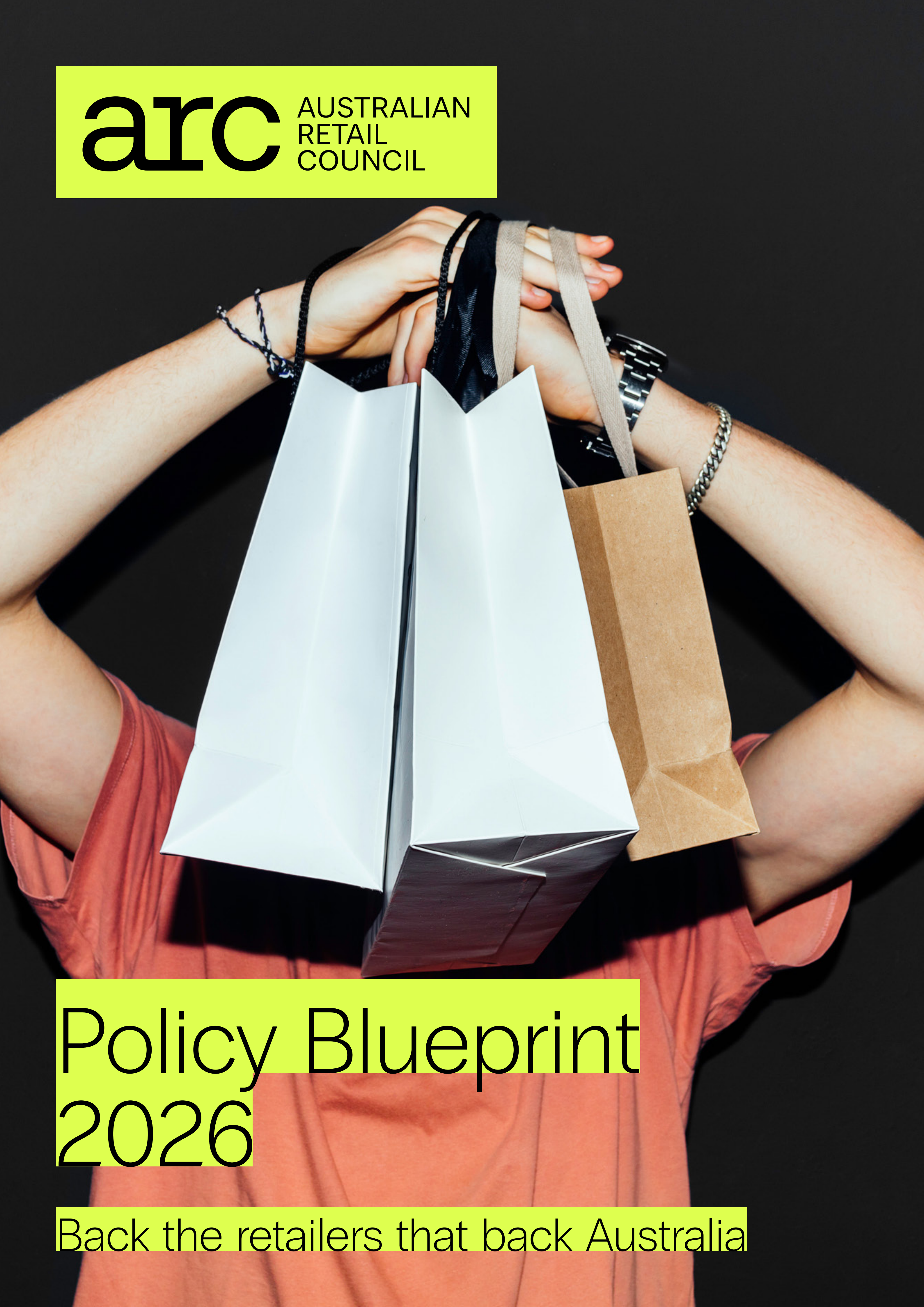
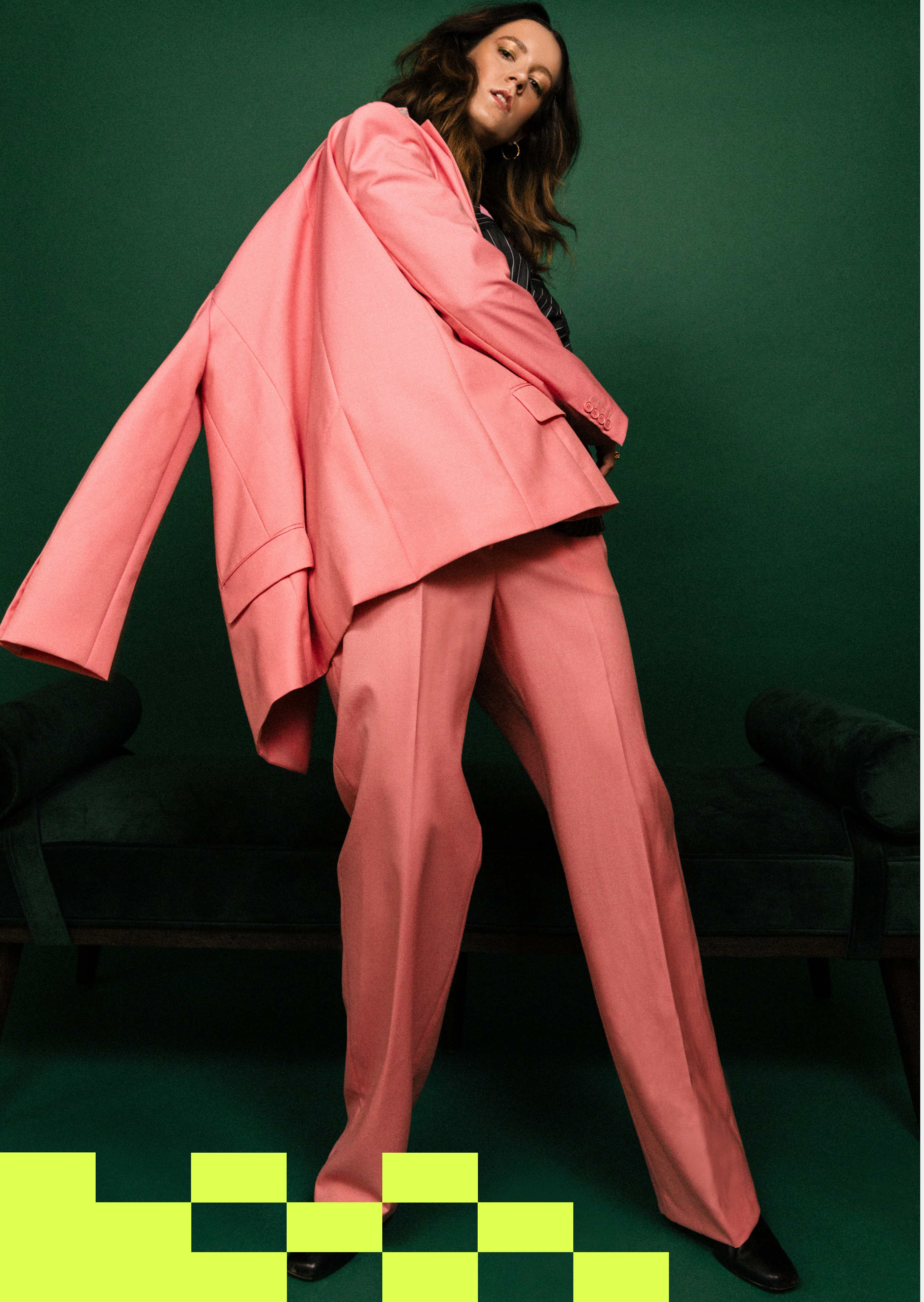
AUSTRALIAN RETAIL COUNCIL



Policy Blueprint 2026

Back the retailers that back Australia



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Foreword

Retail touches every Australian, every day. It is where people work, where communities come together, and where economic confidence is often first tested. That is why the future of retail is inseparable from the future of Australia's economy.

The Australian Retail Council's Policy Blueprint sets out a clear and practical roadmap to strengthen the retail sector. It is an invitation to governments and policymakers to work with us on reforms that lift productivity, expand workforce participation and support a sustainable industry that continues to serve millions of Australians.

Retail is already a cornerstone of the national economy. The sector generates more than $444 billion in annual turnover and accounts for close to one-fifth of Australia's GDP. It is the country's largest private-sector employer, supporting more than 1.4 million Australians. For many, retail provides a first job, a pathway to long-term employment, or the chance to build and grow a family business. Behind those numbers are retailers who are the heartbeat of local communities — supporting local economies and providing essential services in cities, suburbs and regional Australia. Independent economic modelling commissioned by ARC shows that lifting retail productivity by just 1 per cent would increase Australia's real GDP by around $3.2 billion a year, support approximately 13,000 additional jobs and deliver $1.3 billion in annual household savings.[1]

Yet the past few years have tested the industry. Retailers have navigated sluggish consumer spending, rising operating costs, labour and skills shortages, escalating retail crime and aggression toward frontline workers, supply chain disruption and an increasingly complex reform agenda across all levels of government. These pressures have been real, persistent and compounding. Meanwhile, international competitors, especially ultra-cheap platforms are seizing market share while operating to a different set of rules.

And still, retailers have adapted. They have invested in new technology, responded to changing consumer behaviour, supported their workforces and continued to serve their communities. The resilience shown across the sector should not be underestimated. This is why retail is primed for growth, but unlocking that potential will require policy settings that support, rather than constrain productivity and investment.

Retail operates in one of the most dynamic environments in the economy. Consumer expectations are evolving, technology is advancing rapidly, and competition is increasingly global and distorted. At the same time, regulatory complexity, cost pressures and workforce challenges eat away at the sector's competitiveness. Against the backdrop of ongoing cost-of-living pressures, policies that reduce the cost of doing business, support balanced workplace relations and address retail crime are not optional, they are essential.

Through our engagement with members across the country, three interconnected challenges consistently rise to the top. The first is productivity and competition: how Australia lifts output and efficiency in a changing economy without layering on unnecessary cost or complexity, including addressing persistent inflationary pressure driven in part by elevated public sector demand. The second is workplace relations: how settings can support viable businesses while delivering secure, rewarding jobs and genuine career progression. The third is safety: how governments, industry and communities respond to the escalating problem of retail crime and aggression, which places workers at risk and imposes real economic and social costs.

These challenges sit at the centre of the ARC Policy Blueprint.

In the pages that follow, the Blueprint sets out a practical reform agenda. It outlines steps to drive productivity and competitiveness, build a skilled and adaptable retail workforce supported by balanced workplace laws, and strengthen partnerships with governments and communities to improve safety, harness technology responsibly and support a more sustainable economy. Reforms that work in the real world.

As the unified national peak body formed from the amalgamation of the Australian Retailers Association and the National Retail Association, the Australian Retail Council will use this blueprint to guide our engagement with governments, regulators and stakeholders. It provides a clear framework for the policy settings needed to support investment, growth and job creation across the retail economy.

Retail is not asking for special treatment. But it does need policy that recognises its scale, complexity and contribution. When retail thrives, communities are stronger, employment opportunities expand and economic confidence improves. When it struggles, the effects are felt quickly and widely.

We invite governments and parliamentarians to work with us on this agenda. By acting on the practical reforms outlined in this Blueprint, Australia can strengthen a sector that already underpins everyday life — and ensure retail continues to deliver lasting benefits for workers, consumers, small businesses and communities across the country.

Chris Rodwell
CEO, Australian Retail Council

[1] Mandala Partners, Fragmentation in Retail – Economic Modelling, report prepared for the Australian Retail Council, February 2026.

Priorities

Embrace a growth mindset

Given the important role that the retail sector plays in driving economic growth, productivity and healthy competition, we seek government policies that:

- Are evidence-based and data informed;
- Directly tackle persistent inflation caused by public sector demand;
- Support and grow the economic and productivity contribution of the retail sector;
- Strengthen and restore business confidence, particularly for small, medium and family-owned businesses;
- Increase consumer confidence and disposable income;
- Apply downward pressure on business costs; and
- Reduce regulatory complexity by driving national alignment on state and territory matters.

Grow the retail workforce

To create more jobs and strengthen our position as Australia's largest private sector employer, we seek workplace relations and skills policies that:

- Lift productivity through a flexible, modern workplace relations system;
- Support efforts to provide safe and inclusive workplaces;
- Showcase retail as a career of choice, with clear pathways from entry-level roles into long-term careers and leadership;
- Connect people from diverse and under-represented backgrounds with retail jobs and careers;
- Co-invest in vocational education and industry-led training to upskill and reskill our sector; and
- Address residual vacancies and skills gaps through targeted workforce participation measures and migration.

Collaborate on community outcomes

To create a more resilient, safe and future-ready retail sector, we will partner with government on policies that:

- Strengthen retail worker and community safety, including coordinated national action to reduce retail crime and address high-harm offending;
- Support the responsible use of technology to protect workers, customers and businesses, while maintaining public trust;
- Accelerate the transition to a low-emissions and circular economy, reducing waste, costs and environmental impact;
- Build resilient, productive and secure supply chains, capable of withstanding disruption and supporting all communities; and
- Improve access, inclusion and liveability in local communities, recognising the role retail plays in economic participation and social cohesion.

Focus area one:

Embrace a growth mindset

Australia is confronting a period renewed inflation, underinvestment in productivity reform, and intensifying global competition. This is paired with an environment where Government is increasingly applying unnecessary and burdensome regulatory red tape. The policy choices governments make over the coming years will determine whether businesses have the confidence to invest, the agility to innovate and the ability to create jobs. As one of the economy's largest and most exposed sectors, retail sits at the frontline of this challenge; when regulatory settings are complex, fragmented or out of date, retailers and retail workers feel it first.

Australia's retail sector operates in a highly competitive global market, but is being held back by complex, fragmented regulation, weak productivity growth and sustained pressure on small, medium and family-owned businesses. ARC is calling for the government to move beyond layering on new rules and instead focus on reforms that genuinely drive growth – cutting unnecessary red tape, lifting productivity and ensuring all businesses play by the same rules on tax, safety and consumer protection.

Retailers operate at scale across every state and territory, often on tight margins and in highly competitive markets. Inconsistent state regulations paired with inconsistent federal requirements, including approaches to payroll tax, retail leasing, environmental regulation, planning, trading hours, and freight and transport, add avoidable cost and complexity. Strong federal leadership on national harmonisation is essential to remove these frictions, provide greater certainty, and ensure retailers can focus their time and capital on serving customers and growing their businesses.

Small, medium and family-owned retailers face similar regulatory obligations as larger players but with fewer resources to navigate them. Reducing red tape, simplifying compliance and providing targeted support for investment will help these businesses expand, innovate and create jobs in local communities across Australia.

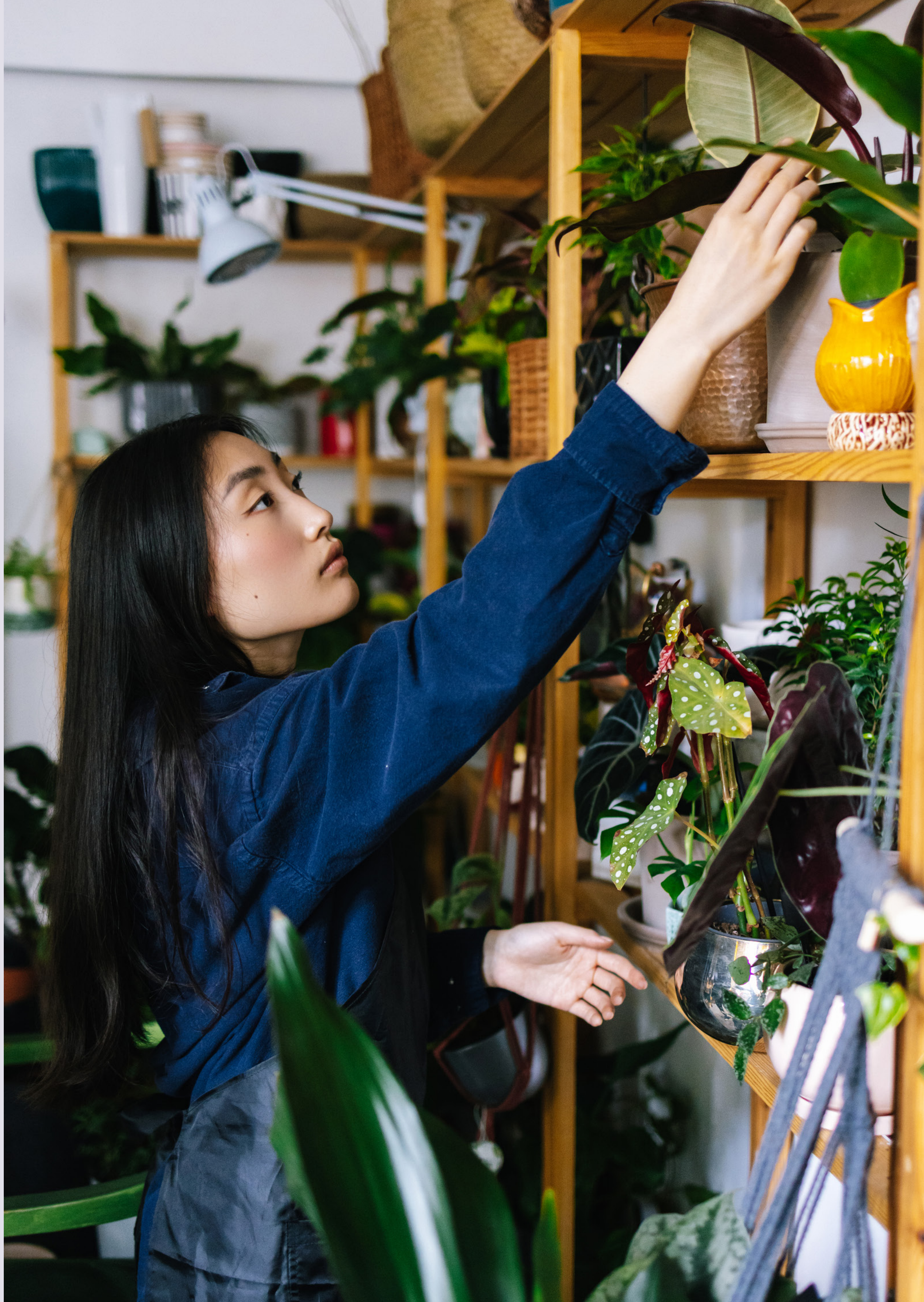
At the same time, lifting Australia's productivity performance will require policy settings that actively support investment in new technology, data and infrastructure. For retail, this means enabling digital transformation and the responsible adoption of technologies such as AI and automation and supporting investment in productivity-enhancing technology and infrastructure. With the right incentives and regulatory settings, retail can make a significant contribution to a stronger, more productive economy.

Additionally, enabling healthy competition while ensuring a level playing field is critical, particularly in the face of ultra-low-cost international e-commerce platforms that leverage regulatory gaps to gain an unfair advantage over Australian businesses. Competition, consumer and trade policy should work together to encourage innovation and price competition, while ensuring that all players, domestic and offshore, online and bricks-and-mortar, meet consistent standards on tax, product safety and consumer protection.

The Australian Retail Council calls on all governments and political leaders to place retail at the centre of a renewed productivity and competition agenda, and to commit to policies that strengthen the sector, protect jobs and support long-term prosperity for businesses and the communities they serve.

Policy recommendations

1. Federal harmonisation reform
2. Increase Australia's productivity performance
3. Grow small, medium and family-owned businesses
4. Enable healthy competition and a level playing field



Federal harmonisation reform

Where are we now?

Australia's retail sector operates through national supply chains and customer networks, yet regulation remains fragmented and complex across federal, state and territory governments. This fragmentation creates inefficiencies, increases compliance costs and stifles business growth, particularly for small and medium enterprises that lack the resources to navigate duplicative rules. Independent estimates suggest regulatory complexity costs the Australian economy at least $160 billion each year, more than six per cent of GDP, with duplication and inconsistency across jurisdictions a major contributor.[2]

For nationally operating retailers, the compliance burden has intensified. Board-level time devoted to regulatory compliance has more than doubled over the past decade, rising from around 24 to 55 per cent, while external legal and advisory spending has increased from approximately $6 billion to $16 billion.[3] Over the same period, Federal legislation has expanded sharply, with the number of laws increasing by more than 140 per cent and total pages of legislation growing by almost 190 per cent,[4] compounding the compliance burden when overlaid with inconsistent state-based requirements. These costs divert capital and focus away from growth and productivity-enhancing investment.

New modelling undertaken by Mandala Partners estimates that regulatory fragmentation in retail alone is on track to cost the economy around $26 billion over the next decade, or about $2.6 billion a year, if left unaddressed. Within this, inefficiencies flowing through to the checkout are expected to cost households around $9.4 billion over 10 years in higher prices.[5]

Fragmentation is most acute across payroll tax, retail leasing, environmental and packaging regulation, freight and transport, workplace safety and responses to retail crime, trading hours, minimum working age laws, long service leave and workers' compensation. Different thresholds, definitions and processes in each jurisdiction force retailers to manage multiple compliance systems, push up operating costs and place upward pressure on consumer prices, acting as a drag on Australia's productivity and competitive performance.

Where do we need to get to?

Australia needs a nationally harmonised regulatory framework that reflects how modern retail operates: as a single, national and increasingly digital market. Retailers should be able to operate consistently across jurisdictions, with lower cost and complexity and clearer obligations for businesses, workers and consumers.

Upstream regulation must actively enable productivity and cost efficiency. National alignment across freight and transport access, environmental approvals, packaging and waste schemes (including container deposit schemes) and biosecurity responses is needed to remove barriers to high-productivity logistics and reduce supply-chain costs that ultimately flow through to prices. Modelling undertaken for the Australian Retail Council by Mandala Partners indicates that addressing regulatory inconsistencies in retail could save households over $9 billion over the next decade, while harmonising freight and transport and environmental and waste regulations could inject a further $1-1.3 billion and $300–350 million respectively into the economy over 10 years.[6]

For consumers, regulation should be clear, consistent and fit for a national and digital market. Advertising standards, labelling rules and product compliance requirements should be aligned so retailers can design products, information systems and campaigns once for Australia, rather than defaulting to the most complex or restrictive state settings.

Operational and workforce regulation must better support business growth. Greater alignment of payroll tax settings, trading hours, workers' compensation schemes, labour hire licensing, planning frameworks and minimum working age laws would reduce administrative overheads and support expansion, particularly for small, medium and family-owned retailers.

Stronger Federal leadership is needed to coordinate this effort. While many levers sit with states and territories, the economic consequences of fragmentation are national. By modernising and aligning key regulations, governments can reduce duplication, lift productivity and strengthen competition across one national retail market.

[2] Mandala Partners, $160 billion and counting: The cost of Commonwealth regulatory complexity.
[3] Mandala Partners, $160 billion and counting: The cost of Commonwealth regulatory complexity.
[4] Mandala Partners, $160 billion and counting: The cost of Commonwealth regulatory complexity.
[5] Mandala Partners (2026), Fragmentation in retail: Measuring the cost of regulatory divergence, report prepared for the Australian Retail Council.
[6] Mandala Partners (2026), Fragmentation in retail: Measuring the cost of regulatory divergence, report prepared for the Australian Retail Council.

How do we get there?

The Australian Retail Council calls on the Federal Government to lead a targeted national harmonisation program for retail through a revitalised National Competition Policy, backed by a $260 million retail harmonisation incentive pool within the National Productivity Fund and the establishment of a National Retail Harmonisation Council (NHC) to drive delivery. Together, these mechanisms would incentivise states and territories to reduce regulatory inconsistencies and provide clear accountability for measurable reductions in fragmentation.

Any national reform program to improve harmonisation must address key areas of regulatory fragmentation:

National Implementation Architecture

1. **Establish an NHC to coordinate cross-jurisdictional retail reform, track progress and drive delivery of priority changes.**
   - Allocate $260 million from the National Productivity Fund to create a dedicated retail harmonisation incentive pool that rewards states and territories for measurable reductions in regulatory fragmentation.
   - Deliver the first harmonised retail reform package within 12 months, focused on the highest-cost areas of duplication and inconsistency for nationally operating retailers.
2. **Payroll tax reform**
   - Align rates, thresholds and systems nationwide, including more consistent rules on groupings and definitions.
   - Explore the long-term feasibility of reducing reliance on payroll tax, given its impact on employment and investment.
   - Discourage the use of ad hoc payroll surcharges and levies as de facto debt-recovery mechanisms, which increase effective payroll tax burdens, add complexity and undermine business confidence.
3. **Freight & transport harmonisation**
   - Standardise logistics and freight regulations across jurisdictions, including delivery curfews, axle weight limits and road-use charges.
   - Address last-mile delivery restrictions and other inconsistencies that increase supply-chain costs and reduce efficiency.
   - Progress heavy vehicle driver licensing reform to help address emerging driver shortages and create clearer career pathways into freight and logistics roles.
   - Harmonise night-time delivery requirements across environmental and planning frameworks, including more standardised national noise guidelines, to give operators greater certainty to invest in higher-productivity freight solutions.
4. **Harmonised work health and safety and workers' compensation settings**
   - Progress greater alignment of work health and safety obligations, codes and reporting requirements across jurisdictions, reducing duplication for nationally operating retailers.
   - Work towards more consistent workers' compensation scheme design, definitions and processes to support labour mobility and reduce administrative costs for employers operating in multiple states and territories.
5. **A unified environmental and circular economy regulatory framework**
   - Progress towards a nationally harmonised container deposit scheme framework, including single national container registration and simplified processes for cross-border stock movements, levy reconciliation and credits when product is transferred between states.
   - Consolidate fragmented state and territory waste, packaging and environmental laws into a single nationally consistent circular economy framework, including harmonised packaging design, labelling and recycled content standards.
   - Establish Federal led governance to coordinate packaging reform, product stewardship schemes, recycling infrastructure planning and enforcement, reducing duplication and compliance costs for nationally operating retailers.
6. **Harmonised retail leasing regulations**
   - Develop a consistent national leasing framework that supports fair terms, transparent disclosure and effective dispute resolution, especially for SMEs and family-owned retailers.
7. **Trading hours reform**
   - Progress toward greater national consistency in retail trading hours to support consumer access, business efficiency and workforce stability, while recognising local circumstances and community expectations.
   - Sunday trading should be standard practice across the country, recognising that in the modern day economy for many, Sunday is a workday. For many others, it is the most popular shopping day.

By committing to structured, long-term regulatory harmonisation reform, governments can ensure Australian retailers are positioned for growth, investment and job creation, while maintaining strong consumer and worker protections and improving productivity and cost-of-living outcomes across the economy.

Increase Australia's productivity performance

Where are we now?

Australia's retail sector operates within an increasingly competitive global market, which requires favourable, competitive and efficient domestic policy settings. The Federal Government has rightly elevated productivity as a national economic priority; however, actions have not yet matched that ambition, with limited progress on the structural reforms needed to lift productivity and growth. Labour productivity growth has averaged close to zero over the past five years, marking the weakest performance in more than six decades and constraining the economy's capacity to support real wage growth without adding inflationary pressure.[7] At the same time, persistent inflationary pressure, in part driven by elevated public sector demand, is compounding cost-of-doing-business pressures and further limiting the scope for productivity-enhancing private investment. Australia already has one of the highest minimum wages in the world; without stronger productivity growth, higher wage floors and rising labour on-costs make it harder for retailers to create new jobs, increase hours and invest in their workforce over time.

Retail is particularly exposed. The sector employs more than one in ten Australian workers, meaning weak productivity in retail directly amplifies economy-wide cost pressures and competitiveness challenges.[8] Productivity gains in retail depend on investment in digital systems, automation, data and supply-chain efficiency, as well as flexible deployment of a skilled workforce. In practice, high upfront costs, regulatory uncertainty and fragmented policy settings continue to slow adoption, particularly for small and medium retailers.

Independent modelling for the ARC confirms the scale of this opportunity. A 1 per cent improvement in retail productivity, driven by better technology adoption and reduced regulatory friction, is estimated to increase real GDP by around 0.1 per cent per year (about $3.2 billion), support roughly 13,000 additional jobs and reduce household costs by $1.3 billion annually.[9]

At the national level, Australia invests around 1.8 per cent of GDP in research and development, well below the OECD average of 2.7 per cent, constraining the diffusion of innovation and productivity-enhancing technologies into sectors such as retail.[10] While the R&D Tax Incentive is intended to support this investment, its current design – including narrow interpretations for software-based innovation and high compliance and evidentiary requirements – means many retail and digital projects cannot practically access it. Complex, outdated and inconsistent regulations (including fragmented payroll tax systems and differing environmental and planning rules), labour-market constraints with persistent skills shortages, and slow and uneven adoption of technologies such as AI and automation all reduce the returns on investment and hold back innovation, ultimately putting upward pressure on prices for consumers.

Despite these challenges, retail is well placed to contribute to a productivity revival through regulatory reform, workforce investment and technology-enabled innovation.

Where do we need to get to?

The Federal Government has recognised that Australia needs to be more productive in order to sustain real wages, competitiveness and living standards; delivering on this ambition requires a more modern, innovative and efficient retail sector that strengthens overall economic performance. Productivity must be treated as a long-term economic reform priority, with policy settings that support higher private-sector investment, faster technology adoption and better use of skills.

For retail, this means an operating environment that allows businesses, including small, medium and family-owned retailers, to invest with confidence in digital systems, automation and data-driven processes that lift efficiency across stores, online channels and supply chains.

Workforce and investment settings must reinforce this shift. Training and skills systems need to support rapid upskilling into digitally enabled roles, while programs such as the National Productivity Fund should explicitly include retail as a partner in co-investing in technology, skills and productivity-enhancing infrastructure, alongside regulatory and tax reforms that streamline compliance, better align key state and federal rules, and provide fit-for-purpose frameworks for the responsible use of AI and other emerging technologies. By modernising regulations, accelerating digital adoption and enhancing workforce capabilities in a coordinated way, governments can unlock stronger productivity growth in retail, supporting higher real wages, more competitive businesses and better outcomes for consumers.

[7] Australian Parliament's policy brief - Australia's flagging productivity growth (Australian Parliament)
[8] Workers left behind by Australia's changing retail sector (ANU)
[9] Mandala Partners (2026), Fragmentation in retail: Measuring the cost of regulatory divergence, report prepared for the Australian Retail Council.
[10] R&D and innovation in Australia: 2024 update (Parliamentary Library)

How do we get there?

The Australian Retail Council recommends boosting retail productivity and ensuring a level playing field through the following measures:

1. **Deliver on the national productivity and regulatory efficiency agenda**
   a. Work with states and territories through the National Cabinet to progress a National Single Market for retail, with a clear ambition to significantly reduce unnecessary regulatory burden by 2030, consistent with broader business community calls to cut red tape.
   b. Set a clear national target to reduce the regulatory burden on retail, such as a 25 per cent reduction in measured compliance costs by 2030, backed by independent monitoring, annual public reporting and a requirement for governments to repeal, consolidate or modernise low-value regulation in partnership with business.
   c. Prioritise simplification of reporting and compliance obligations for small and medium retailers so they can redirect time and capital towards innovation, technology adoption and productivity improvement.
2. **Embed retail in the national productivity and digital economy agenda**
   a. Provide nationally consistent regulatory certainty for AI and data use by clarifying how existing laws apply, undertaking structured gap analysis and adopting technology-neutral, outcomes-based approaches that enable innovation while managing risk. Government needs to facilitate mature conversations with business and unions on the role AI and technology will have in our future workforce.
   b. Explicitly recognise retail as a priority sector within national productivity, digital economy and innovation programs, including eligibility under the National Productivity Fund or equivalent mechanisms for technology, systems and operational improvement projects.
   c. Support sector-wide digital uplift through coordinated national initiatives that improve baseline digital capability, AI awareness, data governance and cyber security, and workforce readiness for technology-enabled roles.
   d. Ensure adjacent policy frameworks, including payments regulation and gift card regimes, are developed in close consultation with retail, recognising their direct impact on costs, innovation and the customer experience.
   e. Provide targeted, time-limited support for small and medium retailers to invest in productivity-enhancing technologies, such as transformation grants, accelerated depreciation or tax offsets for digital systems, automation and AI, with simple and accessible program design.
3. **Accelerate digital transformation and technology adoption in retail**
   a. Expand access to technology and innovation programs to support operational productivity uplift, not only research or early-stage innovation, with a focus on diffusion across the sector rather than isolated pilot projects.
   b. Support investment in proven productivity-enhancing technologies, such as:
      i. AI-driven pricing, demand forecasting and customer personalisation tools.
      ii. Digital and AI-enabled logistics and supply-chain optimisation.
      iii. Cyber-security and data-protection solutions that safeguard consumer and business data.
   c. Align workforce and skills policy with technology deployment by supporting rapid upskilling into digitally enabled roles, so businesses can realise full productivity gains from capital and technology investment.

By implementing these measures, governments can unlock higher productivity growth in the retail sector, reduce operational inefficiencies and ensure Australian retailers remain competitive in a rapidly evolving global market, supporting stronger real wages and better outcomes for consumers.

Grow small, medium and family-owned businesses

Where are we now?

Small, medium and family-owned businesses are the backbone of Australia's $444 billion retail sector, driving local economies and providing essential employment. Yet they are in a persistently weak environment, with confidence at deeply negative levels and cost growth continuing to outpace revenue.[11] For many retail SMEs, margins are being eroded by rising labour, energy, insurance and regulatory costs, and around half are operating at or below break-even.

Business viability is under sustained pressure. Recent surveys show that nearly 80 per cent of Australian small to medium businesses have experienced impacts to their cash flow in the past 12 months,[12] with 60 per cent of owners unable to pay themselves at least occasionally and one in four regularly drawing on personal savings to keep their business operating.[13] Around 72 per cent of small businesses identify rising operating costs as the single biggest barrier to expansion, while 64 per cent reported lower profits than the previous year, limiting their capacity to invest or absorb further shocks.[14]

Workforce and regulatory pressures compound these challenges. Rising wages and employment costs continue to dominate business concerns, with labour expenses repeatedly identified as the most significant cost pressure facing SMEs.[15] Recruitment difficulties persist across many sectors, while compliance obligations consume substantial management time, with many small business owners reporting they spend more than six hours per week on regulatory and administrative tasks. Together, these pressures constrain investment in technology, workforce capability and store upgrades that are essential for long-term competitiveness.

Without targeted support and more streamlined policy settings, Australia risks a weaker, less diverse retail sector, reduced competition and fewer local job opportunities.

Where do we need to get to?

Australia needs a resilient, growth-oriented small, medium and family-owned business sector with the financial flexibility and regulatory support to invest, innovate and thrive. SMEs should be able to expand their workforce, upgrade systems and adopt new technologies without facing sharp regulatory, compliance or cost cliffs that discourage growth.

Regulatory and policy settings must support smooth business progression. Definitions of small business should be consistent and proportionate, allowing growing firms to access appropriate concessions and guidance as they scale. Compliance frameworks should be clear, predictable and better aligned across jurisdictions, including through greater harmonisation of payroll tax thresholds and reporting requirements, so that success is not penalised by sudden step-changes in obligations.

Business investment needs to be encouraged through stable, certain and modern settings. Small and family-owned retailers require long-term confidence to invest in equipment, vehicles, digital systems and modern operating models that lift productivity and competitiveness. This includes greater certainty around investment incentives, such as a legislated instant asset write-off that reflects how productivity is now generated, including through digital assets, automation and logistics capability.

Beyond capital, SMEs need capability and resilience to operate sustainably in a higher-cost, more complex environment. This means access to practical, industry-informed digital, cyber and business capability programs; sustained relief from structural cost pressures such as energy; and targeted, retail-specific insolvency support so viable businesses are not lost unnecessarily.

Achieving this outcome will support a more dynamic, competitive and diverse retail sector, strengthen local employment and communities, and ensure small and family-owned businesses continue to play their central role in Australia's economic growth and productivity.

[11] Australian Industry Group, Australian Industry Outlook for 2025
[12] Commonwealth Bank of Australia, Small business cash flow management course, 16 January 2025
[13] Australian Retailers Association and National Retail Association, Retail Priorities in 2026 – Policy, Advocacy and Investment Survey (December 2025)
[14] Council of Small Business Organisations Australia and Commonwealth Bank of Australia, Small Business Perspectives Report 2025
[15] Australian Retailers Association and National Retail Association, Retail Priorities in 2026 – Policy, Advocacy and Investment Survey (December 2025)

How do we get there?

The Australian Retail Council recommends a suite of policy measures to address these challenges and enable sustainable growth for SMEs. These include:

1. **Modernise SME definitions and remove scale penalties**
   a. Broaden and align SME definitions across tax, workplace relations and program settings so growing businesses are not penalised as they scale.
   b. Expand the small business definition for tax purposes (including access to the 25 per cent tax rate) to better reflect modern turnover levels, and review thresholds regularly for competitiveness.
   c. Establish clearer, simplified workplace and compliance pathways for growing SMEs, including practical guidance and early-intervention support to reduce inadvertent non-compliance.
2. **Provide certainty and incentives for investment**
   a. Make the Instant Asset Write-Off permanent to support long-term investment decisions.
   b. Maintain a meaningful write-off threshold for businesses with turnover up to $50 million, and ensure incentives explicitly cover digital assets and modern business systems (software, e-commerce, automation and logistics capability).
   c. Consider a targeted investment allowance for larger, productivity-enhancing capital purchases that lift efficiency and competitiveness.
3. **Build SME capability, resilience and access to finance**
   a. Direct SME capability-building funding through industry associations and trusted intermediaries, focusing on digital transformation (including AI and cyber security), industrial relations compliance, WHS and sustainability.
   b. Expand government-backed finance and guarantee schemes to improve access to affordable working capital and investment finance, and provide flexible tax repayment and hardship options for viable SMEs under pressure.
   c. Strengthen SME advisory and wellbeing services, including small-business debt helplines and mental health support, so owners can manage financial stress and plan for recovery or transition.
4. **Tackle late payments and structural cost pressures**
   a. Support the implementation and continuous improvement of the Payment Times Reporting Scheme to promote faster, more reliable payment terms for SMEs, using greater transparency and public reporting to encourage best-practice payment performance.
   b. Provide targeted grants and incentives to help SMEs invest in energy-efficient technologies, battery storage and smart energy systems that permanently reduce operating costs.
   c. Align energy, climate and productivity programs so that investments in low-emissions equipment and premises also deliver measurable cost and productivity benefits for small business.

The pressure on small businesses affects employment, local economies and consumer prices. These reforms will help SMEs build financial resilience, maintain stability and continue contributing to Australia's economic growth and competition.

Enable healthy competition

Where are we now?

Australia's retail sector operates in an increasingly global and digital market. Online channels continue to grow strongly, with Australian households now spending tens of billions of dollars online each year. This growth brings benefits in price, choice and innovation, but only where all participants comply with Australia's regulatory framework and compete on a level playing field.

However, the rapid expansion of ultra-low-cost offshore retailers has exposed significant compliance and enforcement gaps. There is increasing evidence that some offshore businesses selling directly to Australian consumers may not be meeting their obligations under Australian law, including the Australian Consumer Law, privacy and data-protection requirements, modern slavery reporting and the Goods and Services Tax regime. This creates a structural imbalance for Australian-based businesses that continue to invest in local jobs, communities and compliance.

The result is competition increasingly driven by regulatory asymmetry rather than efficiency, service or genuine innovation. Domestic retailers face materially higher costs to comply with product safety, consumer protection, workplace and environmental standards, while competing with operators that may not be subject to equivalent enforcement or accountability. International regulators, including in Europe, have already identified systemic non-compliance by some ultra-low-cost platforms and commenced significant enforcement action.

At the same time, broader cost pressures, including energy, rent, wages and regulatory complexity, remain acute for Australian retailers. Without a stronger focus on cross-border compliance and enforcement, these dynamics risk eroding the viability of responsible local businesses, weakening competition over the long term and undermining consumer confidence in online retail.

Where do we need to get to?

Australia needs a retail market where competition delivers lower prices, innovation and choice for consumers because all retailers play by the same rules. Competition should be driven by productivity, service and value, not by non-compliance or uneven enforcement.

All retailers supplying Australian consumers, domestic and offshore, online and bricks-and-mortar, ultra-cheap or premium, should face consistent expectations for taxation, product safety, consumer protection, privacy and supply-chain responsibility. Regulatory frameworks already set these obligations; the priority is ensuring they are applied and enforced effectively in a global, high-volume e-commerce environment.

This requires stronger, more coordinated enforcement against clear non-compliance, particularly by offshore operators, and clearer accountability for online platforms to prevent unsafe or unlawful products being sold into Australia. It also means modernising data-sharing, transparency and takedown mechanisms so regulators can act quickly where harms are identified.

At the same time, domestic tax and regulatory settings must remain competitive and predictable, supporting investment, job creation and long-term viability for Australian-based businesses that do the right thing.

By strengthening enforcement, closing practical compliance gaps and promoting responsible investment, governments can support healthy competition in a global marketplace, protect consumers and sustain a diverse base of Australian-operated retailers.

Small, medium and large retailers are feeling the impact of ultra-low-cost offshore competitors, with 57 per cent of retailers identifying competitive impacts from ultra-low-cost online marketplaces as one of the three biggest pressures on their business.[16]

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[16] Australian Retailers Association and National Retail Association, Retail Priorities in 2026 – Policy, Advocacy and Investment Survey

How do we get there?

The Australian Retail Council recommends supporting fair, healthy competition through the following measures:

1. **Move towards a more competitive tax rate**
   a. Implement a phased reduction of the corporate tax rate from the current 30 per cent towards a more internationally competitive rate of 25 per cent, supporting investment, job creation and long-term competitiveness.
2. **Strengthen compliance and enforcement in cross-border and online retail**
   a. Work with retailers, regulators and industry bodies to identify and address compliance gaps in how existing Australian laws apply to offshore and online retailers, ensuring that all businesses selling to Australian consumers are held to the same standards.
   b. Strengthen enforcement of existing consumer, product safety, privacy, modern slavery and customs laws so goods sold into Australia meet Australian safety, environmental and ethical standards, protecting consumers and compliant local businesses.
   c. Mandate or extend appropriate supply-chain transparency and modern slavery reporting expectations to large offshore retailers selling directly to Australian consumers, so they are subject to comparable accountability as Australian-based businesses.
   d. Improve data-sharing, transparency and cooperation between regulators and major online platforms to enable faster identification and removal of unsafe or non-compliant products.
3. **Simplify GST rules for food and grocery products**
   a. Work with industry to simplify and clarify GST treatments for food and grocery items, reducing classification uncertainty and compliance burden while avoiding arbitrary distinctions between similar products.
4. **Reform existing tax incentives to better support productive, compliant investment**
   a. Reform existing tax incentives, including the R&D Tax Incentive, so they more effectively support investment in productivity-enhancing technology (for example AI, automation, digital retail and logistics solutions), particularly in service industries such as retail.
   b. Simplify eligibility rules and compliance processes so that incentives are accessible to small and medium retailers, with clear guidance on software and digital innovation and proportionate documentation requirements.
   c. Ensure tax settings continue to support workforce development and training that lift digital, compliance and customer-service capability, and encourage sustainability and energy-efficiency projects that reduce ongoing operating costs and support the transition to a low-emissions economy.
5. **Ensure competition settings support responsible business growth**
   a. Monitor and implement Australia's modernised merger and competition laws in a way that promotes fair market outcomes and innovation, while allowing compliant Australian businesses to scale and compete effectively in global markets.
   b. Ensure competition policy and enforcement recognise and reward firms that invest in compliance, local employment, ethical sourcing and sustainability, so they are not structurally disadvantaged relative to operators that do not meet equivalent standards.

Without action focused on compliance and a genuine level playing field, responsible Australian retailers will increasingly compete with operators that do not face the same expectations. By strengthening enforcement, supporting productive investment and ensuring competition policy rewards responsible behaviour, governments can sustain vibrant, healthy competition that delivers lower prices, innovation and choice for consumers while preserving a strong base of Australian-operated retailers.

Focus area two:

Grow the retail workforce

As Australia's largest private-sector employer, the retail industry plays a critical role in providing economic opportunities across metropolitan, regional and remote communities. With more than 1.4 million people directly employed, and many more supported through supply-chain roles, the sector is uniquely positioned to offer diverse and flexible career pathways and entry points into the workforce.

However, retail continues to face persistent labour and skills shortages, with tens of thousands of vacancies across the sector and growing gaps in customer service, logistics, digital technologies and leadership roles. These shortages, combined with rising workplace complexity and ongoing industrial relations change, are constraining business growth, reducing productivity and limiting career progression.

A modern, productive retail sector depends on workforce settings that support flexibility, skills development and progression. Targeted policies must back workplace arrangements that allow businesses to roster and deploy staff efficiently; support industry-led training and structured career development; and make it easier for people to move between roles, employers and regions as opportunities evolve. Vocational education and upskilling programs are critical to preparing workers for the changing nature of retail work, particularly as new technologies, data and operating models reshape jobs across stores, distribution and head offices.

By fostering a workplace relations system that aligns wage growth with productivity, strengthening investment in capability and training, and ensuring inclusive job opportunities for all Australians, the sector can continue to be a leading source of employment, career mobility and economic participation. With the right support from government, the retail workforce will remain adaptable, future-ready and capable of sustaining growth, innovation and service standards in a rapidly changing industry.

Policy recommendations

1. Focus workplace reforms on flexibility and productivity
2. Address labour shortages and workforce growth
3. Support upskilling to future-proof the workforce
4. Unlock economic and social gains through workforce inclusion

Focus workplace reforms on flexibility and productivity

Where are we now?

The Australian retail sector depends on a balanced workplace relations system that supports job creation, business efficiency and workforce development. However, recent and ongoing industrial relations (IR) reforms have significantly increased compliance complexity, administrative burdens and wage pressures, particularly for small and medium-sized retailers. For many large employers, workplace relations settings are now one of the most material constraints on domestic investment and job growth. This burden acts as a disincentive for retailers to expand their domestic workforces.

Retailers are still grappling with onerous and complex obligations in the General Retail Industry Award (GRIA), alongside changing rules in areas such as rostering, casual and part-time engagement, bargaining and labour hire. The cumulative effect is greater regulatory uncertainty and higher compliance costs, which can undermine business confidence and make it harder to invest in people, systems and innovation.

Fair wages are critical to a healthy workforce, but sustainable wage growth must be supported by improvements in how businesses operate, through better training, smarter scheduling, improved processes and investments in technology that enhance efficiency. At present, many retailers face rising wage and on-costs that are not always matched by productivity gains, while navigating IR regulations that can limit adaptability and divert resources away from workforce development. Without a stronger focus on productivity in workplace reform, Australia risks continued weak productivity growth, reduced job opportunities and rising operational costs that ultimately affect businesses, workers and consumers.

Where do we need to get to?

Australia needs a modern workplace relations system that fosters business flexibility, workforce development and sustainable wage growth. Productivity should be a central consideration in wage setting and reform processes, ensuring businesses can thrive without disproportionate cost burdens and workers share in the benefits of improved performance.

Simplified, more predictable compliance processes would allow retailers to spend less time on administration and more on training, technology and innovation. Award and regulatory frameworks should better support flexible, multi-channel operating models, while maintaining appropriate protections for workers. A system that encourages practical, industry-led solutions, developed in partnership with employers, unions and government, will help ensure policies are workable on the shop floor as well as in principle.

By aligning wage growth more closely with productivity improvements, the retail sector can achieve a better balance where higher wages reflect efficiency gains and capability uplift, delivering benefits for businesses, employees and consumers, and supporting a more resilient and competitive economy.

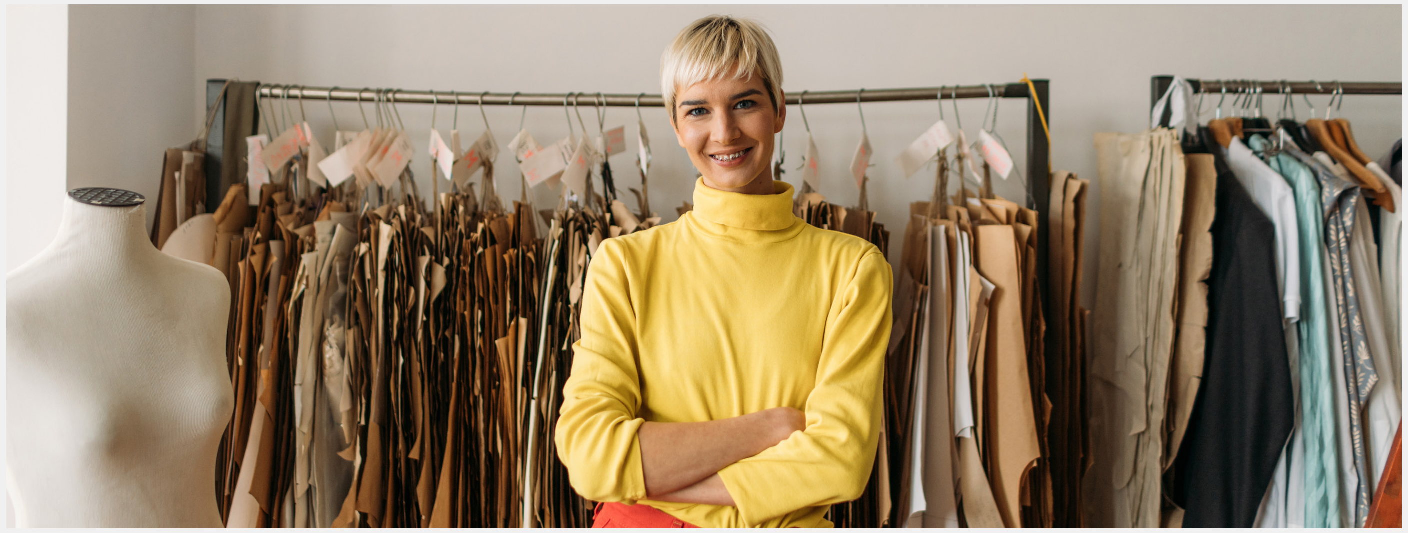
Labour productivity growth in Australia has slowed significantly over the past two decades. The average annual rate is now around 0.8 per cent, down from 1.8 per cent in the early 2000s. This reflects weaker output per hour worked compared to historical norms.[17]

How do we get there?

The Australian Retail Council recommends the following measures:

1. **Align wage growth with productivity improvements**
   a. Encourage and support retailers to invest in technology, better systems and process innovation so businesses can sustainably increase wages on the back of higher productivity and job performance.
   b. Ensure Fair Work and wage-setting processes take account of productivity, business capacity to pay and competitive pressures, so wage growth is balanced with business sustainability and does not unintentionally drive inflationary pressure or employment reductions.
2. **Reduce industrial relations complexity to free up business investment**
   a. Streamline workplace relations obligations – including those in the General Retail Industry Award – to reduce compliance burdens, ambiguity and administrative duplication for retailers.
   b. Introduce clearer, simplified rostering and shift-flexibility provisions that allow businesses to better align workforce planning with consumer demand across in-store and online channels.
   c. Conduct an independent review of regulatory and reporting duplication, with a view to reducing unnecessary obligations that divert time and resources away from workforce development, training and innovation.
3. **Ensure workplace relations laws support business growth as well as regulation**
   a. Move towards a more responsive workplace relations framework that enables retailers to adapt to economic shifts, new business models and changing customer behaviour, rather than adding rigidity and uncertainty.
   b. Maintain access to casual, part-time and shift-based work structures, recognising their importance for retail workforce flexibility and employment accessibility for students, parents, carers and secondary income earners.

A stable, productivity-driven workplace relations system is crucial for retailers to invest in their workforce, manage costs, and drive economic growth. By aligning wage growth with productivity, reducing regulatory burdens and maintaining genuine flexibility, governments can support a more competitive and resilient retail sector in which retailers have the certainty they need to operate efficiently while continuing to provide quality jobs for Australians.



[17] ABS, Measuring What Matters – Productivity (20-year average labour productivity growth)

Address labour shortages and workforce growth

Where are we now?

Whilst vacancies have eased from their peak of nearly 49,900 unfilled jobs, the Australian retail sector continues to experience persistent labour shortages, with around 28,000 vacancies in retail trade as at November 2025[18] and ongoing gaps in critical roles. Shortages span customer service, logistics, digital and supervisory roles, constraining business growth, reducing service levels and making it harder for retailers to operate efficiently and meet consumer demand.

Across the wider economy, around one-third of all occupations are experiencing national shortages, affecting hundreds of distinct job categories.[19] This underscores that retail's workforce challenges are part of a broader structural gap, rather than a short-term cycle, and limits the sector's ability to lift productivity, extend trading hours where demand exists and keep downward pressure on prices.

Traditional policy settings, including caps and restrictive migration levers, have contributed to these challenges, particularly where domestic pipelines are insufficient to meet demand. At the same time, under-represented groups such as the long-term unemployed, older Australians, people with disability, refugees and other marginalised communities remain underutilised in the retail workforce, often facing practical, regulatory and capability barriers to participation.

Additionally, IR and employment regulation at state and federal levels has had perverse impacts, adding restrictive red tape and disincentivising companies from expanding their Australian workforces.

Where do we need to get to?

To address labour shortages and build a resilient retail workforce, Australia needs a more deliberate, multi-channel approach to workforce supply.

At the same time, domestic participation must be strengthened by creating clear, supported pathways for under-represented groups into sustainable retail careers, working in partnership with community organisations, employment services and training providers. Core skills pathways should be formalised by advocating for key retail roles to be appropriately reflected in occupation lists (such as the Core Skills Occupation List) and by developing transparent, skills-based entry and progression routes.

Together, these measures will help close workforce gaps, improve job matching and support the sector's long-term growth, while opening up more inclusive employment opportunities for Australians and supporting the productivity and competitiveness of the retail sector.

Job vacancies in retail trade remain elevated, with around 28,000 vacancies as at November 2025 (latest ABS data), highlighting ongoing difficulty filling roles that are critical to operations and service delivery.[20]

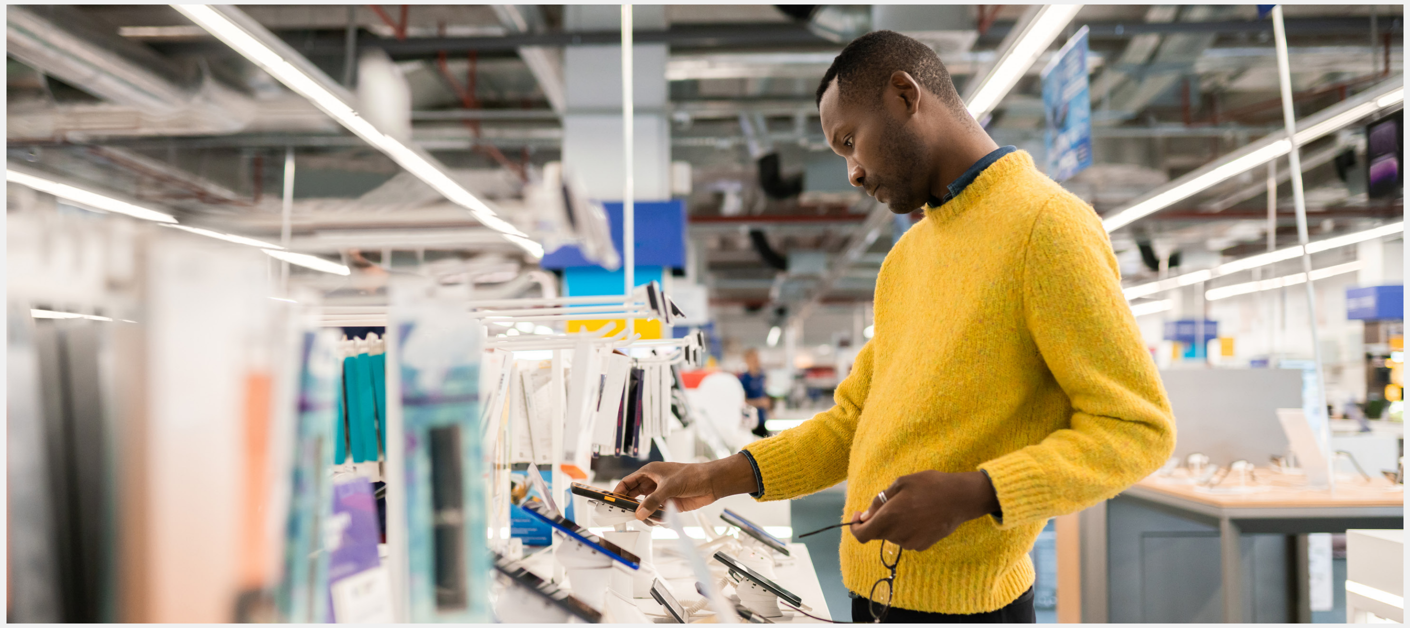
[18] Australian Bureau of Statistics, Job Vacancies, Australia, November 2025, Table 4: Job vacancies, industry
[19] Jobs and Skills Australia, Current skills shortages (36 per cent of occupations in national shortage in 2023).
[20] Australian Bureau of Statistics, Job Vacancies, Australia, November 2025, Table 4: Job vacancies, industry

How do we get there?

The Australian Retail Council recommends the following initiatives to help address ongoing labour shortages:

1. **Revise migration policies**
   a. Ensure that essential retail positions are appropriately represented in the Core Skills Occupation List (CSOL) and related frameworks, enabling employers to sponsor migrants into critical roles where domestic supply is constrained.
2. **Foster industry collaboration**
   a. Work with industry associations, training providers, employment services and community organisations to design programs that integrate underrepresented groups into the retail workforce, with pathways that reflect real job requirements and progression opportunities.
   b. Provide mentorship, training and wrap-around support services to assist marginalised individuals – including the long-term unemployed, older workers, refugees and people with disability – to secure and retain retail employment.
3. **Develop core skills pathways**
   a. Collaborate with Jobs and Skills Australia to identify critical retail roles and establish clear, skills-based pathways for both domestic and migrant workers to acquire the capabilities needed for those roles.
   b. Implement targeted training initiatives that align with the CSOL and other national skills priorities, ensuring workers are equipped with the core skills required for frontline, supervisory, logistics and digital positions in retail.
   c. Expand access to foundation skills and employability programs, such as the Skills for Education and Employment (SEE) program, and incorporate micro-credentials in areas like customer service, digital literacy and leadership to address labour shortages and enhance career pathways for underrepresented groups.

Addressing labour shortages in the retail sector requires a multifaceted approach that engages underrepresented groups and develops clear skills pathways. By implementing these strategies, governments and industry can build a diverse and resilient workforce capable of sustaining the retail industry's growth and contribution to the Australian economy.



Support upskilling to future-proof the workforce

Where are we now?

Australia's education and training systems are struggling to keep pace with the skills needed for a more productive, technology-enabled economy. Around half of Australian students do not reach basic proficiency in core academic areas in the 2022 PISA results, with outcomes and access to digital tools significantly worse in regional, remote and low-socioeconomic communities.

Work-related training participation is also low by international standards, especially among smaller employers; only around half of small businesses provide formal training, compared with about 80 per cent of large employers. This limits opportunities for retail workers to build digital, customer and supervisory skills that drive productivity.

Junior employment remains a critical entry point into the workforce, particularly for school-aged and tertiary students. Existing junior pay rates in retail awards help create large numbers of entry-level roles; uncertainty around future junior wage settings presents a material risk to youth employment, especially for those seeking their first job in retail.

Post-school, low uptake of Recognition of Prior Learning and credit transfer, fragmented credential records and limited SME engagement make it harder for workers to have existing skills recognised and to move between roles or sectors. Non-formal workplace training is often excluded from public funding and quality frameworks, constraining flexible upskilling in areas such as digital literacy and data use.

On top of this, inconsistent and sometimes unnecessary occupational licensing for low-risk retail and service roles adds regulatory burden, reduces labour mobility and can exacerbate shortages, particularly outside major cities. Together, these weaknesses limit the retail sector's capacity to act as a scalable employment and skills-development pathway.

Where do we need to get to?

A future-ready workforce requires stronger foundations in literacy, numeracy, STEM and digital skills for all students, with better support and professional development for teachers and more equitable access to digital learning tools across communities.

This should be complemented by workplace relations settings that preserve fair, evidence-based junior wage arrangements, recognising retail's role in providing first jobs and structured on-the-job learning for young people.

Post-secondary systems need to be more seamless and responsive, with higher and more consistent use of RPL and credit transfer, national digital records of learning, and recognition of high-quality non-formal training. Employer-led training should be encouraged through targeted incentives and supported by a National Skills Passport that captures learning undertaken in work.

Regulation should be streamlined and nationally portable, with redundant licensing removed for low-risk roles and, where appropriate, replaced by voluntary, AQF-aligned certification and more flexible digital assessment options.

These reforms would lift participation and productivity, improve mobility for workers and help ensure the retail sector has the skills it needs as technology, business models and customer expectations continue to evolve.

> Fewer than 30 per cent of Australian adults participate in work-related training, compared with 45–50 per cent in countries such as the United States, New Zealand, England and Canada.[21]

[21] Productivity Commission 2025, Building a skilled and adaptable workforce: Inquiry report no. 110, Canberra, December 2025

How do we get there?

The Australian Retail Council recommends targeted reforms to strengthen skills and future-proof the workforce:

1. **Improve VET responsiveness and retail job-readiness**
   a. Restore funding neutrality based on quality and outcomes so both public and private RTOs can deliver retail-aligned training.
   b. Expand industry-led, co-designed training (apprenticeships, traineeships and micro-credentials) in customer service, digital capability, leadership, logistics and loss prevention.
   c. Fund flexible, work-integrated delivery models that fit retail rosters, including retail-relevant foundation skills and job-readiness programs for cohorts such as refugees, older workers and the long-term unemployed.
   d. Reinstate and strengthen incentives that support employers and workers to commence and complete retail Certificate III and IV qualifications.
2. **Streamline occupational and youth employment regulation**
   a. Review licensing in low-risk retail and personal services roles, removing redundant requirements and, where appropriate, replacing them with voluntary AQF-aligned certification.
   b. Strengthen mutual recognition and portability of licences across jurisdictions.
   c. Improve national coordination of school-aged employment rules, with clearer, more consistent minimum age and hours settings.

These industry-led changes, backed by coordinated Federal, state and territory action, would lift participation, cut red tape and equip Australia's workforce with the skills needed for a more digital, productive and resilient retail sector.

Unlock economic and social gains through workforce inclusion

Where are we now?

The Australian retail sector is one of the country's most diverse industries. Retail offers accessible and flexible employment opportunities for women, First Nations Australians, people with disability, young people and those re-entering the workforce. However, participation gaps persist, limiting economic opportunities and shrinking the available talent pool at a time of ongoing labour and skills shortages.

Women continue to face lower lifetime superannuation savings due to career breaks, part-time work and uneven access to progression, while First Nations Australians encounter systemic employment and progression barriers. People with disability remain underrepresented in the workforce, despite clear evidence of their willingness and ability to work and recent improvements in participation. Other cohorts, including refugees, older workers and the long-term unemployed, also face practical and structural barriers to entering and staying in work.

These gaps are not only an equity issue; they are a missed economic opportunity. Evidence shows that companies with above-average diversity record materially better performance, including higher innovation revenues and stronger profit margins.[22] Yet many inclusion initiatives remain fragmented, short term or difficult for smaller retailers to access. Without targeted investment in participation programs and employer supports, these inequalities will continue to impact economic and social outcomes, and retailers will continue to face avoidable workforce constraints.

Where do we need to get to?

Australia needs a fair and inclusive workforce where systemic barriers are dismantled and underrepresented groups can participate fully in meaningful, sustainable work. For retail, this means leveraging the sector's scale and flexibility to create practical, supported pathways into employment and progression for people who are currently underutilised.

This includes addressing the structural drivers of the gender superannuation gap so women, particularly mothers returning to part-time work, are not left at a long-term financial disadvantage. First Nations Australians should have greater access to culturally safe, industry-led employment and career pathways, with strong community partnerships and support for advancement into supervisory and leadership roles. People with disability require clear entry routes, appropriate workplace adjustments and ongoing support for inclusive practices that work in a fast-paced, customer-facing environment.

By embedding these changes, and by recognising inclusion as both a social and productivity imperative, the retail sector can drive workforce equity, boost economic growth and ensure that all Australians have the opportunity to participate in and benefit from the jobs and careers the sector provides.

The labour force participation rate for people with disability (aged 15–64) has risen to about 60.5 per cent, up from around 53 per cent previously, but still well below the ~85 per cent participation rate for people without disability.[23]

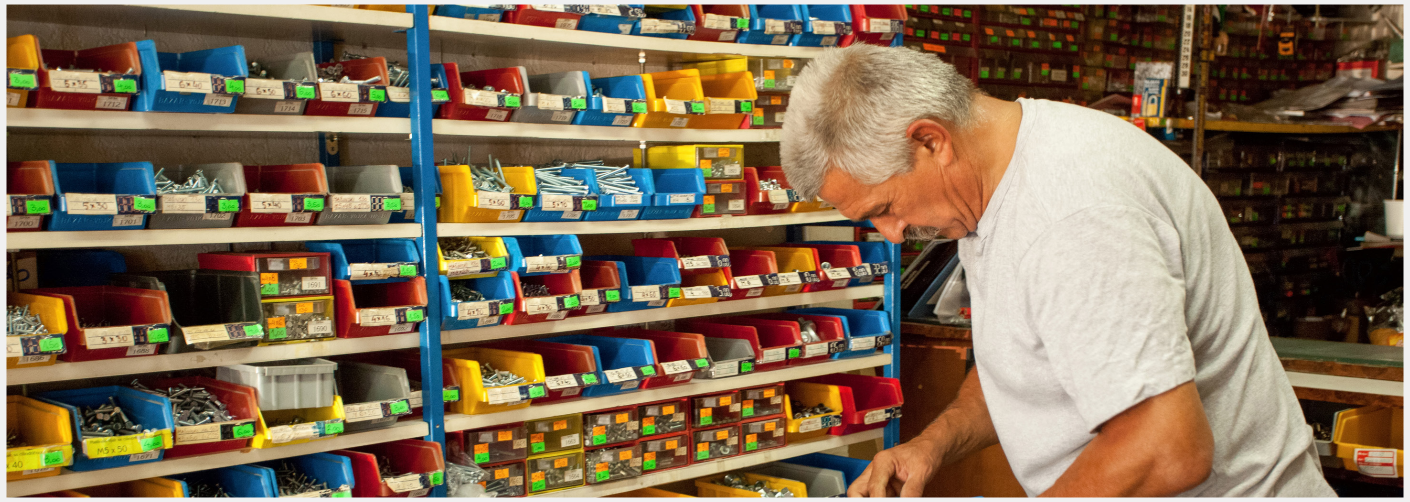
[22] Harvard Business Review (2018). "How and Where Diversity Drives Financial Performance" by Rocio Lorenzo and Martin Reeves. Available at: https://hbr.org/2018/01/how-and-where-diversity-drives-financial-performance
[23] ABS Labour force participation for people with disability ~60.5 per cent (vs ~84.9 per cent for those without)

How do we get there?

The Australian Retail Council recommends the following initiatives to drive social and economic outcomes through a more inclusive and equitable workforce:

1. **Increase investment in First Nations industry-led employment initiatives**
   a. Fund First Nations–led employment programs in retail that provide culturally safe career development, mentoring and wrap-around support.
   b. Expand support for First Nations traineeships, apprenticeships and leadership programs, creating clear pathways into skilled, supervisory and management roles.
   c. Deepen partnerships between First Nations organisations, retailers and governments to grow Indigenous employment and business participation across retail supply chains.
2. **Boost workforce participation and retention of people with disability**
   a. Increase investment in career pathways, skills development and work-integrated training for people with disability in retail roles.
   b. Expand funding for workplace support and adjustment programs, helping employers provide inclusive, accessible working environments.
   c. Strengthen employer-facing guidance and advisory services (for example, JobAccess and the Employment Assistance Fund) with a focus on SMEs and practical workplace adjustments.
   d. Invest in disability confidence training for employers and managers to support inclusive recruitment, progression and retention.
   e. Prioritise accessible transport and workplace infrastructure under national disability and infrastructure strategies, particularly in regional and outer-metropolitan areas.

Addressing workforce inequalities is both an economic and social imperative. By supporting women's retirement outcomes, investing in First Nations employment and improving participation for people with disability, governments can unlock new talent pipelines, foster diversity and strengthen Australia's economy. With sustained government support and industry–government collaboration, we can build a workforce where everyone, regardless of background or ability, has the opportunity to succeed.



Focus area three:

Collaborate on community outcomes

Retail is deeply connected to the communities it serves. Every day, retailers provide essential goods, employment opportunities and economic activity that sustain local economies across Australia. From major metropolitan centres to regional and remote communities, retail plays a vital role in social cohesion, access to essential products and community wellbeing.

As Australia faces a more complex operating environment, collaboration between government and industry is increasingly important. Retailers are navigating rising retail crime and worker safety risks, accelerating digital transformation, climate and sustainability pressures, and ongoing supply chain disruption. These challenges are not isolated to businesses alone. They directly affect workers, customers and communities, shaping perceptions of safety, affordability and access.

Retail crime has become a national community safety issue, not a sector-specific challenge. Australia now records close to 800,000 retail crime incidents each year, with offences at record levels. In Victoria alone, around 100,000 incidents were recorded in the past year, representing an increase of approximately 20 per cent year on year. Rates and policy responses vary significantly across jurisdictions, creating inconsistent protections for workers and uneven outcomes for communities.

This issue extends well beyond store loss. Violence, abuse and repeat offending affect frontline workers, undermine public confidence in everyday spaces and place growing pressure on police and justice systems. Community concern is clear. Research shows 62 per cent of Australians consider reducing crime and antisocial behaviour to be extremely important, ranking it among the top issues nationally[24], and 73 per cent believe state governments should do more to strengthen protections.

Despite this public mandate, reform has been uneven. Some jurisdictions have progressed retail-specific offences, workplace protection orders and controlled knife sales, while others have yet to implement comparable measures. Addressing this challenge requires coordinated national leadership, consistent legal frameworks and effective enforcement, supported by the responsible use of technology to prevent harm and protect workers and customers.

At the same time, retailers are central to the transition to a more sustainable and resilient economy. Retail sits at the heart of product supply chains and consumption, positioning the sector to drive progress on emissions reduction, circular economy outcomes and more efficient use of resources. With the right national frameworks and partnerships, retailers can help reduce waste, cut costs and deliver environmental benefits while maintaining affordability for consumers.

Supply chain resilience is also critical to community outcomes. Recent disruptions have highlighted the importance of reliable freight networks, modern infrastructure and nationally consistent settings to ensure essential goods continue to flow to every part of the country. Improving productivity and resilience across supply chains will support price stability, business confidence and equitable access to goods.

This section sets out a clear agenda for partnership between government and industry. By working together, policymakers and retailers can strengthen community safety, support responsible innovation, improve sustainability outcomes and build resilient supply chains that underpin Australia's economic and social wellbeing.

[24] SEC Newgate Mood of the Nation survey, September 2025

Policy recommendations

1. Prioritise retail worker safety by reducing retail crime
2. Build a low-carbon and resilient supply chain network
3. Partner with industry for a circular economy
4. Partner with industry on health and nutrition outcomes

Prioritise retail worker safety by reducing retail crime

Where are we now?

Retail crime in Australia has reached historically high levels and is increasingly a community safety issue, affecting workers, customers and public confidence in everyday spaces. ABS data shows "Other Theft" offences reached a 21-year high in 2024, with around 596,000 victims nationally. Almost 45 per cent occurred in retail settings, making shops and shopping centres one of the most common places Australians encounter crime[25].

Community concern is growing. Research shows 62 per cent of Australians are concerned or extremely concerned about retail crime, reflecting the way these incidents shape perceptions of safety in public places and local communities.

The impact on workers is severe. Research shows 87 per cent of retail and fast-food workers experienced verbal abuse in the past 12 months[26], with physical violence also reported. These experiences are contributing to workforce instability, reduced retention and declining confidence in retail as a safe place to work, particularly for younger Australians entering the workforce.

The nature of retail crime is also changing. Industry intelligence indicates clear escalation in violent behaviour. Threatening incidents have increased by around 39 per cent nationally, while serious incidents have risen by around 30 per cent, reflecting a shift from opportunistic theft to more confrontational and high-risk offending, including weapon-related behaviour.

Harm is highly concentrated. Around 10 per cent of offenders are responsible for approximately 60 per cent of retail crime harm[27], repeatedly targeting stores across multiple locations. These repeat offenders exploit gaps in enforcement and limited tools to prevent re-entry, enabling persistent offending with minimal deterrence.

Organised crime is now embedded within the retail crime ecosystem. Stolen goods are routinely monetised through online marketplaces and informal resale networks. Illicit tobacco is a prominent example, linking retail directly to serious and organised crime. Record seizures in recent years demonstrate the scale of this activity and its growing presence in retail environments, often accompanied by intimidation and violence.

Despite the national scale of the problem, responses remain fragmented. Retail worker protections differ across states and territories, including inconsistencies in offences, police powers and preventative measures. There is limited coordinated federal response to organised retail crime, and online marketplaces remain weakly regulated in relation to the resale of stolen goods.

Small and medium retailers face additional exposure. Many lack the resources to invest in basic security measures such as CCTV, despite their importance for deterrence, investigations and worker confidence.

Retail crime is no longer a localised or sector-specific issue. It is a national social challenge affecting worker safety, community confidence and trust in public spaces, requiring consistent protections and coordinated leadership.

Where do we need to get to?

Retail environments should be safe, welcoming community spaces where workers and customers can go about their daily lives without fear of abuse, intimidation or violence. The goal must be to restore confidence in retail precincts as essential public places that support social connection, employment and local economic activity.

Australia needs a retail crime response that prevents harm before it occurs, not one that relies solely on after-the-fact enforcement. This requires consistent tools to address repeat offending, protect workers and stop known offenders from cycling through retail environments unchecked, including the responsible use of preventative technologies where appropriate.

Organised retail crime must be treated as serious and organised criminal activity, with national coordination to disrupt networks that operate across borders, fund illicit trade and exploit online marketplaces to monetise stolen goods.

Small and medium retailers should not be left exposed. Every retailer, regardless of size or location, should have access to basic security infrastructure and support, alongside proportionate technology solutions, that enable safer environments, support police responses and give workers confidence that their safety is a priority.

Achieving these outcomes requires national leadership, consistent protections and practical investment, working in partnership with states, police, industry and communities to ensure retail spaces remain safe, trusted and accessible for all Australians.

[25] Australian Bureau of Statistics, Recorded Crime – Victims, 2024, ABS, 3 September 2025
[26] SDA, No One Deserves a Serve: Customer Abuse and Violence Survey Report, 2023
[27] Australian Retailers Association, Australian retailers record huge spike in armed and violent retail crime, media release, citing Auror retail crime data, 2024

How do we get there?

The Australian Retail Council recommends the following initiatives:

1. Safer retail precincts and worker protection

Retail precincts must function as safe community spaces, supported by consistent laws, preventative tools and practical investment that stops harm before it occurs.

This requires delivery of the association's five-point retail crime plan in every state, including:

- Retail-specific abuse offences that recognise the unique risks faced by frontline workers
- Workplace Protection Orders to prevent repeat offenders from re-entering stores
- Dedicated police retail crime units focused on high-harm repeat offending
- Controlled sale and packaging of knives to reduce weapon-related incidents
- Simple, consistent online reporting systems to improve intelligence and police response

Small and medium retailers must also be supported to create safer environments. Targeted investment is needed to help SMEs install basic security infrastructure, such as CCTV, lighting and store design improvements, alongside practical training in de-escalation, incident reporting and staff safety.

2. Disrupt organised retail crime and illicit trade

Organised retail crime must be treated as serious and organised criminal activity, not isolated shop theft.

Australia needs a coordinated national approach to organised retail crime, including:

- A clear federal focus on organised retail crime, drawing on international best practice such as the United States' organised retail crime framework, which recognises ORC as a distinct, cross-border criminal threat linked to broader illicit networks
- Stronger federal oversight of online marketplaces, informed by approaches like the INFORM Act, to increase transparency, deter the resale of stolen goods and disrupt criminal monetisation pathways
- A nationally consistent response to illicit tobacco, adopting proven state-based enforcement models across all jurisdictions to disrupt criminal cashflow, protect workers and remove high-risk operators from retail precincts
- Increased penalties for the importation of illicit tobacco. Importing illicit tobacco should be treated the same as the importation of illegal drugs such as cocaine.

Without national alignment, organised crime will continue to shift activity across borders, undermining enforcement and prolonging harm.

3. Responsible use of technology to prevent harm

Retailers must have access to modern, lawful and proportionate technology to protect workers and customers.

This requires clear policy pathways that:

- Provide certainty for the responsible use of facial recognition and related technologies for safety and crime prevention
- Enable retailers to identify repeat high-harm offenders and intervene early
- Support public campaigns to build trust in responsible technology use, protecting workers, customers and communities

Technology should complement, not replace, other prevention measures. Used responsibly, it is a critical tool in restoring safety and confidence in retail environments.

Build a low-carbon and resilient supply chain network

Where are we now?

Australia's freight and logistics system is under growing pressure, with freight volumes having doubled since the 1970s and road freight projected to grow by up to 77 per cent between 2020 and 2050. This rapid growth is colliding with ageing infrastructure, constrained urban freight connections and shrinking industrial land supply near major cities, increasing delivery distances, congestion and emissions.

Productivity has not kept pace. Since the late 1990s, road freight productivity has increased by only around 5 per cent and rail by around 8 per cent, while regulatory fragmentation and network bottlenecks continue to drive inefficiencies. Rising supply chain costs are flowing directly through to household prices, with terminal access charges increasing by a national average of 21 per cent in the past year and penalty charges rising by 37 per cent, embedding uncontestable costs across retail supply chains.

Climate disruption and infrastructure vulnerability are compounding these challenges. Floods, fires and cyclones are increasingly interrupting freight routes, with the annual economic cost of infrastructure disruption projected to reach $73 billion by 2060. At the same time, the shift toward low emissions freight is constrained by limited charging and refuelling infrastructure, energy network capacity and coordinated planning, risking higher costs and reduced resilience as freight demand continues to rise.

> Productivity has stalled for over two decades - Since the late 1990s, road freight productivity has increased by only 5% and rail by 8%, despite rapidly rising demand.[28]

Where do we need to get to?

Australia needs a supply chain network that is more productive, more resilient and lower-cost, while enabling the transition to a low-emissions economy. Freight systems must move goods efficiently and reliably to keep pressure off prices and ensure communities can access essential products.

Productivity must lift across the freight task. Improving access for high-productivity vehicles, modernising freight corridors and reducing regulatory fragmentation will lower congestion, cut unnecessary trips and reduce both costs and emissions.

Targeted expansion of high productivity vehicle access on nationally significant corridors can deliver immediate gains. For example, as Southeast Queensland prepares for the Brisbane 2032 Games and accommodates rapid population growth, enabling broader adoption of vehicles such as B-triples on key freight routes between Queensland and New South Wales would increase freight capacity, reduce vehicle movements and strengthen cross-border supply chain resilience. Strategic corridor reform of this kind allows more freight to move with fewer trucks, improving both productivity and network reliability.

Workforce pressures are a structural risk to supply chain resilience. Persistent heavy vehicle driver shortages require national heavy vehicle licensing reform to simplify pathways into the profession, improve portability across jurisdictions and ensure a consistent, modern framework that supports workforce attraction and retention.

Supply chains must also be resilient by design. Infrastructure and logistics networks need to withstand climate shocks and global disruption, maintaining continuity of supply into metropolitan, regional and remote communities. The low-carbon transition must be enabled through infrastructure, not imposed through constraint. Retail supply chains need the energy capacity, charging infrastructure and planning certainty required to adopt cleaner technologies without increasing costs or reducing reliability.

Delivering this outcome requires national coordination, consistent settings and long-term investment, aligned with industry capability and commercial realities. With the right approach, Australia can strengthen affordability, resilience and emissions performance at the same time.

[28] Bureau of Infrastructure, Transport and Regional Economics (BITRE), Long-run trends in Australian transport productivity, Working Paper 60, Australian Government, Canberra, 2009.

How do we get there?

The Australian Retail Council recommends the following initiatives:

1. **Enable a low-emissions freight transition**
   - Modernise freight access, vehicle standards and approval frameworks to enable zero and low emissions vehicles to operate at scale across retail distribution networks, supported by nationally consistent depot based charging and refuelling approaches.
   - Strengthen alignment across Federal, state and local governments to ensure freight access standards, bridge assessments and infrastructure funding are upgraded and maintained to accommodate electrified and alternative fuel heavy vehicles, supported by coordinated energy and transport planning that delivers sufficient network capacity at logistics hubs and along major freight corridors.
   - Align infrastructure investment and regulatory settings to enable low emissions technologies without increasing costs or reducing reliability across retail supply chains.
2. **Improve freight corridor productivity and resilience**
   - Deliver a coordinated national approach to freight corridor planning, strengthening first and last mile connectivity and prioritising sustained upgrades and resilience investment for nationally critical freight routes, including the Bruce Highway and the East West Rail Link between Sydney and Perth.
   - Embed climate resilience into road and rail infrastructure planning and strengthen rail linehaul corridors, terminals and passing capacity to support mode shift and reduce congestion.
   - Protect and forecast funding for infrastructure planning to support the development of industrial and logistics precincts through planning frameworks in high growth areas to maintain proximity between distribution centres (including warehouses) and consumers.
   - Harmonise planning and environmental guidelines across jurisdictions, including alignment between planning authorities and environmental protection agencies on matters such as noise standards in industrial precincts, to enable late night delivery windows and 24 hour freight operations where appropriate.
3. **Strengthen national coordination and consistency**
   - Streamline planning and approval processes for retail critical freight infrastructure and establish a national harmonisation framework to reduce duplication, delays and cross border compliance burdens.
   - Accelerate adoption of nationally consistent automated access systems and progress reform toward modern road user charging that supports high productivity and low emissions freight outcomes.
   - Develop nationally consistent approaches to port and stevedore landside charging to improve transparency, limit cost escalation and ensure charges reflect genuine productivity and service outcomes.

Partner with industry for a circular economy

Where are we now?

Australia's circularity rate remains just 4 to 5 per cent, despite national ambitions to double it under the National Circular Economy Framework. Packaging volumes have grown almost three times faster than population growth, plastic waste has reached around 3.2 million tonnes per year, and recovery rates remain stuck in the mid-teens. Although 84 per cent of packaging is technically recyclable, only around 20 per cent is recovered, highlighting deep system fragmentation across design standards, collection systems and processing capacity.

Federal packaging reform is now critical to unlock progress. Inconsistent state and local rules create consumer confusion, high contamination in recycling streams and major barriers for retailers and brand owners designing sustainable packaging at scale. Around 28 per cent of Australians report finding recycling unclear, while differing kerbside systems and partial tools such as the Australasian Recycling Label and PREP limit infrastructure investment and materials recovery. Harmonising packaging design, labelling and collection standards, including through a national kerbside system, is essential to enable efficient processing and rebuild consumer confidence.

Without coordinated national settings, voluntary schemes and piecemeal bans on single-use plastics or Container Deposit Schemes continue to fragment markets, raise compliance costs and slow investment. At the same time, Australia is missing a major economic opportunity, with modelling showing a more circular economy could add $26 billion to GDP each year by 2035 and accelerated reform unlocking up to $210 billion in additional GDP and around 17,000 jobs by the late 2040s. Strong federal leadership, consistent enforcement and long-term infrastructure planning are now required to convert ambition into outcomes without imposing unnecessary cost layers on retailers or consumers.

Where do we need to get to?

Australia needs a nationally consistent, investable circular economy framework that reduces cost, complexity and waste while unlocking economic growth. Packaging, recycling and product stewardship settings must be aligned across jurisdictions so retailers and suppliers can design once, comply once and invest with confidence.

Circularity must shift from fragmented voluntary schemes to a coherent national system, supported by clear standards, strong governance and fit-for-purpose infrastructure. This includes modern recycling and recovery capacity, transparent stewardship arrangements and reliable data to guide investment and measure progress.

Retailers also need the capability to participate in circular models at scale. Businesses, particularly SMEs, should be supported to adopt reuse, repair, resale and recycling solutions without bearing disproportionate cost or compliance burden. Consumers must be able to identify and participate in circular choices easily and consistently.

With strong federal leadership and partnership with industry, Australia can deliver a circular economy that cuts waste, lowers costs, strengthens supply chains and drives long-term economic and environmental outcomes.

Australia's circularity rate is just 4–5%, far below the global average.[29]

How do we get there?

The Australian Retail Council recommends the following measures:

1. **Federal packaging reform, national framework and governance**

Deliver a coherent, nationally consistent circular economy framework by:

- Establishing Federal Government-led packaging reform to replace fragmented state schemes with clear national design, labelling and recycled-content standards
- Moving beyond the outdated NEPM framework to nationally consistent, enforceable packaging design standards, providing certainty across the retail supply chain.
- Establishing a central national authority to oversee packaging reform and product stewardship schemes, including setting targets, accrediting schemes, coordinating implementation and publishing transparent performance reporting.
- Align environmental regulation and enforcement nationally, including harmonisation of single use plastic restrictions, to reduce duplication, compliance costs and regulatory uncertainty across retail supply chains.

2. **Infrastructure, standards and product stewardship**

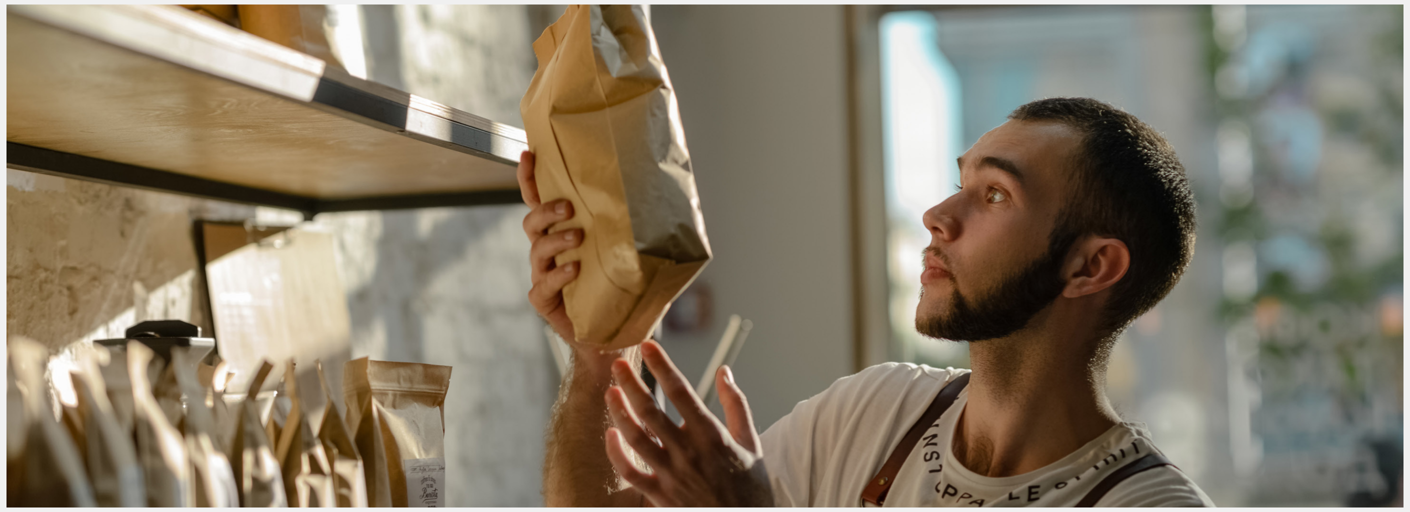
Build the physical and regulatory backbone required for circularity by:

- Closing critical recycling and recovery infrastructure gaps, including for soft plastics and hard-to-recycle materials
- Harmonising packaging and recycling systems, including kerbside settings, to improve consumer participation and material recovery outcomes
- Strengthening product stewardship schemes to ensure transparent governance, effective fee design and stable, long-term infrastructure investment

3. **Industry capability and market activation**

Enable retailers, particularly SMEs, to adopt and scale circular models by:

- Supporting the expansion of repair, reuse, leasing and resale models to increase consumer access to circular options
- Providing shared guidance, tools and implementation support to lower transition costs and reduce barriers for smaller retailers



[29] Australian Government, Australia's Circular Economy Framework, 2024; CSIRO, A Circular Economy for Australia: Economic Opportunities, RACE for Business.

Partner with industry on health and nutrition outcomes

Where are we now?

Australia's nutrition outcomes are improving, driven by sustained industry action. Australians now consume about 408 kJ less per day than a decade ago, discretionary foods have fallen to 31.3 per cent of energy intake and free sugars are at 8.2 per cent, meeting World Health Organization guidelines. Sugar sweetened beverage consumption has dropped to 28.9 per cent of the population, while children's intake has fallen from around 75 per cent in 1995 to 25 per cent in 2023.

However, food insecurity remains significant. Around 13.2 per cent of households are affected, rising to 34 per cent in single parent families and more than 20 per cent in disadvantaged communities. Affordability and access, particularly in regional and remote areas, continue to limit healthy food choices.

Structural challenges persist. Fragile fresh food supply chains and inconsistent nutrition labelling rules increase costs for retailers and confuse consumers, reducing the impact of health information. Continued progress depends on affordable logistics, nationally consistent settings and practical enablers that allow healthier choices to be delivered at scale.

Food insecurity remains a major challenge, affecting 13.2% of households, rising to 34% in single-parent families and 20.6% in the most disadvantaged communities.[30]

Where do we need to get to?

Australia's nutrition system should deliver better health outcomes without increasing cost-of-living pressures. Positive dietary trends must be protected and accelerated, while ensuring all Australians can access affordable, nutritious food regardless of income or location.

Policy responses should prioritise affordability and access over new food taxes. Retailers do not support the introduction of a sugar-sweetened beverages tax, given that sugar-sweetened beverage and free sugar consumption are already trending down while food insecurity and cost-of-living pressures are rising. Additional product-specific taxes risk increasing grocery prices for households without a clear, evidence-based contribution to better health outcomes.

Retailers should be enabled to continue driving healthier choices through reformulation, range diversification and in-store nudges, without regulatory fragmentation or unintended cost impacts that undermine affordability.

Food insecurity must be addressed as both a health and equity issue, with targeted support to ensure vulnerable households and communities can access fresh, nutritious food consistently.

Consumers also need clear, simple and consistent nutrition information at the point of choice. Nationally aligned labelling and modern information delivery, including digital formats, should reduce confusion, support informed decisions and lower compliance costs for businesses.

Achieving this requires partnership between government and industry, focused on affordability, consistency and practical delivery, so improving health outcomes goes hand in hand with maintaining access, choice and value for Australian households.

[30] Australian Bureau of Statistics, National Nutrition and Physical Activity Survey 2023.

How do we get there?

The Australian Retail Council recommends the following initiatives:

1. **Invest in food security and affordable access**

Reduce food insecurity and improve access to nutritious food by:

- Expanding food donation and redistribution infrastructure, including transport and storage

2. **Invest in healthier retail transitions**

Support healthier choices without increasing costs by:

- Strengthening short shelf-life fresh food supply chains, including cold-chain capability
- Supporting coordinated implementation and communication of the Health Star Rating system, with clear shared responsibilities between manufacturers and retailers to ensure accurate product information, consistent presentation and improved consumer understanding.

3. **Invest in food literacy and consumer education**

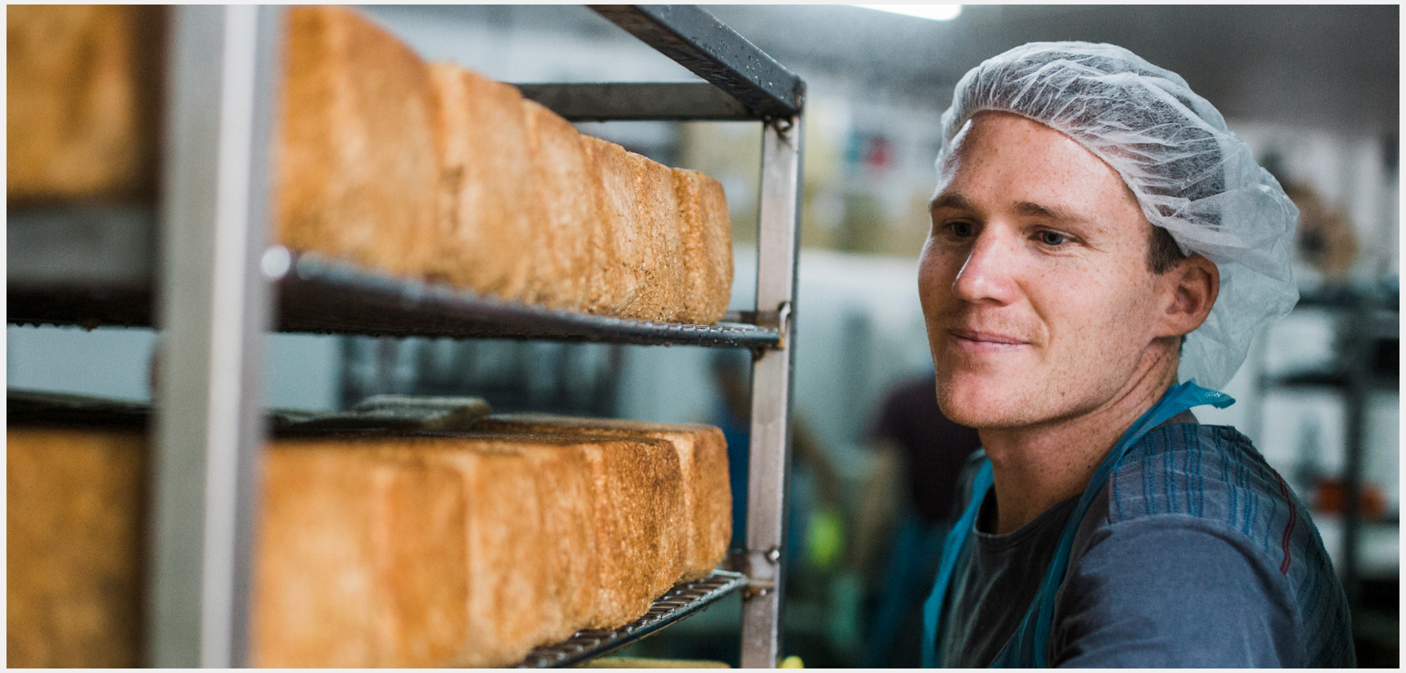
Improve long-term health outcomes by:

- Supporting food literacy tools, including understanding Health Star Ratings
- Delivering retail-based education on nutrition, food waste reduction and date labelling

4. **Reduce cost and confusion for consumers and businesses**

Improve consistency and efficiency by:

- Supporting nationally consistent nutrition labelling approaches
- Enabling digital product information systems, where adopted by industry
- Uplifting SME capability to implement modern nutrition information efficiently



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