

SUBMISSION

REMOVING REGULATORY BARRIERS TO RETAIL COMPETITION THROUGH NATIONAL HARMONISATION

JUNE 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA) welcome the opportunity to provide a submission to the Productivity Commission's *National Competition Policy Analysis 2025*.

The ARA and NRA, which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector**, and employs **1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy.

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

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

EXECUTIVE SUMMARY

Australia's regulatory fragmentation is holding back one of the nation's most significant economic engines – its retail sector. With operations spanning every community and supply chain, retailers face the daily challenge of navigating inconsistent rules across jurisdictions. This submission highlights national harmonisation as one of the most practical and powerful reforms available to help reduce complex and inconsistent compliance burdens, enhance business mobility, and drive productivity growth.

We call on the Productivity Commission to prioritise national harmonisation as a critical stream of National Competition Policy (NCP) reform. This submission provides clear examples from the retail sector where duplication and divergence between jurisdictions create unnecessary costs, distort investment decisions, and disadvantage small and medium-sized enterprises (SMEs). It also proposes that harmonisation efforts be progressed through the existing National Cabinet framework, supported by the recently established National Productivity Fund as a mechanism to incentivise participation and reform among states and territories.

Retailers operating across multiple jurisdictions face a patchwork of state and territory regulations that increase complexity, inhibit scale, and discourage investment. While large corporations can often absorb these burdens, many retail SMEs also operate nationally, through franchising, online platforms, or store networks, and struggle to navigate conflicting rules and absorb duplicative costs.

National harmonisation would help to:

- **Improve labour mobility** and reduce administrative overheads;

- **Lower operational costs**, with potential flow-on benefits for consumer prices;
- **Remove artificial barriers to cross-border growth** and investment;
- **Create a fairer, more consistent operating environment** for businesses of all sizes.

As a sector embedded in every community and critical to Australia's economic fabric, retail is an ideal proving ground for harmonisation. The benefits would be immediate and far-reaching – for businesses, workers, and consumers alike.

CROSS-JURISDICTIONAL BARRIERS AND INCONSISTENCIES

Payroll Tax

Payroll tax is consistently cited by retailers, particularly those operating across multiple jurisdictions, as one of the most inefficient and distorting state-based taxes. With varying thresholds, rates, exemptions, levies and reporting requirements across states and territories, businesses must manage a patchwork of administrative burdens that drive up costs and discourage national expansion.

Recent data shows payroll tax thresholds and rates vary widely across states:

- Thresholds range from \$900,000 in Victoria (rising to \$1 million from 1 July 2025) to \$2 million in the ACT.
- Tax rates range from 4% in Tasmania (for wages between \$1.25M and \$2M) to 7.35% in the ACT (including a 0.5% surcharge for employers with Australia-wide wages over \$100 million).
- Most states adopt different calculation methods, grouping rules, and compliance timeframes, complicating payroll systems and creating additional accounting costs.

Retailers of all sizes, including many small and medium-sized enterprises, that straddle multiple states face a disproportionate compliance load, often requiring duplicated payroll systems, multiple registration and reporting processes, and complex internal reconciliations to allocate headcount and payroll liabilities accurately across jurisdictions. This particularly disadvantages businesses on growth trajectories – those who are large enough to exceed one state's threshold but not large enough to invest in specialist payroll compliance resources.

Some members have noted that managing payroll tax across multiple jurisdictions requires separate compliance processes, leading to unnecessary duplication of effort and increased administrative burden.

The lack of uniformity in payroll tax also creates inefficiencies in workforce planning and deployment. Retailers operating nationally often find it more complex and costly to scale staffing evenly across jurisdictions, particularly when entering new markets or adjusting headcount to meet seasonal demand. This uneven burden can lead to suboptimal employment outcomes, especially for mid-sized businesses without the scale or resources to absorb compliance overheads.

While abolition of payroll tax has been previously proposed in various reform efforts, even partial harmonisation, such as common thresholds, aligned reporting timelines, and standardised exemption criteria, would represent a significant productivity gain. A national reform agreement on payroll tax harmonisation, supported by incentive payments from a National Reform Fund, could yield significant benefits for retailers while preserving revenue for state governments.

The ARA and NRA support:

- Aligning payroll tax thresholds, exemptions, and reporting frameworks across all jurisdictions;
- Streamlining administrative processes, including payment schedules and audit requirements;

- Establishing a national reform agreement to incentivise states that reduce complexity and harmonise key thresholds.

Retail Leasing and Franchising Laws

Retail leasing frameworks vary significantly across Australia, creating complexity and inconsistency for both tenants and landlords. Each state and territory operates under its own legislation, such as the *Retail Leases Act 1994 (NSW)*, the *Retail Shop Leases Act 1994 (QLD)*, and equivalent instruments in other jurisdictions. These differences include the scope of what constitutes a retail lease, notice and disclosure requirements, permitted use provisions, minimum lease terms, security arrangements, rent review mechanisms, and dispute resolution processes.

For national and multi-state retailers, this fragmented environment generates significant legal and operational costs. Businesses must adapt lease documentation and negotiation strategies for each jurisdiction, often requiring separate legal advice to ensure compliance with local requirements. This duplication can increase legal costs by tens of thousands of dollars per store roll-out.

The impact is especially acute for franchise networks, where franchisees, often small, family-owned operators, may lack the capacity to navigate divergent leasing regimes and are therefore exposed to additional risk. National landlords are similarly impacted, as they must manage compliance with multiple leasing regimes and disclosure standards.

Some retailers have indicated that divergent lease requirements across jurisdictions routinely require duplicative legal reviews and documentation, adding tens of thousands of dollars in legal fees per store roll-out.

While some jurisdictions have made efforts to simplify lease requirements, harmonisation across key areas, such as disclosure timelines, security bond limits, standard rent review mechanisms, and dispute resolution procedures, would support business certainty and reduce the cost of doing business across states. A nationally consistent framework, developed in consultation with landlords, tenants, and franchisees, would particularly benefit SMEs and new market entrants by reducing compliance costs and creating a more level playing field.

Franchising regulations present a similar challenge. While the national *Franchising Code of Conduct* applies across jurisdictions, franchisees remain subject to the variable leasing laws of each state. This dual layer of regulation often undermines the Code's objectives by embedding compliance inconsistency in the fundamental infrastructure of the franchise system – property access and tenure security.

In addition to leasing inconsistencies, retailers face significant delays and uncertainty in site development due to complex, state-based planning systems. These delays can stretch over many years, particularly for major developments, and act as a significant barrier to growth and competition. Rather than simplifying this environment, recent merger reform proposals risk adding further complexity, particularly for businesses navigating planning approvals, lease negotiations, and competition assessment in tandem.

To improve retail competitiveness, fairness and business certainty, we recommend harmonising core elements of retail lease legislation while preserving the ability for parties to negotiate lease terms appropriate to their needs.

The ARA and NRA support:

- Harmonising retail lease disclosure obligations, dispute resolution mechanisms, and rent review frameworks;
- Aligning core provisions across jurisdictions to reduce legal complexity and costs;

- Developing a nationally consistent leasing and franchising framework in consultation with industry stakeholders.

Environmental Regulations and Waste Schemes

Inconsistent environmental regulations across jurisdictions, particularly in relation to single-use plastic (SUP) bans, container deposit schemes, and packaging requirements, have emerged as a growing burden for retailers. While the retail sector broadly supports sustainability goals, the fragmented policy environment has created complexity, increased costs, and limited the effectiveness of environmental reforms.

Retailers operating nationally must navigate a patchwork of state and territory laws with differing timelines, definitions, and compliance requirements. For example, SUP bans differ significantly across jurisdictions. What is banned in Victoria may still be permitted in New South Wales, and exemptions for certain items, such as straws for medical use, are applied inconsistently. Definitions of “single use,” “compostable,” or “recyclable” are also not standardised, leading to confusion across supply chains and among consumers.

These inconsistencies have real operational consequences:

- Supply chain disruptions occur when suppliers must create state-specific product lines, increasing stock management complexity and costs.
- Staff training and customer engagement become more difficult when teams must be briefed on jurisdiction-specific rules, often leading to frustration at the checkout.
- Smaller retailers in particular face disproportionate challenges due to limited resources and buying power, making it harder to absorb the cost of sustainable alternatives or manage the compliance burden.
- Alternative materials, such as paper or certified compostable products, are often more expensive and require new waste infrastructure to be effective, yet waste collection capabilities vary widely between states, limiting the circularity potential of these solutions.

Retailers have reported that even basic operational adjustments, such as changing produce bags, redesigning checkouts to accommodate new materials, and managing customer resistance to unfamiliar or less durable products, can be time-consuming and costly. Misalignment in waste stream rules also undermines environmental outcomes, for example, compostable packaging contaminating recycling streams or ending up in landfill due to lack of appropriate disposal facilities.

The ARA and NRA support harmonisation efforts that deliver a coordinated, nationally consistent approach to environmental regulation, particularly in:

- Definitions of SUP and recyclable or compostable materials
- Timelines and implementation frameworks for bans
- Packaging labelling and waste sorting standards
- Data collection and reporting requirements across schemes

A harmonised framework would improve regulatory certainty, lower compliance costs, and allow for better collaboration between governments, industry, and consumers. It would also better support innovation and environmental leadership across the retail sector, ensuring the transition to sustainable practices is effective, efficient, and equitable.

Freight and Supply Chain Regulation

Australia’s freight and supply chain systems are under pressure. Domestic freight volumes are forecast to increase by 35% by 2040, yet retailers and logistics providers continue to face mounting inefficiencies caused by fragmented, outdated, and inconsistent regulations across jurisdictions. These regulatory barriers increase

operating costs, reduce national productivity, and limit the retail sector's ability to respond to rising consumer expectations and supply chain disruptions.

Retailers rely on the timely and efficient movement of goods across state borders to keep shelves stocked and costs down. However, differences in freight access rules, vehicle classification standards, emissions regulations, fatigue management requirements, and local council restrictions all contribute to unnecessary delays and duplication. Inconsistent road classifications and axle weight limits between states force route alterations and load adjustments, even for routine deliveries. Similarly, variations in curfew regulations and last-mile access arrangements place additional stress on urban freight, reducing delivery reliability and increasing congestion.

The lack of coordination across jurisdictions is also undermining investment in supply chain innovation. National retailers trialling zero-emission delivery fleets or investing in intermodal freight are met with mismatched standards, unclear approval pathways, and administrative delays that stall progress. These inconsistencies make it more difficult to scale pilot programs or unlock efficiencies across entire networks.

Operational inefficiencies are particularly acute in the areas of heavy vehicle access, local permitting, and rail interoperability. For example, the continued lack of a nationally integrated freight permitting system forces logistics providers to engage with multiple local road managers, each with separate processes and approvals. While the National Automated Access System (NAAS) is being trialled, uptake remains limited and inconsistent. This friction is mirrored in the rail freight sector, where incompatible loading gauges and infrastructure standards reduce the viability of long-haul intermodal solutions—despite growing demand for lower-emission freight alternatives.

Retailers and their logistics partners are not only contending with cost pressures, but also the regulatory complexity that hampers resilience. With extreme weather events, geopolitical shocks, and workforce shortages continuing to disrupt global and domestic supply chains, Australia's regulatory frameworks must evolve to support more agile, efficient, and nationally consistent supply chain operations.

To enable this, the ARA and NRA support the following harmonisation priorities:

- **Develop a nationally consistent freight access strategy**, including harmonised delivery curfews, axle limits, road classifications, and urban access rules to support timely and efficient movement of goods;
- **Mandate adoption of the National Automated Access System (NAAS)** across all jurisdictions, creating a single digital interface for heavy vehicle permits and streamlining engagement with local road managers;
- **Align fatigue management rules** by finalising a modernised Heavy Vehicle National Law (HVNL) that includes WA and NT, balancing safety with operational flexibility across supply chains;
- **Standardise emissions and weight regulations for low- and zero-emission freight vehicles**, enabling scalable investment in cleaner transport fleets;
- **Create national minimum standards for driver rest areas**, addressing growing safety and wellbeing concerns for transport workers and improving consistency across freight routes;
- **Harmonise first- and last-mile delivery access**, including alignment of council-level approval processes and integration with state and national freight strategies;
- **Align rail freight infrastructure standards**, including loading gauges and network access conditions, to increase the viability and efficiency of intermodal freight for long-distance retail distribution.

Harmonising these core areas of freight and supply chain regulation would deliver immediate and lasting benefits to the retail sector, helping to reduce compliance costs, unlock infrastructure productivity, and improve the reliability and resilience of goods movement across Australia. With logistics efficiency now central to both

economic performance and consumer satisfaction, a nationally consistent regulatory framework is critical to supporting a modern, competitive retail sector.

Food and Beverage Advertising and Labelling Standards

Retailers operating in the food, grocery, and quick-service restaurant (QSR) sectors face significant regulatory complexity due to inconsistent food labelling and advertising rules across states and territories. While national frameworks exist through FSANZ and the ACCC, individual jurisdictions have adopted additional rules, particularly relating to advertising to children, discretionary food marketing, and health messaging, that vary in scope, definitions, and enforcement.

This patchwork approach makes it difficult for national and multi-state retailers to implement consistent, compliant campaigns or product labelling. Marketing content that is permissible in one jurisdiction may be restricted or prohibited in another, creating compliance uncertainty, unnecessary administrative burden, and higher campaign delivery costs.

Retailers have also reported variability in the application and interpretation of food labelling requirements, particularly in relation to allergen declarations, front-of-pack information, and nutrient profiling criteria. The lack of a single government-endorsed healthfulness standard adds to the confusion, with some jurisdictions informally applying different models to guide public health policy or advertising approval processes.

One member reported having to redesign state-specific versions of its in-store and digital advertising collateral after one jurisdiction adopted discretionary food marketing restrictions based on a different nutrient profiling model. While large chains may be able to absorb this cost, smaller operators and franchisees struggled to fund the additional design work, resulting in uneven implementation across store locations.

To support better health outcomes and a more efficient regulatory environment, the ARA and NRA support national harmonisation of food advertising and labelling standards, including:

- Adopting the FSANZ Nutrient Profile Scoring Criterion (NPSC) as a nationally consistent benchmark for determining food and beverage healthfulness;
- Harmonising food labelling obligations across states and territories to reduce duplication and provide consumers with consistent, clear information;
- Maintaining industry-led standards such as the AANA Code for food and beverage advertising, while avoiding heavy-handed regulatory bans that disproportionately affect SMEs;
- Promoting nationally coordinated consumer education campaigns, focused on nutrition awareness, meal planning, and food waste reduction, rather than punitive approaches like sugar taxes or blanket advertising restrictions, which lack strong evidence of sustained behavioural change.

Retailers are already investing in healthier product reformulation, improving access to nutritious foods, and enhancing fresh food supply chains, particularly in regional and remote areas. Aligning government policy with these efforts through regulatory consistency and constructive partnership will allow retailers to continue supporting national health objectives while maintaining affordability and consumer choice.

Household Electrical Product Regulation

Australia's regulatory framework for household electrical products remains fragmented due to jurisdictional differences in electrical safety laws and enforcement regimes. Each state and territory maintains its own legislative and regulatory arrangements, which has led to duplication, gaps, and administrative complexity for retailers operating nationally.

Major national retailers have raised concerns about the compliance burden created by this lack of consistency. Requirements for certification, product labelling, and testing can vary between jurisdictions, forcing businesses to navigate multiple systems for essentially identical products.

Legacy frameworks have struggled to keep pace with the rapid evolution of technology, including the growth of extra-low voltage equipment, lithium-ion battery products, and smart household devices. The absence of a nationally coordinated risk-based approach to these technologies results in inconsistent safety outcomes and delays in regulatory adaptation.

Efforts to harmonise electrical safety regulation have been underway for several years. These include:

- Proposed updates to the electrical equipment safety system framework, aimed at achieving uniform certification requirements and consistent use of the Regulatory Compliance Mark (RCM) across jurisdictions;
- Moves to enable risk-based regulation of extra-low voltage products, through amendments to state and territory legislation;
- National oversight via a ministerial meeting process, which seeks to improve cross-jurisdictional collaboration and policy alignment;
- Development of an Intergovernmental Agreement (IGA) to formalise harmonisation efforts, although progress has been slow, with some states and territories yet to sign on.

Even where national regulatory frameworks enable alignment with updated or international standards, slow internal review processes can delay adoption and increase compliance burdens. For example, while amendments to the Australian Consumer Law (ACL) now allow businesses to comply with newer or comparable international product safety standards, these are subject to a lengthy review process by the ACCC. This has resulted in businesses being forced to meet outdated mandatory standards while duplicating testing requirements to meet both local and global benchmarks, delaying innovation and increasing costs.

Retailers support the acceleration of these reforms. A harmonised regulatory framework would:

- Reduce duplication and compliance costs for businesses;
- Improve consumer safety and regulatory responsiveness;
- Enable faster market access for innovative and low-risk products;
- Increase confidence in regulatory consistency across supply chains.

We urge the Productivity Commission to consider household electrical regulation as a clear example of the costs of jurisdictional fragmentation, and to recognise the benefits of a nationally consistent framework for consumer electrical safety.

International Consistency and Supply Chain Impacts

While this submission is focused on national harmonisation, select examples of divergence from international standards are included to demonstrate the broader costs of regulatory inconsistency and their downstream impacts on supply chains and consumers.

Global retailers face increasing supply challenges and rising costs due to a lack of harmonisation with international standards, affecting their ability to provide product solutions to consumers. Market-specific designs, labelling, and packaging restrict production volumes and inflate supply costs. When these expenses surpass profit margins, consumers bear the burden through higher prices. Harmonising regulations globally ensures a consistent supply of safe, high-quality products at fair prices.

Inconsistent standards also create logistical strains. Market-specific requirements demand separate supply flows, leading to increased costs and extended delivery times. Australia's long supply chains mean products take even longer to reach consumers, compounding these issues.

Additionally, deviation from international standards leads to product waste, as globally manufactured items may not meet local compliance mandates. This forces businesses to absorb extra costs, driving inefficiencies and financial strain.

A clear example is Australia's Toppling Furniture standard, which imposes stricter rules than international counterparts. It applies to all furniture over 500mm in height and mandates additional warning labels, point-of-sale signage, and enhanced safety information in instruction manuals. By comparison, the US standard (ASTM F2057-23) covers only clothing storage units and focuses primarily on stability testing, with fewer retailer and manufacturer obligations. These discrepancies add compliance burdens, disrupting the entire supply chain – including manufacturers, suppliers, and retailers – with multimillion-dollar impacts reported by some retailers.

Misalignment between Australian and international product safety standards also presents a clear example of regulatory inefficiency. Despite recent changes to the ACL allowing compliance with updated or equivalent overseas standards, protracted regulatory review processes have left many businesses unable to realise these benefits in practice. This delays access to safer products, increases testing duplication, and undermines Australia's ability to keep pace with international best practice.

Full alignment with international standards would simplify processes and enhance consistency, helping businesses to continue offering consumers a broad range of safe, cost-effective products.

Lithium-Ion Battery Regulation

The rapid uptake of lithium-ion battery technology across a wide range of consumer products has exposed significant inconsistencies in Australia's regulatory framework. While some jurisdictions, such as New South Wales, have introduced targeted safety and information standards for high-risk devices like e-micromobility products, no nationally consistent standard exists for managing the risks associated with lithium-ion batteries across all states and territories.

This regulatory fragmentation presents serious challenges for national retailers. Products containing lithium-ion batteries, including power tools, toys, e-scooters, home appliances, and portable electronics, are subject to a mix of local safety expectations, labelling practices, and recycling guidance. The absence of a mandatory, harmonised standard leads to uncertainty in sourcing, compliance, and in-store safety messaging, as well as operational risk across supply chains.

The risks posed by lithium-ion batteries are well-documented. These include fire and explosion hazards resulting from thermal runaway, particularly during charging or transportation. Improper product design or mishandling can also lead to serious chemical and electrical hazards. Fires involving lithium-ion batteries are notoriously difficult to extinguish and can reignite, posing ongoing challenges for emergency services and creating safety risks in environments such as waste collection and recycling facilities. In addition, the absence of consistent consumer guidance around safe charging, storage, and disposal contributes to misuse and increases the likelihood of incidents.

Retailers support the development of a mandatory national safety and information standard, aligned with international best practices such as:

- **IEC 62133** – international safety standard for rechargeable batteries;

- **UL 2272** – safety standard for electrical systems in personal e-mobility devices;
- **UN 38.3** – transport safety standard for lithium-ion batteries.

A harmonised approach would improve consumer and worker safety, ensure consistent labelling and disposal practices across jurisdictions, reduce compliance duplication and legal ambiguity for retailers and suppliers, and promote faster regulatory responses to emerging risks from new technologies.

The Productivity Commission should recognise lithium-ion battery regulation as a clear example of fragmented state-based policy creating risk, uncertainty, and compliance burden, and consider it a priority area for nationally consistent reform.

Trading Hours Regulation

Australia's trading hours framework is a patchwork of state and territory legislation, layered further by local government restrictions. This fragmentation creates substantial inefficiencies for national and multi-site retailers, particularly in border communities and major metropolitan areas, where neighbouring stores may operate under different hours despite similar customer demand and business models.

Jurisdictions differ significantly on core trading hour entitlements, public holiday restrictions, and allowable opening times for specific retail types such as supermarkets, department stores, and pharmacies. In some cases, exemptions apply for independent or small businesses but not for chains of a certain size, resulting in a two-tier retail system that undermines fair competition.

Retailers have reported confusion among staff, customers, and suppliers due to these inconsistencies, particularly during holiday trading periods. This affects rostering, freight scheduling, and marketing campaigns, while also leading to lost sales and reduced convenience for consumers. The lack of national alignment also makes it harder to respond to modern consumer expectations for flexible shopping hours, especially in a digital-first retail environment. Australia needs a 21st-century trading hours framework that reflects contemporary shopping behaviours, workforce participation, and the operational realities of an always-on economy.

While the regulation of trading hours has historically been a matter of state autonomy, harmonisation of core trading hour principles would provide a level playing field, reduce compliance ambiguity, and better align with consumer and workforce preferences.

National reform could include:

- Establishing baseline trading hour parameters across states for key retail formats;
- Consistent approaches to public holiday trading entitlements and exemptions;
- Shared criteria for local government variations, with clear guidance for retail compliance;
- Flexibility for jurisdictions to retain opt-in mechanisms, provided there is national alignment on definitions and rights of exemption.

Harmonising trading hour regulations would reduce confusion, improve operational efficiency, and enhance customer access, particularly during weekends and peak retail periods. It would also support economic activity and employment by enabling retailers to operate when and where demand exists, without facing artificial constraints based on geography or store format.

Workers' Compensation Schemes

Australia's workers' compensation system is regulated at the state and territory level, resulting in eight separate schemes with varying rules around coverage, premiums, claims processes, rehabilitation obligations, and return-

to-work requirements. For national retailers operating across multiple jurisdictions, this creates a highly complex compliance environment that increases administrative burden and reduces consistency in the support provided to injured workers.

These differences extend to how injuries are reported, the timelines for claim lodgement and review, medical certification requirements, and the frameworks used to assess capacity for work. This variation creates confusion not only for employers, but also for employees, who may face different entitlements and processes depending on where they are employed.

Retailers have highlighted the resource cost of managing claims across multiple jurisdictions, including the need for separate insurer relationships, legal advice, and tailored internal procedures. Inconsistent processes also increase the risk of procedural error, delay, and frustration for injured workers, undermining the goals of early intervention and effective return to work.

For example, one national member reported that an identical injury sustained by employees in two different states resulted in vastly different claim experiences; one claim was accepted and supported with proactive rehabilitation planning, while the other was delayed due to conflicting medical certification rules and ultimately disputed. This led to confusion and dissatisfaction for the affected employee. Another member described the duplication of effort involved in developing separate return-to-work plans and compliance systems for each state, which diverts resources away from frontline support and timely recovery.

A nationally harmonised approach to key aspects of workers' compensation, such as standardised claim forms, aligned definitions of injury, common rehabilitation reporting timelines, and shared digital systems, would reduce red tape and ensure fair, consistent support for all retail workers. While full scheme integration may not be immediately feasible, incremental alignment on administrative processes and entitlements would provide meaningful improvements for both employers and employees.

Small businesses also stand to benefit from harmonisation of key administrative processes and definitions. This would offer small businesses a clearer, simpler framework to follow which reduces confusion, lowers compliance costs, and improves the ability to support injured workers effectively. Small businesses often lack dedicated HR or legal teams and must navigate complex requirements with limited internal capacity. Simplifying these processes through national alignment would ease the operational burden on small business owners, allowing them to focus more on supporting staff and running their business rather than deciphering regulatory variations.

The ARA and NRA support efforts to:

- Align core administrative requirements across jurisdictions to streamline claims management;
- Introduce nationally consistent employee coverage definitions, including clear obligations for casual and part-time retail staff;
- Digitise and standardise claims documentation and injury reporting systems to improve accuracy and responsiveness;
- Facilitate national dialogue between regulators, insurers, and retailers to map a staged pathway toward greater consistency.

Harmonisation in this area would enhance employee wellbeing, improve operational efficiency, and reduce compliance costs, ensuring the workers' compensation system supports recovery and reintegration without unnecessary complexity or duplication.

IMPLEMENTATION PROPOSAL: NATIONAL REFORM FRAMEWORK

Delivering meaningful progress on national harmonisation requires more than identifying regulatory barriers – it demands a structured, cooperative model for reform. The ARA and NRA strongly support a coordinated approach to harmonisation efforts across jurisdictions, underpinned by clear priorities, measurable outcomes, and cross-government collaboration through existing national mechanisms.

This model draws on lessons from previous reform programs, including the landmark National Competition Policy agreements of the 1990s, which successfully leveraged intergovernmental cooperation and financial incentives to drive structural reform in sectors such as energy, infrastructure, and water. That framework delivered measurable economic benefits and demonstrated that harmonisation is achievable when supported by political will, clear benchmarks, and shared accountability.

Harmonisation efforts should be integrated into the existing **National Cabinet framework**, reflecting the Albanese Government's emphasis on partnership, consistency, and measurable reform. These principles are already embedded in existing **Federation Funding Agreements** and can be extended through a dedicated workstream focused on regulatory consistency and productivity uplift.

Importantly, the recent establishment of the Commonwealth's **National Productivity Fund** provides a timely and appropriate mechanism to support and incentivise state and territory governments in undertaking critical productivity-enhancing reforms. By aligning with this initiative, efforts to harmonise regulations, streamline compliance processes, and reduce administrative burdens can gain momentum, ensuring that Australia remains competitive and its businesses, including SMEs, can thrive in a more cohesive national economy.

A modernised harmonisation framework should be structured to support:

- **Voluntary participation and local flexibility**, while encouraging alignment on high-impact areas that reduce compliance burdens and improve economic outcomes;
- **Transparency and data sharing**, to ensure progress is measurable and reform success is consistently tracked;
- **Co-design with industry**, recognising that business is best placed to identify regulatory duplication and provide practical implementation guidance.

To be effective, the framework should include the following core features:

- **A formal retail harmonisation workstream** within the broader National Competition Policy roadmap, recognising the sector's cross-jurisdictional footprint and unique exposure to fragmented regulation;
- **Clear key performance indicators (KPIs)** and regular public reporting against agreed harmonisation milestones;
- **Structured stakeholder consultation and co-design mechanisms**, enabling peak bodies, businesses, and community stakeholders to help define priorities and identify regulatory friction points;
- **Incentive-based funding**, using the National Productivity Fund to support jurisdictions that implement agreed reforms, with funding tied to measurable progress on harmonisation targets.

This approach would foster a reform environment that is not only collaborative but also performance-driven, rewarding states and territories that reduce duplication, modernise regulatory systems, and deliver better outcomes for business and consumers. Retailers stand ready to work alongside governments to identify high-impact reform opportunities and to contribute real-world insight to ensure reforms are grounded, targeted, and deliverable.

BROADER ECONOMIC & PRODUCTIVITY IMPACTS

Regulatory harmonisation represents one of the most effective and achievable tools available to boost Australia's lagging productivity growth. While often overshadowed by major tax or infrastructure reforms, national consistency in core regulatory frameworks offers immediate cost savings, reduced administrative burden, and improved economic coordination across jurisdictions.

Retail, as a high-volume, low-margin industry operating across all states and territories, is particularly exposed to regulatory inefficiencies. Fragmented frameworks, ranging from payroll tax thresholds to trading hours, environmental compliance, and WHS obligations, impose duplicated systems, increased legal and consulting costs, and higher internal resource requirements for compliance, reporting, and dispute management.

These costs are disproportionately borne by small and medium-sized enterprises, many of which lack both the resources and internal expertise to navigate multiple sets of rules. Harmonisation would reduce these costs, improve business mobility across state borders, and allow retailers to invest more confidently in growth, innovation, and workforce development.

In addition to direct compliance savings, national consistency would unlock broader productivity gains through:

- Improved workforce mobility and job creation, by removing artificial jurisdictional constraints on staffing, rostering, and recruitment;
- More efficient supply chains, with consistent freight access rules, delivery windows, and packaging standards reducing delivery times and product duplication;
- Faster market entry and expansion, by reducing the time and cost required to navigate licensing, leasing, or zoning rules in multiple jurisdictions;
- Enhanced digital transformation, through alignment on data, safety, and reporting standards that enable scalable investment in technology and automation.

In line with global economic trends, jurisdictions such as the United Kingdom and European Union have recently advanced major reform agendas aimed at reducing regulatory burdens and fostering business growth. The UK's *Smarter Regulation to Grow the Economy* initiative and the EU's efforts to simplify tax rules and cut administrative costs for cross-border businesses reflect a broader international momentum towards deregulation. These examples reinforce the urgency for Australia to modernise its regulatory frameworks and avoid falling behind its trading partners in productivity and competitiveness.

Previous national reform agendas have demonstrated the value of removing internal barriers to trade and regulation. Under the original National Competition Policy agreements, regulatory and infrastructure reforms were estimated to have lifted Australia's GDP by more than 2.5%. A targeted harmonisation agenda for the retail sector could generate similarly significant dividends, especially if accompanied by supporting measures such as streamlined reporting tools, shared national registries, and digital regulatory infrastructure.

The ARA and NRA encourage the Productivity Commission to model the macroeconomic benefits of harmonisation within the retail sector, including potential GDP uplift, job creation, and cost savings to business. These reforms would not only benefit retailers but also deliver flow-on benefits to suppliers, logistics providers, consumers, and local communities.

RECOMMENDATIONS

Australia's retail sector operates across every state, territory, and community, yet faces a policy and regulatory environment that is fragmented, duplicative, and increasingly unfit for purpose. As this submission has outlined,

national retailers and small businesses alike are grappling with regulatory inconsistencies that drive up costs, reduce productivity, and limit the sector's ability to grow, innovate, and respond to changing consumer expectations.

From payroll tax and retail leasing to supply chain logistics, WHS laws, environmental regulations, and food and beverage advertising standards, jurisdictional divergence is imposing significant compliance burdens that are disproportionately borne by small and medium-sized retailers. These barriers are constraining labour mobility, distorting investment decisions, and undermining national economic performance—at a time when lifting productivity and supporting business resilience is more critical than ever.

The Australian Government now has an opportunity to address these long-standing issues through the next phase of National Competition Policy reform. A dedicated retail harmonisation agenda, supported by structured implementation and co-design with industry, would deliver immediate and lasting benefits to businesses, workers, and consumers.

To support this, the ARA and NRA recommend the following:

1. **Recognise regulatory harmonisation in retail as a priority area** within the National Competition Policy reform framework, including through Productivity Commission analysis and cross-government reform planning.
2. **Establish a Federation Commission and National Reform Fund** to coordinate reform efforts and incentivise harmonisation, building on models used under previous microeconomic reform agendas and Federation Funding Agreements.
3. **Embed a formal retail harmonisation workstream** in the NCP roadmap, targeting key cross-jurisdictional barriers including payroll tax, freight access, WHS obligations, retail crime enforcement, leasing laws, and product regulation.
4. **Model the macroeconomic and regulatory benefits of harmonisation** in the retail sector, including expected gains in productivity, business mobility, investment certainty, and cost-of-doing-business reductions.
5. **Co-design and sequence reform priorities in consultation with industry**, recognising that businesses are best placed to identify operational friction points and provide practical implementation pathways.

The ARA and NRA thank the Productivity Commission for the opportunity to contribute to this important review and stand ready to support the Government in developing a practical, industry-led harmonisation agenda that delivers lasting reform and long-term economic benefit.

National harmonisation offers a unique opportunity to boost productivity, reduce consumer costs, and strengthen Australia's retail sector. This submission outlines a clear roadmap to achieve those outcomes, and we stand ready to assist with implementation.

Thank you again for the opportunity to provide a submission on the National Competition Policy Analysis 2025. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.