



MEDIA RELEASE

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NEW STATS SHOW RETAIL SECTOR UNDER REAL PRESSURE

The New Zealand retail sector is facing an ongoing squeeze, with almost no growth in retail spending in the quarter ended 30 September, Retail NZ said today.

"Retailers are feeling the pressure of a strongly competitive environment, dampened consumer confidence and Government tax policy that favours foreign competitors," Greg Harford, Retail NZ's General Manager for Public Affairs, said today. "The latest Stats NZ Retail Trade Survey shows a seasonally-adjusted increase in domestic spending of a negligible 0.1 per cent increase in total retail spending through until 30 September, down from a still-small 1.4 per cent rise in the previous quarter. The previous quarter's results were boosted by the World Masters Games and the Lions Tour, but the underlying trend is one of strongly suppressed growth over time, despite the best efforts of retailers to innovate and invigorate the market.

"Consumer spending is under real and sustained pressure because of economic uncertainty in the lead-up to the September election, uncertainty in the Auckland housing market and increased bills for things like insurance and rates. The retail sector, which employs 10 per cent of all working New Zealanders, is directly impacted by these dynamics, as well as by the fact that consumers now shop 24/7 from a range of global websites, which directly compete with New Zealand retail firms but whose prices are not inflated by New Zealand GST and duty.

"Offshore spending by New Zealanders is not included in the Stats NZ release, but is increasing rapidly quarter on quarter, meaning it is now more urgent than ever that the Government move quickly to require foreign websites to register for GST. The Australian Government is introducing a registration requirement from 1 July 2018 and, because more than 98 per cent of foreign purchases by Kiwis are made on only a very small number of foreign websites, compliance here will be relatively

straightforward. It's important that the New Zealand Government acts now - any delay is simply unacceptable."

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