



THE HON BRUCE BILLSON MP

Shadow Minister for Small Business,
Competition Policy and Consumer Affairs
Federal Member for Dunkley

MEDIA RELEASE

11 August 2011

Carbon tax to cause retail rent hike

Retailers and small businesses already struggling with a challenging trading environment face more Gillard government-inspired difficulties with the Labor-Greens carbon tax likely to push up rents.

Many retailers have leases where rents step up even more with 'CPI plus' or 'turnover linked' increases.

Government-inspired rent increases caused by the cost of living impact of the carbon tax will be another blow for the struggling retail sector.

The government has conceded that its carbon tax will be inflationary, even if its modelling understates the impact when compared to sector-specific estimates industry has undertaken.

The carbon tax will not only result in increased energy, utilities and input costs for retailers and small businesses for which there is no compensation, the inflationary impact of the carbon tax will add upward pressure to CPI-linked rent costs.

Heavy discounting to secure higher volume sales on tighter margins risks also triggering inspired rent increases quite at odds with the profitability of the retailer or small business tenant.

While heavy and sustained discounting by retailers and small businesses may result in movement of stock and wins for consumers, this comes at the expense of profitability with retailers still struggling to break even.

Retailers and small businesses are doing it tough and the Gillard government's ill-conceived carbon tax will mean already slim margins will become more anaemic as the carbon tax cascades through supply chains and compounds at each stage.

Retailer efforts to find operating cost savings to offset cost increases caused by Labor's carbon tax will put even more pressure on employment, with 300,000 jobs already lost in small business since the election of Labor.

The recent Australian Retail Association survey found only 1.4 per cent of those surveyed would employ more staff as a result of the carbon tax and 34 per cent will need to shed staff.

Despite a chorus of concern from the small business and the retail community about the added cost of energy and inputs, no compensation has been provided and the risk to jobs, small businesses and retail viability has been continually ignored.

Media Contact: Vincent Sheehy 0417 236 109