

ARA SUBMISSION

REVITALISING NATIONAL COMPETITION POLICY

October 2024

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments on the consultation of Revitalising National Competition Policy.

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

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

The National Competition Policy (NCP) has been a critical driver of economic reform and productivity growth in Australia since its implementation in 1995. However, the landscape has changed significantly in recent years, necessitating a thorough review and revitalization of the NCP.

In principle, the ARA supports the Government's undertaking to review competition policy, particularly in light of new markets that have emerged in recent years, including digital technologies and the net-zero transformation. However, we believe the recommendations from this review must also take into consideration the other processes currently underway, such as merger reforms review and the inquiry into the Food and Grocery code of conduct.

We welcome the Federal, State and Territory Governments agreement to work together to revitalise National Competition Policy and to develop options for long-term pro-competitive reforms. Without full cooperation, the intended reforms to increase competition and boost productivity will continue to stall.

The ARA broadly supports the submission made by the Australian Chamber of Commerce and Industry and makes the following additional comments from the perspective of retailers as we believe retailers can provide unique perspectives in relation to future competition policy.

Australia's Business Environment

Australia's regulatory environment has the potential to influence behavior, promoting competition while limiting anti-competitive conduct. However, the government's increasing regulatory focus—shifting from voluntary reporting and codes of conduct to mandatory requirements—is burdening businesses and stifling the entrepreneurial culture necessary for dynamism and competitiveness.

Job Mobility

There has also been a decline in job mobility over the past 30 years, exacerbated recently by the COVID-19 pandemic and changes in workplace relations legislation. Recent industrial relations reforms, such as those introduced by the Closing Loopholes Bills, have increased the costs and complexities associated with different employment types. These changes, including casual employment regulations and independent contracting rules, have created disincentives for hiring and engaging workers, ultimately reducing job mobility. This has been particularly prominent in the retail sector that relies heavily on casual staff due to the nature of the industry.

Emerging Technologies

Additionally, Australia is well placed to lead in emerging technologies, supported by a strong educational foundation and vibrant entrepreneurial spirit. However, this potential remains underutilised due to gaps in translating these strengths into global leadership. The NCP must ensure effective collaboration between government and the private sector to promote digitization and data sharing. Improved funding for digital infrastructure and streamlined cyber reporting regulations are essential for fostering innovation and global competitiveness. Additionally, enabling secure data sharing between government and private entities can facilitate research and development, enhancing product offerings for Australians.

State Arrangements

When the NCP came into effect in 1995, institutional frameworks were established to ensure its success. The Council of Australian Governments (COAG) provided oversight of the National Competition Council's activities. However, the dissolution of COAG in March 2020 and the establishment of the National Cabinet have weakened incentives for states to pursue competition reforms. As a result, some states have enacted policies that diverge from national competition principles, complicating alignment and cooperation across jurisdictions.

State governments should review policies that hinder industry development and ensure alignment with national objectives. A reinvigoration of the NCP is necessary, requiring new incentive structures and a dedicated institution to oversee and promote cooperation between state and national policies, ensuring the successful operation of the NCP now and into the future.

Conclusion

Revitalising the National Competition Policy is essential to foster a competitive, dynamic, and sustainable economy in Australia. By addressing the identified themes, the government can create an environment conducive to innovation, productivity, and growth. It is imperative to align regulatory frameworks, encourage competition across sectors, and ensure that both state and national policies work synergistically to promote a vibrant economic landscape for all Australians.

Thank you again for the opportunity to provide a submission on these matters. We look forward to a continued open consultation now and into the future. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.