

Submission to Legal Affairs and Community Safety Committee

Inquiry on strategies to prevent and reduce criminal activity in Queensland



National Retail
Association

Prepared by the National Retail Association

18 July, 2014

Overview

It is difficult to put a precise figure on the financial damage caused by criminal activity in the retail sector. However, estimates by major retailers put the direct cost at somewhere between three and five per cent of total turnover, with indirect costs such as reporting and loss-prevention measures adding further to this figure. While this statistic may initially prompt images of shoplifting and petty theft, the reality of retail loss is far more associated with organised criminal gangs, recidivist – almost professional – offenders, and the involvement of well-placed insiders. Considering that retail industry turnover in the state was worth \$4.677 billion in May, according to the Australian Bureau of Statistics, loss of just five per cent represents around \$234 million per month, or some \$2.8 billion per year in Queensland alone. For this reason, the NRA strongly urges a shift in thinking about retail crime in this state.

We welcome and strongly comment the recent engagement by the Queensland Police Service, the Police Minister and the Attorney-General with large and small retailers through the NRA's retail loss and crime committee. We look forward to bringing industry and government together to identify the issues confronting the retail sector, and proposing solutions. The recommendations contained within this report have stemmed from the initial meetings of that committee, which was formed only in the first half of 2014. However, we expect the committee will continue to explore problems and possible solutions relating to retail crime, and we look forward to working with the public service and the Parliament to see those solutions implemented in the future.

About the submitter

The National Retail Association (NRA) is a not-for-profit industry organisation providing professional services and critical information and advice to the retail, fast food and broader service industry throughout Australia. NRA is Australia's largest and most representative retail industry organisation, representing more than 19,000 stores and outlets.

This membership base includes the majority of national retail chains, as well as independent retailers, franchisees and other service sector employers. Members are drawn from all sub-categories of retail including fashion, groceries, department stores, home wares, hardware, fast food, cafes and personal services like hairdressing and beauty. The NRA has represented the interests of retailers and the broader service sector for almost 100 years. Its aim is to help Australian retail businesses grow.

The modern face of retail crime

In the experience of our members, serious retail crime is well organised and operated by criminal gangs or extended family networks. In many cases they have connections inside retail organisations with knowledge of merchandise delivery and storage arrangements and the ability to leave a warehouse door unlocked or security arrangements disabled at the right time.

These organisations conspire to steal high-value items that are easily sold through a criminal contact with access to retail connections – as demonstrated recently with the arrest of a jeweller in Brisbane in relation to \$2 million jewellery seizure. However, the rise of internet-based, citizen-to-citizen trading has opened new opportunities for “e-fencing” through on-line sites such as Gumtree and Ebay. This has also been demonstrated through a high-profile New South Wales case involving stolen retail goods from Big W being sold on-line.

Most of these organised offenders are repeat criminals who, when released after a period of imprisonment, go straight back to their activities until they are picked up once again. The retailers are often at a disadvantage in not knowing when some of these are released and it can take some months and serious losses before retail security personnel and loss prevention officers are alerted to them being back into the community.

Rehabilitation is not on their agenda. Retail theft is their occupation. In the Big W example cited above, motorcycle gangs were involved a losses of more than \$50,000 (cost price) to the retailer. Many of these organisations and the people involved do not operate in their own areas, but tend to target larger regional centres.

At the more violent end of the scale, our members are also reporting an increasing tendency towards armed robberies of bottle shops and similar independent stores, particularly in lower socio-economic areas. This is particularly true for those small business that open extended hours, as they are seen very much as “soft targets” for these types of criminals compared with larger retail outlets which are able to deploy stronger security measures. Although they are generally very satisfied with the police response when armed robberies occur, these are nonetheless highly traumatising for staff and owners. Further, the cost of this type of crime is many times greater than the monetary loss, when counselling, compensation and lost-time for staff and business owners are taken into account.

And finally, while shoplifting and petty theft is a minor issue compared with the problem of organised gangs, it is still an issue for many retailers. The problem for many retailers is that the cost of reporting this kind of crime usually far exceeds the cost of the lost stock. Even if the moment of loss can be precisely pinpointed, there is still significant staff time required for senior personnel to search through security camera footage, find the appropriate vision, download it and submit it to the police, then complete the appropriate paperwork associated with making a complaint, and follow up with law enforcement officials. Feedback from our members indicates that the vast majority of small-scale crime goes unreported due to these internal reporting costs.

Members have also reported to us that they are concerned about sharing information with other retailers, even where they have photographic or video evidence of a repeat offender, because of legal concerns – particularly in relation to privacy laws. So while some stores will go as far as banning a repeat offender from their premises – and in the case of chains stores will share that information internally – they will be reluctant to share the information with other retailers within the same centre or suburb for fear of being sued by an offender.

Possible solutions

Based on discussions with our members and the broader industry, the National Retail Association makes the following recommendations for consideration by the committee.

1. Review of laws relating to retail crime, to ensure they remain up to date with the reality of modern criminal activity.

In many Australian jurisdictions, the law draws little distinction between petty theft and serious organised retail crime. For example, stealing a biro would be covered by the same criminal charges as involvement in the theft of a pallet of television sets or a container of whitegoods in some states. While Queensland is more advanced than other states in this regard, we recommend a thorough review of these laws to ensure they remain appropriate.

We also recommend such a review consider the new avenues available for criminals to on-sell stolen property, particularly “e-fencing” through internet trading sites. It is imperative that the law remain up to date with regard to these activities.

2. Review of the Privacy Act and associated legislation

The Queensland Parliament should also review privacy laws (to the extent that they fall within its jurisdiction) and defamation/libel laws, with a view to ensuring that retail organisations are not prevented from sharing information with each other as part of a transparent and coordinated loss-prevention strategy. Whilst we do not advocate an open slather approach, we believe there needs to be a greater attempt to balance the privacy and related rights of offenders with the rights of business owners to act in concert to prevent crime.

3. Streamline police reporting procedures

The Queensland Government should examine options for simplifying reporting procedures, in order to encourage retailers to report all crime. This would have the dual benefits of helping police gain a true picture of retail crime, and also potentially helping investigators join together apparently isolated events to reveal major organised criminal activities. The NRA is aware of a system operating in New Zealand which allows retailers to report crime directly to the police through a secure web portal, and upload photographs and video which can also be made available to other approved users such as nearby retailers. We believe Queensland would benefit from a similar system.

4. High profile collaboration between retailers and police, particularly in peak retail periods.

The New South Wales Police and the National Retail Association have collaborated over several years to support *Operation Lightfingers* – a high-profile pre-Christmas blitz targeting shoplifters in major areas of retail loss. As part of the operation, police will increase the

number of personnel in the target area. In-house loss-prevention officers and security personnel will also step up their activities throughout the period, and the NRA and police will conduct high-profile media activities to support the campaign. The overall impact is an increased awareness of the fact that police are on the lookout for shoplifters, and a heightened media interest in any arrests. Together these provide a strong deterrent in the high-risk zones, with the benefit of flow-on awareness in other areas.

5. Training and support for private sector security personnel

Most large retail chains and many smaller stores employ security personnel, many of whom are the first to deal with criminals in their stores. Often the information and evidence they obtain in the minutes after a crime is detected can be critical to the chances of securing a conviction. While many of these people are former police officers, some are not and in any case “best practice” in policing changes over time. The NRA would like to see a greater cooperation between retail loss prevention officers and the police in terms of training and instruction. This will ensure that any evidence obtained on the spot in a retail theft situation is as useful as possible for prosecutors. It will also improve information flow, which may provide the missing puzzle piece for a major organised crime investigation. The NRA stands ready to help facilitate this kind of cooperation.

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