Cobau, Dave

From:	RETAiL Alert Group Tony Standley [info@adsass.com.au]
Sent:	Saturday, 15 March 2008 1:15 PM
To:	Tenancies, Retail
Cc:	Craig Emerson; Corin Mccarthy (CE Policy Ad)
Subject:	INQUIRY INTO THE MARKET FOR RETAIL TENANCY LEASES IN AUSTRALIA; Summary Recommendations New Retail Industry Association 2008; Hon Craig Emerson request for consideration..
Attachments:	Summary Recommendations New Retail Industry Assocation 2008.doc; Craig Emerson Letter.pdf; INQUIRY INTO THE MARKET FOR RETAIL TENANCY LEASES IN AUSTRALIA.doc

To Whom It May Concern

Further to the letter (attached) from The Hon Dr Craig Emerson MP; (Minister for Small Business, Independent Contractors and the Service Economy) we have submitted for consideration on his request;

1 Input into the INQUIRY INTO THE MARKET FOR RETAIL TENANCY LEASES IN AUSTRALIA
2 Summary Recommendations New Retail Industry Association 2008.
(for further reference go to; http://www.retailalert.com.au)

In the Summary Recommendations we stress the need for a combined retail industry association body similar to the US NRF.

The current situation of having a number of disparate retail associations talking to government in 2008 is inefficient, unnecessary and unproductive.

A broad church retailer umbrella organisation is required as existed in the '90's with the ARA.

Under the proposed umbrella body it is suggested that a Shopping Centre Relations and Tenancy retailer steering committee is established to provide government(s) one retail industry view on matters pertaining to Shopping Centre Relations and Tenancy.

(A portion of the Summary Recommendations Report.)

3. Retail(er) Industry Steering Committee Comparisons

NRF Current Support Structure for Comparison	Proposed National Australian Retail(er) Association Committee Support Structure	Sub-Committees
Finance	Government Relations	. Retail Sector . Treasury . Privacy . Consumer . Competition . Productivity Commission . States
Government Relations	**Shopping Centre Relations and Tenancy**	**. Major Retailers** **. Specialty and SME** **. Planning**

		. Lease Harmonisation **. Dispute Resolution**
Human Resources	Retail Information Technology and Communication	. ARTS . RFID . POS . ERP . Communication
Information Technology	Supply Chain	. Standards . Trade . Transport and Logistics . Product Safety
Loss Prevention	Employment	. Education and Training . Industrial Relations
Marketing	Store Operations	. Statistics . Trends . Merchandising and Display . Multi Channel and on-line Retailing

The other retailer steering committees designed to provide government(s) and retailer member's clear direction of significant importance for policy construction and member guidance.

The clear aim of the new national body to provide the Australian Retail(er) industry with the most efficient and productive retail industry vehicle to advance the interests of one of Australia's largest industry sectors and employers.

There is a view that the vested market share interests of the 'super retailers' Woolworths and Wesfarmers promoted by their own powerful, well resourced industry body is not helpful or useful in presenting broad church retailer views to government.

It is proposed that the mission statements patterned on the NRF mission statements will reflect a balanced view of retail issues and priorities to the benefit of government(s) and all retailers including the important SME retail sector.

(A portion of the Summary Recommendations Report.)

5. Umbrella Industry Association Mission Statement Options

Proposed Mission Statement Government Relations
New National Australian Retail(er) Umbrella Association

- (Title to be determined) …is the voice of retailing in Australia.

- *(Title to be determined) … government relations lobbying team to* ***represent retailers of all types, physical and on-line; from mass merchandisers and specialty stores to department stores, discounters, supermarkets and SME retailers on matters of common retail interest before Federal and State Governments.***

- (Title to be determined) …the government relations lobbying team analyses proposed laws and regulations, testifies before committees and agencies, and lobbies and educates government about retailing and retailer concerns and priorities.

Current NRF (US)
Government Relations Mission Statement for Comparison.

NRF is the voice of retailing in the nation's capital. NRF's lobbying team ***represents retailers of all types -- from mass merchandisers and specialty stores to department stores and discounters -- before Congress and the Administration.***
The team analyzes proposed laws and regulations, testifies before committees and agencies, and lobbies and educates government about retailing and retailer concerns and priorities.

****

Proposed General Mission Statement New National Australian Retail(er) Umbrella Association

(Title to be determined) ..is Australia's largest retail trade association, **with membership that comprises all retail formats and channels of distribution including department, bulky goods, specialty, discount, catalogue, Internet, independent stores, chain restaurants, pharmacy stores, newsagents, hairdressers and supermarkets stores as well as the industry's key trading partners of retail goods and services.**

(Title to be determined) ..represents an industry with more than (to be clarified) thousands of Australian retail companies, more than (to be clarified) million employees - about one in (to be clarified) Australian workers - and estimated 2008 sales of (to be clarified) billion.

The Australian retail(er) industry is a critical sector of the Australian economy and requires an appropriate industry umbrella body to represent the needs of all retailers to government (s).

As the industry umbrella group, (Title to be determined) also represents over (to be clarified) state, national, international retail associations, retail engaged interest organisations and retail vendor groups.

Under (Title to be determined) .. retail umbrella, sit (to be clarified) association groups.............

****

Current NRF Mission Statement for Comparison

The National Retail Federation is the world's largest retail trade association, with ***membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services.***

NRF represents an industry with more than 1.6 million U.S. retail companies, more than 25 million employees - about one in five American workers - and 2007 sales of $4.5 trillion. As the industry umbrella group, NRF also represents over 100 state, national and international retail associations.

Under NRF's retail umbrella, sit 4 association groups including: the Association for Retail Technology Standards, the National Council of Chain Restaurants, the Retail Advertising and Marketing Association and Shop.org. Additional information on these groups can be found at NRF Divisions.

It is hoped that the thoughts of retailers and interested parties is helpful and useful in delivering the PC final report into THE MARKET FOR RETAIL TENANCY LEASES IN AUSTRALIA.

It is also hoped that the Productivity Commission takes note of the growing view of the need to establish that one voice retail industry association body in the interests of all Australian retailers.

Great 2008 Selling and Trading.........
Regards,
Tony

Tony Standley
The RETAiL Alert Group (Australia)
Mobile +61 (0)41 924 0497
e-mail info@adsass.com.au
Fax +61 (0)2 9987 0633
Website http://www.retailalert.com.au

THE PEOPLE WHO GET RESULTS................

THE HON DR CRAIG EMERSON MP

MINISTER FOR SMALL BUSINESS,
INDEPENDENT CONTRACTORS AND THE SERVICE ECONOMY

PO BOX 6022
PARLIAMENT HOUSE
CANBERRA ACT 2600

Mr Tony Standley
The Retail Alert Group
47 Queens Road
ASQUITH NSW 2077

Dear Mr Standley

Thank you for your email of 25 November 2007 regarding competition policy issues currently affecting the Australian retail industry.

In your email you referred to the Productivity Commission (the Commission) Inquiry into the Market for Retail Tenancy Leases in Australia. You may be aware that the Commission recently released a draft report which is available at www.pc.gov.au. The final reporting date for this Inquiry is 31 March 2008, and I understand the Commission is undertaking further consultations during February. I would encourage you to raise any concerns you may have regarding this matter with the Commission for consideration prior to the release of the final report.

My Adviser, Mr Corin McCarthy, met with you a few months ago and would be happy to do so again to discuss the Commission's draft report and your perspective on this report. Please contact Mr McCarthy by email at corin.mccarthy@innovation.gov.au or by telephone on (02) 6277 7450 to discuss a suitable time and date.

Thank you for taking the time to write to me and thank you again for your support.

Yours sincerely

Craig

Craig Emerson

11 MAR 2008

INQUIRY INTO THE MARKET FOR RETAIL TENANCY LEASES IN AUSTRALIA

There is an urgent need to rebalance the Australian Retail Industry

CONTENTS

1. Comments and Inputs

- Retailing is a major force in the Australian economy, a major employer of labour with Shopping Centre Property Trusts a substantial investment plank in major superannuation funds.

- *The current imbalance between Major Retailers, particularly the Major Supermarkets, Shopping Centre Industry and the smaller retailers is commercially unhealthy and demands change.*

- Month by month we are seeing a rise in commercial distress expressed by Specialty Chains and Small Retailers and it is our understanding that retailer complaints to the ACCC are substantial and possibly growing.

- *Governments both Federal and State are experiencing pressure to address smaller retailer issues through legislation with which they are uncomfortable.*

The time has come to have a forensic look at the fundamental issues underpinning the current situation facing the Australian retail industry, particularly the vulnerable small retailer component.

The finger pointing and blame game needs to stop with all sides moving back from entrenched positions.

The approach by planning authorities to control the release of space to major retail development and the establishment of virtual catchment retail shopping centre closed markets, some might say monopolies, is at the heart of the problem.

Retailers large and small have lost the flexibility of growing business in an open market strip environment and are forced to negotiate in most cases with a single owner landlord, the Shopping Centre Owner.

This is not a criticism of the Shopping Centre Industry, the Australian Shopping Centre Industry offers Australian Consumers and retailers world class Shopping Centres for which Australia is an undoubted one of the worlds leaders, however the power vested in Shopping Centres by planning authorities as sole managers of retail activity in a new or established catchments, needs to be rebalanced between the needs of smaller retailer.

Retailers in the large have lost the choice of open market strip retailing.

Retailers both large and small need to understand that Shopping Centre Owners have to ensure that there is a strong, limited risk opportunity before investing in new or existing Shopping Centres. Funds will not be made available if new Shopping Centre development opportunities are risky.

Shopping Centre Owners need to craft relationships which are commercially fair to all retailers, especially the Specialty Chains, Smaller Retailers and associated Service Industries.

Smaller retailers currently pay substantially more per square meter than major retailers with normally shorter lease terms.

Major Retailers such as Woolworths, Coles, Wesfarmers, MYERS and David Jones need to balance the demands on Shopping Centre Owners in new or existing catchment sites allowing smaller retailers to have fair lease terms, a reasonable return on investment and reasonable commercial rent and length of lease terms.

Successful Shopping Centres are a three way partnership with the Shopping Centre providing the space, the Anchor tenants creating identifiable prime consumer demand, the Specialty Chains, Smaller Retailers and associated Service Industries complementing Anchor tenants and creating maximum product choice for catchment consumers.

Smaller retailers however need to understand that 'the deal' on rents will always be higher than that paid by major retailers but not the gap in comparative occupancy costs which occur currently.

There does however need to be substantial rebalance in the expectation of what Specialty Chains, Smaller Retailers and associated Service Industries can afford to pay to compete with the major retailers; major complaint from the smaller retailers?

The % of occupancy to sales for Specialty Chains the Small Retailers and associated Service Industries has sky rocketed over the last fifteen years.

Smaller retailers say this has occurred due to smaller retailers being forced to declare annual sales to Shopping Centre Management?

Australian Retailers via peak industry bodies such as the Australian Retailers Association and the peak Shopping Centre industry body should be mature enough to negotiate sensible commercial relationship changes without direct government interference, but with support of the ACCC and industry neutral organisations such as ourselves.

However some sharp nettle issues need to be aired and resolved to avoid direct government intervention in an election year.

2. <u>Key Issues to be resolved</u>

Some of these are sharp nettle issues to be resolved are;

- The length of lease terms and option terms given to major retailers vs. Specialty Chains, Smaller Retailers and associated Service Industries.

- *The balancing of gross occupancy costs between major retailers vs. Specialty Chains, Smaller Retailers and associated Service Industries.*

- Enforced declaration of sales on vulnerable comparatively short term Specialty Chains, Smaller Retailers and associated Service Industries.

- *The ability of the Shopping Centre Owner to rebalance the mix of tenancies to suit changing market conditions.*

- The ability of the Shopping Centre Owner to extend/modify the Shopping Centre taking into account the commercial affect on sitting Specialty Chains, Smaller Retailers and associated Service Industries.

- *The affect of State imposed land taxes on Shopping Centres and therefore retailers' costs.*

We have identified only a select number of items for review; those chosen are those which Retailers and the Shopping Centre Industry raise with us regularly.

It is the interests of the Major Retailers and smaller retailers that these changes happen quickly without direct government intervention.

With goodwill on all sides the re-balancing of the Australian Retail Industry can happen without government interference.

Yours sincerely,

Tony Standley

Principal
The RETAIL Alert Group
e-mail info@adsass.com.au;
Mobile 0419 240 497
Website http://www.retailalert.com.au
47 Queens Road
Asquith NSW 2077
15th March 2008

---

3. Strip vs. Shopping Centres Lease Conditions Comparison

Retail Landlord or Shopping Centre Requirement	**Normal Strip Lease**	**Normal Shopping Centre Lease**
Lease negotiated with individual property shop owners in a free market environment	Yes	NA
Retailer has choice of alternative sites at lease end	Yes	NA
Retailer has a choice of sites in a new Shopping Centre holding the advantage of sole ownership given by planning authorities' permissions to a sole Shopping Centre owner on retail space allowed in a defined planning authority development catchment.	NA	NA
Landlord Enforced Declaration of Sales	NA	Yes
Landlord % of Sales Negotiated	NA	Yes
Landlord Annual Base Rent Increases normally above CPI	NA	Yes
Landlord Lease Terms Variable; that is Lease and Option Periods with Market Review on Options	Yes	NA
Landlord Outgoings included in Gross Lease	Occasionally	NA
Landlord Outgoings Statuary Charges Only	Yes	NA

Landlord Additional Marketing Charges	NA	Yes
Landlord Marketing Programme Set by Shopping Centre without Tenant Consultation	NA	Yes
Landlord Additional Outgoings Charged based on 'reasonable' spend with no required tender process entered into.	NA	Yes
Landlord Outgoings Charges can increase if Shopping Centre changes ownership during the term of the lease.	NA	Yes
Landlord Management Fees Increases on other Tenants Renewals sometimes included in Outgoings	NA	Yes
Landlord sets Fit-out standard.	NA	Yes
Landlord Decides Trading Hours	NA	Yes
Landlord Sets Standards of Promotional Signing and Promotional Activity	NA	Yes
Landlord Allows Closing Down Signing at Lease End for Business Closure Purposes	Yes	NA

Summary Recommendations
Australian Retail(er) Umbrella Industry Association Review 2008

Submissions Summary and Received Comments Investigating the Possible Formation of One Peak Australian Retail(er) NRF Type Retail(er) Organisation During 2008 - 2009

Initiated by **The RETAiL Alert Group** March 2008

Summary Review Contents

****

1. Introduction

- Firstly, we would like to thank those many retailers and interested parties who assisted us in the preparation of this important retail(er) industry changing initiative report.

- Your contributions were most valuable in helping us formulate the key recommendations detailed in our summary report.

  The Australian retail industry is particularly grateful for the time taken by those contributors within and outside the Australian Retail(er) Industry who presented incisive, market relevant perspectives on the state of current retail(er) industry association support for average Australian retailer's and SME's in 2008.

- We would also like to recognise the NRF (National Retail Federation US) for supporting a global retail industry association reference site platform.
  The NRF Website has been used as a basis of US Industry Association deliverables compared with current Australian Retail Association(s) deliverables in 2008.

- *It is recommended that readers of this report look at the services and infrastructure provided to US and International retailers by the NRF,* *comparing the NRF services delivered to the average US retailer to those services and information sources currently available to the average Australian retailer in 2008?*

- The contribution made to International retailing by the NRF is a credit to those major and small US retailers responsible for the NRF's direction, providing the time, effort and valuable retail information resources to retailers world wide including Australia.

- *It would be useful for 'super' major Australian retailers to observe how the NRF provides inclusive services to ALL US retailers irrespective of size and market share.*

- Special reference should be made to the guidance and advice on all matters retail delivered by the NRF Website, and regular newsletters.

- *Australian retailers' would be well advised to compare the services provided by the NRF, supporting the initiative to deliver an organisation of similar pedigree to advise on the day to day information and support needs of the average Australian retailer on demand; preferably on-line.*

- It is up to all Australian retailers and interested parties to demand the formation of an Australian equivalent of the NRF in 2008, as Australian retailing moves into uncharted and uncertain waters.

- *Following are the recommendations received to deliver the new Australian Retail(er) Umbrella Industry Association to the Australian retail(er) community.*

****

2. Submissions Recommendations Summary

- Only one national Australian Retail(er) umbrella Association required, servicing the needs of all Australian retailers, with state support and advisory committee structures established, including Tasmania and the Northern Territory.

- *The name of new Australian Retail(er) umbrella Association and structure of same to be determined by an industry panel under federal government departmental guidance.*

- Submissions received showed a majority supporting the existing ARA as the proposed umbrella body.
  But there were a significant number of retailers, mainly 'super' and major retailers supporting ANRA, as the proposed national retail umbrella association.

- *It is suggested that the proposed government advisory panel consider a new over-riding association name, should there not be a meeting of the minds on using an existing association name.*

- Location of national body; majority recommended Sydney, a number Melbourne, a few Canberra.

- *The majority of submissions recommended a national body with strong state representation supported by advisory committees.*

- There were a significant number of submissions that recommended a national office based in Sydney with a lobby office based in Canberra.

****

3. Retail(er) Industry Steering Committee Comparisons

NRF Current Support Structure for Comparison	Proposed National Australian Retail(er) Association Committee Support Structure	Sub-Committees
Finance	Government Relations	. Retail Sector . Treasury . Privacy . Consumer . Competition . Productivity Commission . States
Government Relations	Shopping Centre Relations and Tenancy	. Major Retailers . Specialty and SME . Planning . Lease Harmonisation . Dispute Resolution
Human Resources	Retail Information Technology and Communication	. ARTS . RFID . POS . ERP . Communication
Information Technology	Supply Chain	. Standards . Trade . Transport and Logistics . Product Safety
Loss Prevention	Employment	. Education and Training . Industrial Relations
Marketing	Store Operations	. Statistics . Trends . Merchandising and Display . Multi Channel and on-line Retailing

Merchandising	Loss Prevention	. Procedures . Systems . Training
Online and Multi channel Retail	Finance	. Banks . Merchant Fees . Tax . Audit
Store Operations		
Supply Chain		

****

4. Current Issues for Government Relations Consideration

- Textile Clothing and Footwear Review
- *Proposed Plastic Bag Tax*
- Clear understanding of Unfair Dismissal Laws relative to Retailers
- *Costs of International and Local Transport Cost on Australian Consumers*
- China to Shelf Bottlenecks and Costs to the Australian Consumer
- *RFID; The Next Supply Chain Revolution – Government Support*
- Harmonised Lease Legislation
- *Current Imbalanced Relationships with the Shopping Centre Industry; Smaller Retailers*
- Reduction in Government Imposed Red Tape Costs for the Australian Retailer
- *Retail Training and Education Support and Funding*

****

5. Umbrella Industry Association Mission Statement Options

Proposed Mission Statement Government Relations
New National Australian Retail(er) Umbrella Association

- (Title to be determined) …is the voice of retailing in Australia.

- *(Title to be determined) … government relations lobbying team to represent retailers of all types, physical and on-line; from mass merchandisers and specialty stores to department stores, discounters, supermarkets and SME retailers on matters of common retail interest before Federal and State Governments.*

- (Title to be determined) …the government relations lobbying team analyses proposed laws and regulations, testifies before committees and agencies, and lobbies and educates government about retailing and retailer concerns and priorities.

Current NRF (US)
Government Relations Mission Statement for Comparison.

NRF is the voice of retailing in the nation's capital. NRF's lobbying team represents retailers of all types -- from mass merchandisers and specialty stores to department stores and discounters -- before Congress and the Administration.
The team analyzes proposed laws and regulations, testifies before committees and agencies, and lobbies and educates government about retailing and retailer concerns and priorities.

****

Proposed General Mission Statement
New National Australian Retail(er) Umbrella Association

(Title to be determined) ..is Australia's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, bulky goods, specialty, discount, catalogue, Internet, independent stores, chain restaurants, pharmacy stores, newsagents, hairdressers and supermarkets stores as well as the industry's key trading partners of retail goods and services.

(Title to be determined) ..represents an industry with more than (to be clarified) thousands of Australian retail companies, more than (to be clarified) million employees - about one in (to be clarified) Australian workers - and estimated 2008 sales of (to be clarified) billion.

The Australian retail(er) industry is a critical sector of the Australian economy and requires an appropriate industry umbrella body to represent the needs of all retailers to government(s).

As the industry umbrella group, (Title to be determined) also represents over (to be clarified) state, national, international retail associations, retail engaged interest organisations and retail vendor groups.

Under (Title to be determined) .. retail umbrella, sit (to be clarified) association groups.............

****

Current NRF Mission Statement for Comparison

The National Retail Federation is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services.

NRF represents an industry with more than 1.6 million U.S. retail companies, more than 25 million employees - about one in five American workers - and 2007 sales of $4.5 trillion. As the industry umbrella group, NRF also represents over 100 state, national and international retail associations.

Under NRF's retail umbrella, sit 4 association groups including: the Association for Retail Technology Standards, the National Council of Chain Restaurants, the Retail Advertising and Marketing Association and Shop.org. Additional information on these groups can be found at NRF Divisions.

ARTS (Association for Retail Technology Standards);	http://www.nrf-arts.org
shop.org;	http://www.shop.org
RAMA (Retail Advertising and Marketing Association);	http://www.rama-nrf.org
NCCR (National Council of Chain Restaurants);	http://www.nccr.net

****

6. Australian Retail Industry Umbrella Association; Next Stage Moves

- An advisory panel, under government department supervision, to recommend the requirements and procedures to form the new Australian umbrella Retail(er) Association during 2008 and 2009.

- *Time for the advisory panel to report; 60 days.*

- From date of approval to market; 12 months.

- *An interim steering committee formed of all parties to provide policy inputs to governments until the formal formation of the new Australian umbrella Retail(er) Association.*

****

Final Points

- A copy of this report has been sent to all parties, even those who did not make a written or verbal contribution.

- *A copy of these recommendations has also been sent to the relevant federal minister for consideration and advice.*

- We would like to again sincerely thank those retailers and interested parties who have made major submission contributions in production of our summary.

- *Note was taken of contributions from individuals and organisations who in our opinion should be considered when nominating persons and organisations for the proposed advisory panel.*

- We look forward to seeing this initiative adopted in the interests of all Australian retailers and SME's during the trading years 2008 and 2009.

We commend this report for serious consideration.

Great 2008 Selling and Trading.........
Tony Standley
Principal
The RETAiL Alert Group (Australia)
Mobile +61 (0)41 924 0497
e-mail info@adsass.com.au
Fax +61 (0)2 9987 0633
Website http://www.retailalert.com.au

THE PEOPLE WHO GET RESULTS................

****

7. Comments and Recommendations from Received Inputs

- A house divided falls...?

- *Retailer Industry Associations divided against themselves will also fall; it is happening now.......see the retailer responses?*

- With the fracturing of the ARA, the Australian Retailer Association, one of Australia's key sectors representative bodies in retailing Australian The legions of average Australian Retailers and SME's have lost their voice in speaking to government.

- *The ARA is a shadow of the power and influence it had up to the mid 90's over the needs of the average Australian Retailer and SME?*
- A disaster for the average retailer, especially as the average Australian retailer and SME moves out of easy boom times into normal or below par trading conditions.

- *Without a strong retailer single representative organisation, the average Australian Retailer and SME is on a hiding to nothing with no single voice to counter what many perceive to be a totally distorted retail marketplace, with a duopoly of 'super majors' and an oligopoly of powerful landlords controlling the Australian retailing landscape.*
- From feed-back there are none of the retailer supported committee structures operational that were operating up to the mid and early 2000's; that in itself is a disgrace.

- *Even governments and organisations representing the powerful landlord lobby would prefer, in fact insist, speaking with only one retail industry body; we don't care what it is called?*

- The retailer response feed-back so far is that unless there is a coming together of the two main retailing associations and other disparate parties under one 'broad church' umbrella organisation such as the US NRF, Australian retailers will cease receiving adequate industry association support in the face of challenging retailing times.
- *Without the coming together of current retailer associations purporting to represent the interest of mainstream retailing in Australia, the current 'crop' of different interest retailer associations will have difficulty providing support resources for retailers in general; it is happening now.*

- We understand that the 'super' major retailers have a duty to protect their own narrow interests, but a common view being expressed is that it would be more 'politically healthy' for major retailers to support an umbrella industry association covering the needs of all Australian retailers.
- *It might be in the best interests of major Australian retailers to be somewhat 'invisible' operating under the umbrella of an all in nation retailers association; it works for the big retailers in the States, it should work here.*
- Bluntly without the majors' support as provided in the past, organisations such as the ARA and other smaller industry based retailer organisations will fail financially; they cannot survive on the interest from the sale of assets forever. They are already struggling to deliver on services and original national retailer and SME committee

structures supporting the average retailer in day to day activities; not in anybody's best interest for this to continue.

- *The ARA nationally in particular is already a shadow of its former self.*
- Despite best intentions, the ANRA is seen as the 'big boys' club by government with little influence in the interests of the broad retailer community, but the ANRA could have the 'muscle' to become that umbrella NRF type organisation retailers are seeking.

- *Australian retailers need one credible voice to communicate with government not several confusing voices.*
- From input received however, the ARA is still the preferred front runner as an industry name; maybe it is worthwhile considering an approach strategy for the ANRA to be the first mover to engage with the ARA; would be seen as a positive action with first mover advantage?

- *From my recent visit to the US the NRF has the same issues of competing retailer interests but by focusing on key national retailer issues, providing however one place for retailers to support financially.*
- While I was in New York, the NRF sent the Bush administration a 'stinger' on interest rates; within three weeks the Fed started to move US interest rates down.

I*t would be naïve for the drop in US interest rate to be credited to the NRF, but from the NRF members view their association had the courage to front up and deliver a strong message on behalf of their members; and delivered the possibility of retailers paying next years subscription fees.*

- Retailers need more than the occasional head bobbing onto the TV screen.

- *Retailers want to be represented by an organisation that can take the major retailing issues of the day head on to government and powerful industry groups representing the banking industry and the landlord lobby.*

- ANRA does not have credibility for the average Australian retailer and SME, as already said they are the 'big boys' club.

- *Major Australian Retail Chains and retail SME's will not be prepared to contribute funds to a general retail industry association(s) which does not have the input and support of the major retailers; politically not a good look.*

- There was once a vibrant broad church industry retailer body which had the respect of retailers, government and the community in general, well resourced and funded; sure it had problems but has to be better than what we have right now; a confused mess of different but same interests.

- Australian retailers large and small need one industry association voice to;

1. Communicate 'balanced' needs of <u>all</u> retailers to governments. As an example look at the costs of getting goods and getting exports out of Australia; the possible closed shop arrangements between powerful transport and logistics organisation holding Australian consumers and exporters to ransom?

2. Provide state of the art retailer training resources to all retailers including SME's in a tightening labour market; a major retail issue.

3. Tackle the difficult issues of landlord relationships; get harmonisation of retail legislation in place; challenge the control over 'closed market' shopping centres in the interest of their members; where appropriate work with the ACCC and The Productivity Commission to provide coherent arguments to re-balance the Australian retail industry in the interests of Australian consumers.

4. Develop relevant policies and support for retailers on e-commerce and technology. The ARA played a pivotal role in the introduction of bar-codes and EDI into Australia; where is that vibrant e-commerce committee to drive the next supply chain revolution to market; RFID?

5. Deliver an industrial relation safety net for retailers including award advice. A leading strength of the previous ARA structure.

6. Develop policies to tackle emerging issues such as climate change and the effect on retailers; take shrinkage, tax advice and associated matters.

- *For the Australian 'broad church' NRF model to succeed it has to cater for the needs of major retailers such as Woolworths and Wesfarmers; specialty chains; retail SME's, and industry associations such as Bulky Goods, Pharmacy Retailers, News Agents, Liquor Retailers.*

- As with the NRF the Australian model would need to have close attachment to retailer support organisations such GS1 and ARTS.

- *Our initiative would be to use our good offices as a neutral party, in an endeavour to create a discussion climate where this can happen again for the Australian retail industry in 2008; an honest broker role.*

- The initiative undertaken by The RETAiL Alert Group, and friends of the Australian retailing industry makes commercial and practical sense, not only in the 'super majors' best interest, but also the best interest of the legions of medium size and SME retailers who make up the broad church of the Australian retailer community.

- *To repeat, retailers do not care if it is the ANRA, ARA or another name represents their interests in what is a changing, 'interesting/difficult' retail trading environment; they are looking for that <u>one</u> association preferably Sydney based with a small lobby office in Canberra to look* *after their interests.*

- It would be a tremendous help if the 'super majors' could see their way clear to support this initiative in the interests of all retailers.

- *The 'super majors' should <u>take a 'champions' role on this matter.</u>*

****

9. Supporting Article found on RETAiL Alert Website

See <u>http://www.retailalert.com.au</u>

It is about time that the ARA, ANRA and others stopped the bickering........?

It is about time that the ARA, ANRA and others stopped the bickering and concentrated on the real needs of Australian Retailers, especially in a retail climate which is becoming difficult for some and 'interesting' for most.

The bickering and power play between Australia's two major peak industry associations and others is developing into a farce, with no commercial or support benefit being delivered to the average Australian retailer.

<u>The time has come to draw the line in the sand and force the two key competing industry associations and others together.</u>

Let's deliver a Sydney based NRF Industry Association ' broad church' model to the Australian Retail Industry.
Why Sydney based, we talk to the reasons further into our article.

For the Australian 'broad church' NRF model to succeed it has to cater for the needs of major retailers such as Woolworths and Wesfarmers; specialty chains; retail SME's, and industry associations such as Bulky Goods, Pharmacy Retailers, News Agents and Liquor Retailers.

As with the NRF the Australian model would need to have close attachment to retailer support organisations such GS1 and ARTS.

The ARA / ANRA and other organisations 'who's in charge' debate is unnecessary. Retailers' valuable time is being wasted by getting involved in power plays, and on certain occasions actions and grandstanding by some organisations are bordering on childish behaviour.

We are getting daily calls from retailers large and small asking for advice where to spend support time and who to deliver this years subscription fees to....?

Australian retailers large and small need one industry association voice to;

- *Communicate 'balanced' needs of all retailers to governments.*

- *Provide state of the art retailer training resources to all retailers including SME's.*

- *Tackle the difficult issues of landlord relationships.*

- *Develop relevant policies and support for retailers on e-commerce and technology.*

- *Deliver an industrial relation safety net for retailers including award advice.*

- *Develop policies to tackle emerging issues such as climate change and the effect on retailers; take shrinkage, tax advice and associated matters.*

Right now neither the ARA nor ANRA have the funding, locations or enough people to deliver the support needs of retailers.

- *The ARA has the right major capital locations, assets, some very good people and an excellent reputation with government.*
- *The ANRA has the energy, some new ideas, some good people and the ear of major retailers.*

Whatever the outcome, we have a view that the main retailer industry association location should be Sydney with a small lobby office in Canberra. If there was a 'blank sheet' approach, as well as taking a 'broad church' view, in 2008 Sydney would be chosen by default as the natural national industry association location.

Geographically Sydney sits between the well established Victorian retail community and the growing Queensland retail market.
Queensland retailers have strong views and have vocal organisations purporting to represent the specific needs of Queensland retailers.

Whether this is true can be debated, but the new 'broad church' body will be obliged to work hard to satisfy the perceived or actual different needs of Queensland, SA, WA and Tasmanian retailers.

For any distance managing of State bodies and organisations it makes perfect sense for Sydney to be the central national base for the reconstituted national retail organisation.

From a day to day managing of retailer issues it also makes sense to make Sydney the national base.

Two major deliverables from the new retailer body will be to provide substantial support on Tenancy and Technology matters.

Sydney has the majority of Shopping Centres and also has the Head Offices of the majority of Retail and Associated IT organisations plus substantial Banking and Finance Head Offices.

Distance managing relationships with the above from Brisbane or Melbourne makes no sense; the costs incurred unnecessary and the communication outcomes will be probably poor or irregular token contact only.
Although it is true that business communication in 2008 has improved substantially, nothing substitutes from the real benefits of daily face to face contact with parties such as the landlord community, technology provider community and financial institutions.

From experience it is the anytime off the cuff 'coffee chats' which will maintain and grow retailer relevant relationships with landlords, e-commerce / IT providers and financial institutions.

For all the above reasons and probably more, Sydney needs to be the national base for the new reconstituted retail body; we hope this makes commercial sense to the readers of this article.

Before either body comments on services provided by currently established retailer representative organisations, believe me the feed back is that services to retailers, particularly smaller retailers are being provided in a timely efficient manner is an illusion only for the average retailer.

A lot of current 'support' is Website flummery poorly crafted and out of date; trying to find someone with experience to talk to is 'hard yards'; if opinions are gained from different State or purported industry associations the messages are different and many times confusing.

Surely in 2008 it makes sense that the resources of the ARA and ANRA are pooled and the needs of all retailers are delivered by one well funded and resourced industry body; the name does not matter; it is the deliverables delivered to 'paying' retailer members that matters.

Surely it makes sense for governments state and federal to deal with one retailing industry body; the same applies to the Shopping Centre Industry.

When common sense prevails, and Australian retailers have the one industry body to talk with, maybe it would be prudent to look at the construction of the re-constituted body with committee structures which are relevant to retailer's time availability and real world retailer needs in a competitive 2008 retail environment.

2008 retailers do not have the luxury of long winded 'get to location' industry association meetings; in 2008 technology should deliver video conferencing; WebEx and similar communication tools to bring committee's together to advise state and federal councils.

The same technology tools should be applied to industry retail training.

As an individual who has volunteered substantial time to Chair retail industry committees (that really delivered) it saddens me to see the demise of the genuine retailer involvement provided in the past by vibrant retailer inclusive 'real world relevant' retail industry committees.

The enemies of the average retailer must be laughing at the decline industry general retail committee support being provided by the two competing industry associations?

To be blunt neither body has the man / woman power or funding resource to deliver what is needed by the average Australian retailer in 2008 and beyond.

The retailer advisory committee structures are a joke with hardly any retailer involvement.

No one persons fault; the man / woman power and time resources are no longer there.

Also to have an industry association propped up by major retailer funding is not healthy.

The Australian retail industry is far more than two major retailer groups and an oligopoly of landlords.

The danger to the ARA, ANRA and other well meaning organisations will be the death of the 1,000 industry membership funding renewal cuts.

Retailers will not subscribe money or time to both the ARA and ANRA; there is only room for one industry association in Australia from a membership funding perspective; and then to one that delivers daily benefits to its membership.

The time has come to draw the line in the sand and force the two key competing industry associations and others together.

As a long term friend of the retail industry the writer is prepared to provide time and resource with others in an endeavour to broker a joining of the ARA and ANRA into one Australian retailing industry representative body.

I would welcome feed back from others who would be prepared to deliver their time and resources to make this happen.

The objective; to deliver a single voice Sydney based retailer industry association with the adequate membership, funding and resources to deliver the best service and advice to the Australian Retailing Community in 2008 and beyond.

I welcome your comments and support for change.

Let's deliver that NRF Industry Association model to the Australian Retail Industry.

Let's make it happen now in the interest of all Australian retailers.

Great 2008 Selling and Trading.........
Tony Standley
Principal
The RETAiL Alert Group (Australia)
Mobile +61 (0)41 924 0497
e-mail info@adsass.com.au
Fax +61 (0)2 9987 0633
Website http://www.retailalert.com.au

THE PEOPLE WHO GET RESULTS................

****

10. List of Retailers and Interested Parties Contacted or Advised

Major Retailers

Woolworths; BIG W; Dick Smith; Wesfarmers; COLES; TARGET; Kmart; David Jones; MYER; HARVEY NORMAN

Mini Majors

Best & Less; JB HiFi; Reject Shop; Spotlight; Harris Scarfe; Good Guys

Specialty

ADAIRS; LOWES Menswear; Just Jeans; Colorado; Body Shop; Payless Shoes; Strandbags; Fashion Fair; Homeart; SANITY; DIVA; Bras' N Things; DUSK; NONI B; SUSSAN; Wittner Shoes; Cotton On; SEDUCE; TOTAL TOOLS; SUPRE; Katies; Mansours; MyHouse; POLITIX

Shopping Centres

Westfield; Stockland; CENTRO; savills; MIRVAC; QIC; Lend Lease; GPT; Jones Lang

Retail Technology Vendors

IBM; SAP; JDA; PRONTO; FUTURA; Microsoft; Goodson; Retail Directions; Advance Retail; GXS; LEADTEC; SYSCAN; NCR; FUJITSU

Interested Parties

GS1; SCCA; ARA