a strong partnership with government is essential to support a strong and vibrant retail sector, which is vital for the Australian economy.

This submission has been informed by consultation with ARA members and key stakeholders.

CONTEXT

Economic and regulatory context

The Australian retail sector is a key driver of economic growth and the health of the sector impacts all Australians. The sector directly employs one in ten Australians and is dominated by small to medium size businesses, many of them family owned and operated. Australian retailers also support local communities right across the country and remain key partners to local producers and suppliers, reinvesting billions back into the Australian economy.

The continued success of the retail sector is critical to ensuring Australia maintains a strong economy. As noted though, our sector continues to encounter significant economic headwinds through above-trend inflation and higher interest rates that have resulted in a slowdown in consumer spending, at the same time as the cost of doing business continues to rise putting pressure on margins and cashflow – particularly for discretionary retail and small business.

Data released by the Australian Bureau of Statistics (ABS) confirmed that inflation grew faster than retail trade for much of 2023, with monthly growth in retail turnover ranging between 1.2% and 2.5% in the six months to November 2023¹ in comparison to inflation, which recorded 4.3% to 5.5% increases over the same period.² While the Reserve Bank of Australia (RBA) is forecasting a return to more favourable economic conditions, these factors continue to impact the decision-making of all retail businesses and threaten the viability of others.

Changes in consumer expectations and behaviour also present new risks and opportunities for the sector, with retailers particularly sensitive to the need to deliver value for money, provide the highest levels of customer experience to shoppers in store and online, and invest in their businesses to drive innovation and productivity.

To ensure that retailers remain competitive and agile in the current economic climate, increased support measures are needed to help retailers manage the increasing cost of doing business, more complex administrative and regulatory burdens, and the constant need to invest in their business and operations.

Employment relations and workforce issues

Like inflation, labour shortages have continued to moderate through 2023, falling to 37,200 vacancies in November 2023 - down from the historical peak of 49,900 vacancies in November 2022.³ However, a shift in government funding away from private RTOs has exacerbated skills shortages in our sector that pre-date the pandemic. In addition, the rollout of the most significant industrial relations reforms in decades has created a more complex and resource-intensive operating environment, increasing costs and the compliance burden for employers. Like many businesses, ARA members require additional support to navigate these challenges.

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 has therefore welcomed the government's focus on initiatives such as Respect@Work, Family and Domestic Violence Leave, and the provision of more affordable childcare but continued government support of diversity, equality and inclusion initiatives will accelerate the transition to a more inclusive community.

¹ Monthly Retail Trade, Australia, November 2023 | Australian Bureau of Statistics (abs.gov.au)

² Monthly Consumer Price Index Indicator, November 2023 | Australian Bureau of Statistics (abs.gov.au)

³ Quarterly Job Vacancies, January 2024 | Australian Bureau of Statistics (abs.gov.au)

Sustainability and supply chain challenges

There is a clear need for urgent action to address climate change and build a climate resilient economy. The retail community stands ready to play its role in an economy-wide transition to the net-zero, nature-positive, circular economy of the future but greater investment from government is needed to help retailers reduce costs, consumption and emissions faster.

The retail sector will also play a key role in the transition to the circular economy, with a focus on more sustainable packaging but we need a national approach to this national problem, instead of the current approach that means the change has taken longer and been more expensive than necessary.

Supply chain resilience also remains an area of concern for Australian retailers. Recent disruptions arising from natural disasters, the pandemic, industrial action and geopolitical shifts 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. Government intervention to help harness technology, build-up our road and rail infrastructure, and provide strategic leadership will improve productivity and keep the retail supply chain moving, even during times of natural disasters and other disruptions.

Emerging risks and threats

The most significant risk to retailers over the past 12 months has been the unacceptable rise in retail crime and assaults against retail workers. A membership survey conducted by the ARA in 2023 found that than 92% of respondents said that they, or one of their team members, had experienced verbal or physical assault at work.

The ARA has started to work collaboratively with government, law enforcement and community organisations like Crime Stoppers to raise the profile of this trend but greater investment is required to deliver employee-facing and consumer-facing interventions.

As the retail sector becomes more enabled by digital ecosystems, the need to build cyber-resilient businesses has become more pronounced. Addressing these threats will become more challenging as cyber actors become more sophisticated, requiring government and business to work together in building resilience in this space.

Recent data from the Australian Cyber Security Centre shows that the retail sector is rapidly becoming a prime target, trailing only behind financial services and healthcare. While retailers are investing capital and resources into safeguarding their systems, the industry's challenge lies in fostering an environment where the genuine need and expectation of consumers that their data is protected does not detrimentally impact the customer experience.

In addition to these fundamentals, we are also seeing greater need to focus on investment in innovation and technology to realise opportunities arising from the rise of AI within the retail sector. Working with government, these risks, threats and opportunities for our sector could be addressed faster.

SUMMARY OF RECOMMENDATIONS

In light of this context, the ARA makes the following 22 recommendations against five focus areas outlined below. Please refer to the body of this submission for additional detail and rationale in support of these recommendations.

Key Focus Area 1: Strong retail sector

Building a strong, thriving sector by reducing costs, minimising complexity and removing barriers to growth.

- 1.1 Minimise the inflationary impact of higher costs of doing business being passed onto consumers, by addressing the following opportunities.
 - Labour costs: Establish a multi-jurisdictional taskforce to ensure stronger alignment between states and territories on payroll tax, and then assess the viability of eliminating payroll tax (which the ARA regards to be a tax on jobs) from Australia's tax system.
 - Supply chain costs: Suspend the collection of the Road Users Charge applied to heavy vehicles for 12 months, to reduce fuel costs right along the supply chain – from farm to factory to store.
 - Leasing costs: Fund the establishment of a harmonised, national framework for retail leases to simplify and reduce the cost and administrative burden of rent and outgoings and ensure national alignment on retail leases.
 - Energy costs: Extend the small business energy rebate and bonus tax deductions, to incentivise small businesses to invest in measures that reduce energy consumption and costs.
 - Banking costs: Provide funding to industry associations such as the ARA to help increase awareness and adoption of merchant choice routing for small-medium size businesses.
- 1.2 Improve cashflow and reduce costs of doing business by expanding the 25% small business tax rate also cover sole traders and businesses with up to \$100 million in revenue, from the current threshold of \$50 million.
- 1.3 Drive business investment and reduce operating costs by reinstating the temporary full expensing measure that came to an end in June 2023.
- 1.4 Establish a multi-jurisdictional taskforce to identify opportunities for better regulation that streamlines regulations across federal, state and territory governments; cuts red tape for small business; and reduces the complexity and cost of compliance for business, large and small.
- 1.5 Improve mental health outcomes for small business owners by continuing to fund proven programs that provide business and personal support such as NewAccess for Small Business Owners delivered by Beyond Blue and the Small Business Debt Helpline delivered by Financial Counselling Australia.

Key Focus Area 2: Productive workforce

Alleviating skills and labour shortages and driving mutually beneficial outcomes for employers, employees and government.

- 2.1 Reduce compliance risks and costs by collaborating with industry associations such as the ARA to educate retail businesses about recent changes to modern awards and the broader workplace relations landscape.
- 2.2 Reduce vacancies for front-line retail roles by:
 - Maintaining the Work Bonus for pensioners.
 - Extending the Skills Checkpoint program for mature-aged workers.
 - Establishing a taskforce to develop a harmonised, national approach on minimum working age.
 - Creating meaningful employment pathways into retail for refugees with support services to ensure a smooth transition into the Australian community.

- 2.3 Help the retail sector fill vacancies, build a more skilled workforce and reposition retail as a career, by redirecting more funding back to private RTOs, who provide the bulk of training to the retail sector.
- 2.4 Reverse the decision to end the hiring incentive for Certificate III and Certificate IV programs in the food retail sector.

Key Focus Area 3: Inclusive workplaces and experiences

Creating create safe, inclusive work environments and shopping experiences that meet the needs of the diverse communities we serve.

- 3.1 Increase engagement with First Nations jobseekers by funding targeted incentives to design and deliver customised employment pathways into retail for Aboriginal and Torres Strait Islander people.
- 3.2 Support more people living with disability to enter the retail workforce by investing in services and programs such as the ARA's 'Retail Ready and Able' program that empowers and upskills jobseekers living with disability.
- 3.3 Accelerate implementation of the Welcome Here Project to increase the number of retailers offering safe places for Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) people seeking refuge from violence.

Key Focus Area 4: Sustainable business practices

Empowering the transition to the low-carbon, circular economy, and mainstreaming responsible sourcing.

- 4.1 Help businesses transition to the net-zero, circular economy by collaborating with industry associations like the ARA to develop new skills standards and deliver new training programs.
- 4.2 Help businesses transition to low-carbon freight and logistics, with targeted incentives to reduce initial outlay or increase operational costs of alternatives.
- 4.3 Establish a multi-jurisdictional single-use plastics taskforce to ensure new co-regulatory packaging design standards are ambitious and achievable through a harmonised, national approach that reduces costs and complexity for business.
- 4.4 Accelerate the transition to the circular economy and reduce waste to landfill by:
 - Increasing investment in recycling infrastructure beyond the current scope of the Recycling Modernisation Fund.
 - Providing additional support to local councils to accelerate the rollout of Food Organics / Garden Organics (FOGO) waste streams.
 - Providing additional tax incentives for businesses wishing to donate excess inventory to charity, rather than sending the excess to landfill.
 - Reducing import levies on products imported that meet a government specified standard of recyclability.
- 4.5 Accelerate the adoption of product stewardship by:
 - Expanding the Federal Environment Minister's Priority List for product stewardship to include pre-consumer waste.
 - Investing in research and development to empower small businesses and social enterprises pursuing innovative solutions to create sustainable inputs and end-markets for product stewardship schemes.

- Improving the performance and impact of product stewardship schemes by providing funding to consolidate schemes and establish an expert advisory group to provide stronger governance.
- 4.6 Upskill and support businesses to prepare for climate-related financial disclosures by working with industry associations such as the ARA on designing and delivering customised training packages that meet the unique needs of retailers in terms of understanding and disclosing their climate-related risks

Key Focus Area 5: Safety and resilience

Building a safe and resilient sector that protects retailers, employees and consumers from risks and threats.

- 5.1 Provide funding to deliver retail-industry specific programs and campaigns to address retail crime, customer aggression and violence against retail workers.
- 5.2 Improve resilience of the retail supply chain by:
- Funding the establishment of a National Supply Chain Commissioner in the Office of Supply Chain Resilience, to increase accountability in the development and implementation of programs to improve the resilience of Australia's supply chain.
 - Re-establishing investment into critical road and rail projects, like the Great Western Highway, Truro Bypass and inland rail to increase supply chain capacity and ensure the efficient movement of freight.
 - Funding Infrastructure Australia and other bodies to improve resilience of existing road and rail corridors impacted by natural disasters. Individual corridors of concern include the SA to NT transit route, and the SA to WA rail line.
 - Provide grant funding for business case development for freight rail projects in regional Australia.
 - Establish a national agreement with states and territories to subsidise heavy vehicle course fees to address truck driver shortages.
- 5.3 Fund the development of a Retail Disaster Response and Recovery Framework, to be incorporated into the Australian Government Crisis Management Framework (AGCMF) to ensure effective collaboration between retailers, their supply chain partners and National Emergency Management Agency (NEMA) during natural disasters.
- 5.4 Address the digital divide between small and large businesses, by collaborating with industry associations to deliver programs that build capability with respect to digital transformation, digital literacy and cyber security management preparedness.

The detail and rationale to support each of these recommendations is outlined in the body of this submission.

The ARA appreciates the opportunity to contribute to the budget consultation process and looks forward to further engagement as budget programs are announced and implemented.

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

OVERVIEW OF RECOMMENDATIONS AND RATIONALE

Key Focus Area 1: Strong retail sector

Building a strong, thriving sector by reducing costs, minimising complexity and removing barriers to growth.

Recommendations and rationale

1.1 Minimise the inflationary impact of higher costs of doing business being passed onto consumers, by addressing the following opportunities.

Reduce labour costs

Establish a multi-jurisdictional taskforce to ensure stronger alignment between states and territories on payroll tax, and then assess the viability of eliminating payroll tax (which the ARA regards to be a tax on jobs) from Australia's tax system.

- Australian governments collected \$24 billion from payroll tax in 2019-20, with different rates and thresholds in each jurisdiction. While payroll tax is managed by state and territory governments, the ARA believes that there is a positive role for the federal government to play in leading a coordinated effort to reduce the cost and administrative burden of payroll tax on business.
- To realise this opportunity, the ARA recommends that federal, state and territory governments work together to deliver a harmonised and integrated national approach to payroll tax. The ARA seeks greater investment in digitisation and uniformity of platforms used by the states and territories.

Reduce supply chain costs

Suspend the collection of the Road Users Charge (RUC) applied to heavy vehicles for 12 months, to reduce fuel costs along the supply chain – from farm to factory to store.

- The RUC applies to each litre of fuel used by freight trucks on public roads, currently 28.8 cents per litre, adding costs to the retail supply chain.
- The ARA recommends a pause to the annual increase for the next 12 months to help ease the cost of doing business along the supply chain for retailers.

Reduce leasing costs and complexity

Fund the establishment of a harmonised, national framework for retail leases to reduce the cost and administrative burden of rent and outgoings, and ensure national alignment on retail leases.

- The ARA strongly recommends that government provides resources to conduct a review of retail leasing regulation and practices across the country to inform the design and adoption of a national framework, based on a best practice model approach.
- A national framework would reduce costs, complexity and compliance issues for retail businesses. The ARA also recommends further resourcing for retail leasing dispute resolution pathways such as the mediation services provided by State Small Business Commissioners.

Reduce energy costs, consumption and emissions

Extend the small business energy rebate and bonus tax deductions, to incentivise small businesses to invest in measures that reduce energy consumption and costs.

	<ul style="list-style-type: none"> - As energy prices continue to increase the cost of doing business, the ARA believes there is a strong case for government to continue providing targeted financial incentives to reduce energy costs, by incentivising businesses to reduce energy consumption and emissions. - The ARA recommends that the Small Business Energy Rebate and Bonus Tax Deduction for the electrification of equipment be extended indefinitely, to incentives more business to upgrade to more energy efficient equipment. Any investment that reduces energy consumption, also reduces energy costs, taking inflationary pressure out of the retail value chain. <p>Reduce banking costs</p> <p>Provide funding to industry associations such as the ARA to help increase awareness and adoption of merchant choice routing.</p> <ul style="list-style-type: none"> - Merchant choice routing (or least cost routing) provides retailers and other merchants the opportunity to determine which payment network they use when processing dual network debit cards, with oversea card scheme operators charging a higher merchant fee than local schemes. - To help retailers and other merchant make an informed choice about routing, the ARA recommends that government invest in an engagement and education campaign about merchant cost routing that has the potential to deliver significant savings on the cost of managing credit and debit card transactions.
<p>1.2 Improve cashflow and reduce costs of doing business by expanding the 25% small business tax rate also cover sole traders and businesses with up to \$100 million in revenue, from the current threshold of \$50 million.</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, the ARA recommends the threshold for the small business tax rate is increased to cover businesses with revenues up to \$100 million.</p> <p>This measure would cover more than 95% of the ARA’s members, many of whom have experienced higher costs and cashflow challenges over the past three years.</p>
<p>1.3 Drive business investment and reduce operating costs by reinstating the temporary full expensing measure that come to an end in June 2023.</p>	<p>Business investment remains a key driver of productivity and innovation. The ARA recommends the reinstatement of Temporary Full Expensing measure that was defunded in June 2023.</p> <p>For retailers and their supply chain partners, this reinstatement would provide added incentive to invest in end-of-life replacement of vehicles, plant and equipment – improving productivity and reducing ongoing running costs.</p>
<p>1.4 Establish a multi-jurisdictional taskforce to identify opportunities for better regulation that streamlines regulations across federal, state and territory governments.</p>	<p>With inconsistencies and duplications across the different levels of government that make it increasingly difficult for businesses, in particular small business, to navigate, the ARA recommends the government establishes a taskforce across federal, state and territory governments to streamline regulations.</p> <p>This taskforce should be given a remit to identify duplications and inconsistencies to aid the cutting of red tape for business, which will in turn reduce the complexity and cost of compliance for businesses - large and small.</p>

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

The ARA recommends government retain its focus on improving mental health outcomes for small business owners by continuing to fund proven early intervention programs that provide confidential support such as the NewAccess for Small Business Owners program delivered by Beyond Blue, and the Small Business Debt Helpline delivered by Financial Counselling Australia.

Key Focus Area 2: Productive workforce

Alleviating skills and labour shortages and driving mutually-beneficial outcomes for employers and employees.

Recommendations and rationale

2.1 Reduce compliance risks and costs by collaborating with industry associations such as the ARA to educate retail businesses about recent changes to modern awards and the broader workplace relations landscape.

Confusion arising from award complexity and ambiguity has led to compliance issues and all parties have an interest in having these issues resolved in a timely manner.

While the ARA welcomes the Fair Work Commission (FWC) review into modern awards, that aims to make awards easier to use, award complexity will remain a significant source of confusion, disputation and litigation in the retail sector. It results in a costly drain on resources for all stakeholders and regulators.

To reduce compliance risks, and ensure ambiguity and uncertainty are not a cost of doing business, the ARA seeks greater collaboration from government with industry associations such as the ARA to engage and educate retail businesses awards.

The ARA also recommends that government increase funding to industry associations such as ARA to design and deliver a comprehensive education campaign to ensure workplace relations reforms are understood by employers. This will reduce confusion, complexity, and compliance risks for impacted employers.

2.2 Reduce vacancies for front-line retail roles

Vacancies for front-line retail roles remain at all-time highs despite efforts that industry and government have made to address the issue.

The ARA recommends a holistic approach to engaging with segments of the labour market that are currently under-represented in the retail workforce. Specifically, the ARA recommends the following measures.

a. Maintain the Work Bonus for aged pensioners

The ARA previously welcomed the extension of the federal government's scheme allowing aged pensioners to earn additional income without losing entitlements. The ARA recommends that this scheme is extended indefinitely.

b. Extend the Skills Checkpoint program for mature-aged workers.

The ARA recommends that the Skills Checkpoint for Older Workers program is extended beyond 30 June 2024 to ensure continued recognition of the value that mature aged workers bring to the retail industry.

Each year, the government supports up to 10,000 Australians aged 40 or over through the program, offering guidance on transitioning into new career opportunities, or upskilling advice for their current roles. The continuation of this program would be of benefit to mature aged individuals and the retail industry.

Further resources should also be provided to industry to promote removing the cap on the hours worked to address skills shortages, particularly in retail management.

	<p>c. Appoint a taskforce to develop a national approach on minimum working age</p> <p>The ARA recommends the federal government lead a reform agenda to create national consistency on state and territory regulations around workforce participation by school-aged Australians.</p> <p>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 without interfering with their education. A national framework should specify a consistent minimum age for working.</p> <p>d. Create meaningful employment pathways into retail for refugees with support services to ensure a smooth transition into the Australian community.</p> <p>The ARA recommends that government fund the design and delivery of customised programs that provide pre-employment and on-the-job training supported by language assistance and support from the community in the form of coaching, mentoring and networking and other wrap-around services to help refugees acclimatise to the Australian job market.</p> <p>The ARA's Retail Institute would welcome increased funding to partner with government and delivery specialist such as Community Corporate in delivering programs that support refugees and help the retail sector address vacancies, particularly in regional communities.</p>
<p>2.3 Help the retail sector fill vacancies, build a more skilled workforce and reposition retail as a career, by redirecting more funding back to private RTOs, who provide the bulk of training to the retail sector.</p>	<p>The ARA has welcomed 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, like the ARA's Retail Institute, that typically deliver higher completion rates than TAFE but are gradually being defunded.</p> <p>The ARA therefore recommends that government allocate some 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.</p> <p>The TAFE system currently employs a delivery system that generally necessitates attendance on a designated day as determined by the institution. In contrast, the ARA Retail Institute and other private RTOs have the capacity to tailor training schedules to the availability of trainees, working with their work schedule.</p> <p>The loss of funding to private RTOs means the retail sector becomes more reliant on a non-flexible TAFE structure and reduces trainee participation due to roster clashes and time restraints.</p>
<p>2.4 Reverse the decision to end the financial incentives for Certificate III and Certificate IV programs in the food retail sector.</p>	<p>With its workforce skewed towards younger Australians, the retail sector has excelled at building foundational skills in the workforce - supporting the completion of secondary school, creating pathways to more advanced formal education and establishing skills that can be applied in a retail career or across other sectors of the economy later in life.</p> <p>The recent decision to defund the hiring incentive for Certificate III and Certificate IV programs in the food retail sector will make it harder for ARA members to deliver programs that build these skills, to the detriment of both employers and employees.</p> <p>The ARA therefore recommends that government reinstates the \$2,500 to employers for completion incentives and \$5,000 to all apprentices and trainees to assist in the completion of their training.</p>

Key Focus Area 3: Inclusive workplaces and experiences

Creating create safe, inclusive work environments and shopping experiences that meet the needs of the diverse communities we serve.

Recommendations and rationale	
<p>3.1 Increase engagement with First Nations jobseekers.</p>	<p>In 2019, the ARA partnered with the First Nations community in south-west Sydney and members to develop a customised program for local Indigenous jobseekers, comprising pre-employment training, on-the-job training and ongoing support from mentors in the community. While the initial cohort was relatively small, the program received positive feedback and delivered high retention rates.</p> <p>The ARA recommends dedicated funding be made available to incentivise retailers to design and deliver customised employment pathways for Aboriginal and Torres Strait Islander people.</p>
<p>3.2 Support more people living with disability to enter the retail workforce by investing in services and programs that encourage employers to recruit and retain people living with disability.</p>	<p>The ARA is committed to working with members to provide meaningful training and career pathways for people living with a disability.</p> <p>Since 2013, the ARA's Retail Ready and Able program has provided training and career pathways to more than 1,300 candidates who identify themselves as having a disability.</p> <p>More recently, the ARA has worked with Disability Employment Service partner Global Skills to offer accredited skill-set programs to upskill jobseekers aligned to their abilities and secure job placements with some of Australia's largest retailers. These and other programs have a demonstrated track record of providing benefits to jobseekers industry and government.</p> <p>The ARA welcomes the investment that government has made into employment options for people living with disability, and has identified a need to provide greater support to employers, particularly hiring managers and line managers.</p> <p>The ARA therefore recommends additional investment in programs that help build awareness and reduce the stigma of employer people with a disability. The ARA's Retail Institute is well-placed to partner with government on these initiatives.</p>
<p>3.3 Accelerate implementation of the Welcome Here Project to increase the number of retailers offering safe places for Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) people seeking refuge from violence.</p>	<p>The Welcome Here Project aims to increase the number of safe places where Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) people seeking refuge from street-based violence. Local businesses, including retailers, display signage on their shopfront to signify their premises as a safe place, supported by training and education.</p> <p>With the LGBTQ+ community representing an important segment for the retail sector, in terms of consumers and employees, the ARA recommends that government provide funding to accelerate the roll-out of the Welcome Here Project, to reduce street-based violence against LGBTQ+ people and the associated physical and emotional impacts.</p>

Key Focus Area 4: Sustainable business practices

Empowering the transition to the low-carbon, circular economy of the future and mainstream responsible sourcing.

Recommendations and rationale

<p>4.1 Help businesses transition to the net-zero, circular economy by collaborating with industry associations like the ARA to develop new skills standards and deliver new training programs.</p>	<p>The ARA’s Retail Institute is the leading body for the education and professional development needs of the Australian retail sector. With a proven track record of delivering accredited programs in partnership with government, the ARA’s Retail Institute also has capability to design new skills standards and deliver high quality non-accredited courses.</p> <p>Working with overseas partners, the ARA has access to international best practice insights, case studies and materials to support retailers – large and small – on their transition to the net-zero, nature-positive, circular economy.</p> <p>The ARA recommends a collaboration with government, building on this established knowledge base to develop and deliver customised, non-accredited training courses to help Australian SME retailers plan, set and achieve their own ambitious targets.</p> <p>Working with industry stakeholders and experts, the ARA has already designed a comprehensive training program to educate retailers about the transition to net-zero emissions. Going forward, the ARA plans to design similar programs to support the transition to nature-positive, circular thinking.</p>
<p>4.2 Help businesses transition to low-carbon freight and logistics, with targeted incentives to reduce initial outlay or increase operational costs of alternatives.</p>	<p>For many retailers, greenhouse gas emissions from their freight and logistics remains a future opportunity in their net-zero transition plans because other investments better return or shorter paybacks.</p> <p>To improve the business case for low-carbon alternatives (particularly electric vehicles) the ARA recommends that government reduce the initial outlay removing the Goods and Services Tax and import duties on electric vehicles, and provide rebates for electric charging stations for commercial vehicles.</p>
<p>4.3 Establish a multi-jurisdictional single-use plastics taskforce to ensure new co-regulatory packaging design standards are ambitious and achievable through a harmonised, national approach that reduces costs and complexity for business.</p>	<p>The establishment of the Federal government as the single regulator of new mandated packaging design standards and recycled content requirements is a welcome announcement.</p> <p>This co-regulatory model will provide some relief surrounding the inconsistencies between state governments which has made the phase-out of problematic and unnecessary plastic items to be more costly and complex than necessary.</p> <p>To facilitate the transition to this new regulatory model, the ARA recommends the establishment of a multi-jurisdictional stakeholder taskforce to ensure design standards are not only ambitious but are achievable within appropriate timeframes.</p> <p>The introduction of Single-use Plastics Commissioner to oversee this transition would be beneficial to not only a reduction in negative environmental outcomes, but the consolidation of various State schemes into one that is achievable for business.</p> <p>The development of new guidance materials with nationally consistent clear and transparent information is required. The resources need to be in a variety of languages and formats to ensure they are accessible for people with language and literacy barriers including members of CALD communities, Aboriginal and Torres Strait Islander peoples, and people living with disability.</p>

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

Expand the Recycling Modernisation Fund

The ARA recommends increasing investment in recycling infrastructure and capacity, beyond the current scope of the Recycling Modernisation Fund. While the Recycling Modernisation Fund continues to deliver the development of infrastructure across various states in Australia, recycling infrastructure must continue to expand to improve Australia's capacity to become a circular economy.

The ARA recommends the following:

- a. Continued investment in additional resource recovery and recycling infrastructure, particularly in regional communities. Regional Australia has less access to recycling and resource recovery infrastructure compared to major metropolitan markets, leading to higher rates of waste disposal and lower recycling rates. The ARA recommends that more NRF funding be directed to regional communities to reduce waste, improve the local environment, and stimulate economic development through the creation of new jobs and businesses.
- b. Collaboration with industry on education and infrastructure programs to increase recycling rates on hard-to-recycle materials. Some consumers struggle to recycle certain materials due to a lack of access to appropriate facilities or knowledge about how to dispose of them properly. The ARA recommends collaboration with industry on joint initiatives for schemes that increase recycling rates on hard-to-recycle materials, through education and innovation.
- c. An education campaign for consumers around recycling, particularly regarding where different types of materials should be recycled. Whilst businesses continue to adapt packaging to adhere to recycling legislation changes and to inform the consumer of the appropriate disposal points, Australian consumers do not have confidence in Australia's recycling systems, and do not have adequate knowledge in where different types of materials should be taken to be recycled. A government education campaign on how and where to recycle will lead to more faith in recycling systems, and lead to more products being recycled, resulting in better environmental outcomes.

Match state government investment in FOGO waste

To accelerate the adoption of sustainable packaging alternatives and reduce the volume of organic waste being sent to landfill, the ARA recommends that the federal government provide additional support to local councils interested in FOGO waste, to match the increased support provided at a state level.

Provide tax incentives for donations

The ARA recommends additional tax incentives for businesses wishing to donate excess inventory to charity, rather than sending the excess to landfill.

In Australia, there is a current proposal for a tax rebate on food relief donations, inclusive of transport and logistics costs associated with donating food. This is in line with tax incentives for donations that are already available in some other countries.

The ARA believes there is an opportunity to extend any future scheme to include non-food items as well, to help remove one of the last remaining barriers to diverting more pre-consumer waste, post-consumer waste and end-of-life assets from landfill.

The ARA therefore recommends a phased approach to providing tax incentives for businesses wishing to donate excess inventory to charity, starting with food and then extending to non-food categories once economic modelling has been conducted.

Reduce taxes and levies on the circular economy

The ARA believes there is an opportunity to further incentivise business transition to the circular economy by offering tax incentives and reducing import levies.

As the circular economy continues to gain momentum in Australia, the ARA recommends the government consider providing incentives for businesses to encourage the transformation of processes to align with principles of circularity.

The ARA recommends the following incentives:

- a. In order to achieve this at minimum cost to business, those adopting circularity should be offered tax incentives for encouraging consumer behaviour change, adopting more sustainable design practices including designing out problematic plastics and keeping waste out of landfill.
- b. Reduction on import levies to reflect products imported that meet a government specified standard of recyclability to drive innovation and provide an incentive for business to create more sustainable products.

4.5 Accelerate the adoption of product stewardship.

Expand Minister's Priority List

The ARA believes there is an opportunity to reduce waste to landfill and support community members in need by expanding the Federal Environment Minister's Priority List for product stewardship to include pre-consumer waste.

ARA community partner, Good360 Australia, estimates that 2% of all retail merchandise does not get sold and is disposed of as pre-consumer waste. Analysis conducted by Deloitte Access Economics estimates the opportunity cost of this inventory to be in the range of \$2.5 billion per annum.

The ARA recommends that pre-consumer waste be added to the Environment Minister's Priority List for product stewardship, providing access to valuable funding that will design and deploy pragmatic solutions to help address the problem.

It is also important that the consortium led by the Australian Fashion Council incorporate pre-consumer waste into the design of the Product Stewardship Scheme for clothing textiles.

Incentivise research and development to enable product stewardship

Small businesses and social enterprises are pursuing innovative solutions essential for providing sustainable inputs and end-markets for product stewardship schemes.

The ARA recommends greater investing in research, development, innovative product design and technology being developed by small business and social enterprise for the retail industry.

Research and development is a key driver of economic growth. Greater investment from government will ensure the retail industry harnesses the power of digital technology including AI and e-commerce solutions, continues to build knowledge and expertise, and creates efficiencies for retailers and consumers.

Improve performance and impact of product stewardship schemes

In line with community expectations and government policy, product stewardship is now commonplace for Australian retailers, with more than 100 independent schemes already operating across a variety of product types. The ARA welcomes this trend but

	<p>has concerns about the ability of business to adequately manage a plethora of these schemes, resulting in poor environmental outcomes and lower consumer confidence.</p> <p>A holistic, national approach to product stewardship schemes is essential. This will minimise the inefficiencies arising from multiple, piecemeal solutions across state borders. Collaboration between government, industry and community is essential to improving the impact of these schemes going forward.</p> <p>The ARA recommends the establishment of a product stewardship working group, similar to the Circular Economy Ministerial Advisory Group, to consolidate the numerous product stewardship schemes in operation, in order to ease pressure on individual businesses and improve environmental outcomes.</p>
<p>4.5 Upskill and support businesses to prepare for climate-related financial disclosures by working with industry associations such as the ARA on designing and delivering customised training packages that meet the unique needs of retailers in terms of understanding and disclosing their climate-related risks.</p>	<p>The ARA’s Retail Institute is the leading body for the education and professional development needs of the Australian retail sector. With a proven track record of delivery accredited programs in partnership with government, the ARA’s Retail Institute also has capability to design new skills standards and deliver high quality non-accredited courses.</p> <p>Working with overseas partners, the ARA has access to international best practice insights case studies and materials to support retailers – large and small – on their transition to the net-zero, nature positive, circular economy.</p> <p>The ARA recommends a collaboration with government, building on this established knowledge base to develop and deliver customised, non-accredited training courses to help Australian SME retailers plan, set and achieve their own ambitious targets.</p> <p>Working with industry stakeholders and experts, the ARA has already designed a comprehensive training program to educate retailers about the transition to net-zero emissions. Going forward, the ARA plans to design similar programs to support the transition to nature-positive, circular thinking.</p>

Key Focus Area 5: Safety and resilience

Building a safe and resilient sector that protects retailers, employees and consumers from risks and threats.

Recommendations and rationale

<p>5.1 Provide funding to deliver retail-industry specific programs and campaign to address retail crime, customer aggression and violence against retail workers.</p>	<p>The retail industry is working hard to address retail crime including staff assaults, customer aggression and abuse, and theft.</p> <p>The ARA recommends greater investment by government towards the acceleration in the delivery of retail-industry specific programs and educational resources to address these issues.</p> <p>Greater investment will ensure a consistent approach across the industry, increased data sharing on retail crime statistics, and continued guidance on new technologies available to mitigate risks.</p>
<p>5.2 Improve resilience of the retail supply chain.</p>	<p>Appoint a Supply Chain Commissioner</p> <p>The ARA recommends appointing a National Supply Chain Commissioner to work closely with industry and provide an independent voice, to help keep supply chains moving across the country and keep downward pressure on costs. This recommendation also includes funding to establish the Office of the Commissioner.</p>

The Commissioner could also manage the implementation of recommendations arising from the 2023 National Freight and Supply Chain Strategy.

Re-establish investment into critical major road and rail projects

Some types of freight will always need to be moved by road, including some consumables, small quantities, goods with multiple delivery points and local freight. Improving freight access is vital to keeping our supply chain agile and competitive.

The ARA recommends reestablishing the funding towards strategic road projects, like the Great Western Highway and Truro Bypass, defunded after a recent Infrastructure Australia review.

Investing in the road infrastructure will reduce travel times for industry and ultimately reduce costs for retailers.

Provide grant funding for business case development on regional rail project

The efficient movement of food, produce and raw materials contributes to economic growth in rural areas. One 600-metre-long freight train can carry the equivalent load of more than 54 trucks and enough to make more than 250,000 loaves of bread.

The ARA recommends establishing a grant program aimed at providing funding for business case development for regional rail freight projects that will:

- increase capacity, access and reliability of the rail network;
- reduce the cost of getting goods to market; and
- support jobs, growth and economic productivity.

The ARA understands there is a Major Projects Business Case fund already established but rail projects funded under this scheme are tilted more towards passenger rail than freight.

Reduce licencing and training costs for truck drivers

Industry is feeling the pressure from labour and skills shortages especially in regional Australia, which is in turn putting pressure on our freight and logistics lines and driving up prices.

One key contributor to this shortage is the licensing system and cost.

The ARA recommends the Infrastructure and Transport Ministers' Meeting collaborates on how all states can provide a more efficient licensing system and subsidies to younger truck drivers to increase the number of skilled truck drivers.

5.3 Fund the development of a Retail Disaster Response and Recovery Framework, to be incorporated into the Australian Government Crisis Management Framework

To help retailers recover faster and continue ensure communities have access to essential items in the event of a disaster or emergency the ARA recommends funding to develop a Retail Disaster Response and Recovery Framework to be incorporated into the Australian Government Crisis Management Framework.

The ARA is in the best position to take the lead on the work and will collaborate with retailers and their supply chain partners and the National Emergency Management Agency for their advice.

5.4 Address the digital divide between small and large businesses.

One of the positive trends to emerge from the pandemic has been the acceleration of consumer's acceptance of online shopping and the shift towards digitalisation in the retail sector. The ARA believes it is important that small businesses are supported in this transition so they can realise the benefits of operating in the digital economy.

The other emerging trend for all businesses, including retailers large and small, is the rise of cyber security risks, with recent breaches demonstrating that even large, well-resourced corporations can be vulnerable to cyber security attacks.

The ARA recommends additional funds be allocated to address the digital gap between large and small businesses, to:

- encourage small business to invest in digital innovation;
- ensure smaller retailers are adequately informed and resourced to manage cyber security threats and to help build their cyber security crisis management plan; and
- build digital literacy and ensure that the most vulnerable members of the Australian community are not disenfranchised by the adoption of digital technology, particularly in relation to payments.

The ARA also recommends greater investment from government to accelerate the rollout of the Digital Solutions Program, the Cyber Wardens Program, the Cyber Health Check Program and the Small Business Cyber Resilience Service.