



CHAMBER OF COMMERCE AND INDUSTRY  
WESTERN AUSTRALIA

11 March 2007

Grocery Prices Inquiry – Submissions  
Australian Competition & Consumer Commission  
GPO Box 520  
Melbourne, VIC. 3001  
[grocerypricesinquiry@accc.gov.au](mailto:grocerypricesinquiry@accc.gov.au)

Dear Sirs

**INQUIRY INTO GROCERY PRICES – WESTERN AUSTRALIA**

The Chamber of Commerce & Industry of Western Australia (CCI) is the leading business association in Western Australia. It has a membership of 5,200 organisations in all sectors and from all regions of the State. Approximately 80 per cent of our members are small businesses.

We note that your inquiry into the competitiveness of retail prices for standard groceries includes consideration of the nature of competition at the supply, wholesale and retail levels of the grocery industry.

CCI wishes to bring to your attention the ongoing anti-competitive effects of the *Retail Trading Hours Act 1987 (WA)* (“the Act”) in significant areas of Western Australia, particularly in the Perth metropolitan area. In our view it is important that any assessment of the grocery industry in Western Australia take into account the operation of the Act, which imposes on WA retailers the most restrictive retail trading hours in Australia. We enclose for your attention a copy of a report prepared by CCI entitled “Retail trading Hours in Western Australia: A Case for Reform” dated September 2007 (“the Report”).

The operation of the Act (when read with associated regulations and Ministerial orders) is discriminatory in that it does not apply equally to all shops or to all regions in WA. It applies different trading hours restrictions according to geographic location and shop category. The Act does not apply above the 26<sup>th</sup> parallel. Shops in a further 21 regional centres have fully or partially deregulated trading hours, shops in the Perth and Fremantle tourism precincts are allowed limited Sunday trading. In all other locations, shops have different trading hours regimes depending on whether they are “small retail shops”, “special retail shops”, “filling stations” or “general retail shops”.

“Small retail shops” are exempt from the restrictions (ie can trade at any time) where they meet the following criteria:

- Maximum of three shops per owner;
- Six or less owners;
- Shops must be operated for the benefit of the owners;
- Owners must be personally and actively engaged in the shop;
- 13 or less employees (including the owners but excluding apprentices) at any one time.  
(s 10 of the Act, see p 11 of the Report)

In order to qualify as a small shop, application must be made for a certificate. CCI understands that approximately 6,100 exempt small shops certificate have been issued.

“Special retail shops” include 11 categories of shops that are only allowed to open from 6.00am to 11.30pm (s12D of the Act) provided they sell only those goods listed for their category in reg 7 of the *Retail Trading Hours Regulations 1988* (WA). The categories of shop that are special retail shops are listed at p 53 of the Report and include hardware stores, boating shops, motor vehicle spare parts shops and newsagencies, but not grocery shops. CCI understands there are approximately 2,200 special retail shops.

“Filling stations” are also only allowed to sell those goods listed in the regulations. These do include some groceries although there are some absurd anomalies such as, in the case of food, which filling stations are allowed to sell ‘excluding canned fruit and vegetables, canned meat, canned seafood and fresh meat other than prepacked quantities not exceeding 500g weight’ (reg 11, see p 55 of the Report).

In the grocery industry all others stores are “general retail stores” that can only open 8.00am to 6.00pm, Monday, Tuesday, Wednesday and Friday, 8.00am – 9.00pm on Thursday and 8.00am to 5.00pm on Saturday. They are required to close on Sunday. (s 12 of the Act)

The effect of the restrictions is that, in the Perth metropolitan area and other areas that remain fully regulated, the major supermarket chains, Coles and Woolworths, can only open during the standard hours for general retail shops. Independent supermarkets that qualify as small shops can trade at any time seven days a week. This includes most of the IGA branded stores and other independent stores. According to the submission that you have received from National Association of Retail Grocers of Australia (“NARGA”):

“WA is host to approximately 206 IGAs and 194 other independent retailers, all of which are supplied by Metcash. Although it is believed that other SMEs do operate in WA, their small size and geographic isolation would indicate that they do not constitute any material proportion of the total independent retailer numbers and are likely to be supplied by other larger IGA stores.” (p 36, NARGA Submission)

In CCI’s view, this different treatment of shops based on ownership serves to distort retailing in Western Australia and prevents competitors from maximising efficiencies in their businesses at the expense of consumers.

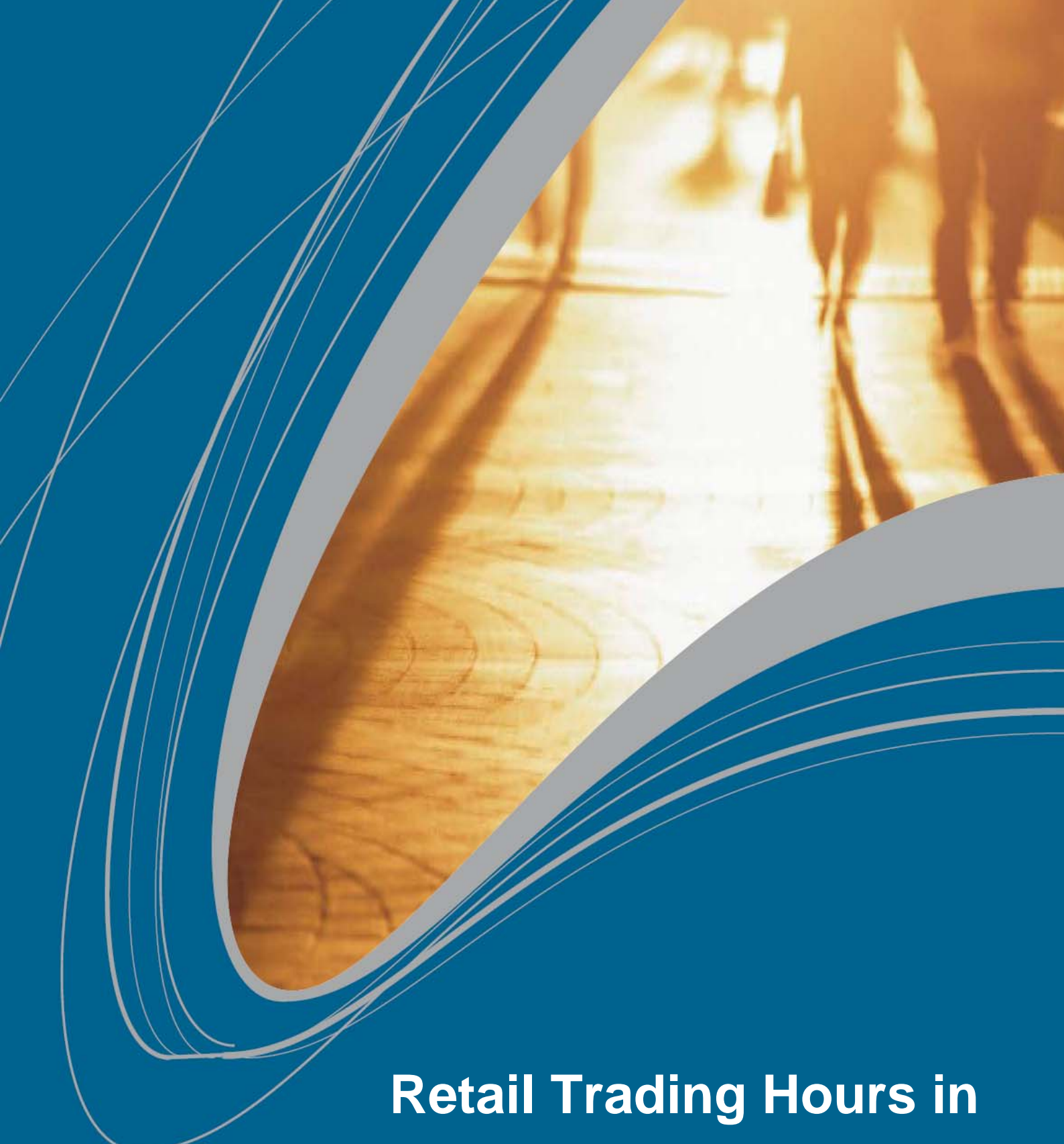
CCI’s Report dealt with the issue of retail prices at pp 25 to 28. As discussed in the Report, the ABS average retail price series shows that Perth is one of the most expensive cities in Australia. (According to the most recent figures, released in December 2007, Perth is now the most expensive State capital city for grocery items particularly in the cases of meat, fruit and eggs.) Further, as detailed in the Report, a Choice Survey of Supermarket Prices, conducted in March 2007, found that of nine selected stores in Perth, the most expensive were the IGA stores and, of those, the two most expensive were stores that opened on Sundays.

CCI’s concerns are broader than the impact that this has on grocery prices. One of the greatest concerns is the impact on small retailers with ABS data showing that growth in the number of small retailers in WA has been stagnant compared with those jurisdictions that have deregulated (pp37 – 40).

If you would like any further information about this issue, please do not hesitate to contact me on 9365 7520 or [deidre.willmott@cciwa.com](mailto:deidre.willmott@cciwa.com). In particular CCI would be very pleased to appear before a public hearing when you are in Perth.

Yours faithfully

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# Retail Trading Hours in Western Australia

A Case for Reform

September 2007

Produced by the Chamber of Commerce  
and Industry of Western Australia



CHAMBER OF COMMERCE  
AND INDUSTRY  
WESTERN AUSTRALIA

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***Disclaimer***

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## About CCI

The Chamber of Commerce and Industry of Western Australia (CCI) is the leading business association in Western Australia.

It is the second largest organisation of its kind in Australia, with a membership of 5,000 organisations in all sectors including manufacturing, resources, agriculture, transport, communications, retailing, hospitality, building and construction, community services and finance.

Most members are private businesses, but CCI also has representation in the not-for-profit sector and the government sector. About 80 per cent of members are small businesses, and members are located in all geographical regions of WA.

## Background and Introduction

The issue of retail trading hours has long been one of contention in WA, with prescribed retail trading hours featuring as part of the state's regulation for over 173 years.

The *Retail Trading Hours Act 1987* came into operation in 1988, while the current regime of retail trading hours has existed since the late 1990s, when a number of ministerial orders made significant changes to retail trading laws in WA. These included allowing small shops that met a certain criteria to trade 24 hours a day, seven days a week, as well as establishing the Perth CBD and Fremantle Sunday trading precincts.

The deregulation of retail trading hours is an important platform of the National Competition Policy (NCP) agenda. Instituted in 1995 by the COAG, the NCP is the main vehicle by which competition reform has been brought about in Australia and WA over the past decade (further information on NCP can be found in Appendix 1). The Prime Minister, Premiers and Chief Ministers signed two intergovernmental agreements to implement the package.

The Agreement essentially aims to improve the competitive nature of the national economy by requiring governments to review and repeal anti-competitive legislation if it is found not be in the public interest, undertake structural reform of public monopolies, and apply competitive neutrality principles to public businesses. Under the current structure, each government agency is responsible for reviewing anti-competitive legislation which falls under its jurisdiction.

Numerous inquiries have been held on retail trading hours legislation over the years. A legislative review of retail trading hours was undertaken by the Ministry of Fair Trading in 1999 in line with the requirements under NCP. This Review's



two major recommendations were to extend trading hours to 9pm on weeknights, and modify the small shops exemption order to provide for a maximum of 20 rather than 10 employees in a small retail shop.

In 2003, the WA government undertook a review of retail trading hours that resulted in recommendations to extend trading hours on weeknights in the metropolitan area, and allow small retailers to trade with up to 20 employees during general shop hours on weekdays and Saturdays. This review did not seek to introduce Sunday trading, as the Government deemed that it was not in the overall public interest. The recommendations of this review did not proceed, with the Bill being rejected by the Legislative Council in August 2004.

Ultimately the issue of retail trading hours regulation was put to referendum in February 2005. The referendum asked voters two questions related to extending weekday and Sunday trading. The questions asked were:

*“Do you believe that the Western Australian community would benefit if retail trading hours in the Perth Metropolitan Area were extended to allow general retail shops to trade until 9pm Monday to Friday?”*

*“Do you believe that the Western Australian community would benefit if retail trading hours in the Perth Metropolitan Area were extended to allow general retail shops to trade for six hours on Sunday?”*

On the issue of allowing shops to trade on Sundays, around 61 per cent of voters voted against, and on the issue of extended weeknight trading, some 58 per cent of voters voted against. However, there were concerns with the referendum process, due to the changes made to the questions posed in the referendum and the highly emotive campaign that was launched by opponents of deregulation.

In its submission to the National Competition Council (NCC) as part of the NCP, the State Government argued that the result of the referendum demonstrated that it was in the public interest to maintain the regulation of trading hours in Western Australia. However, in its 2005 review of progress on implementing NCP reforms, the NCC rejected the State Government’s justification. The NCC said that conducting a referendum did not absolve the government from its NCP legislation review obligations to determine the public interest and therefore it considered that WA had not met its NCP commitments with regard to the regulation of retail trading hours.

The *Retail Shops and Fair Trading Legislation Amendment Act 2005* has since been enacted to provide legislative certainty for the current retail trading hours.

Notwithstanding this, the environment has changed considerably since the referendum with the takeover of Foodland Associated Ltd and the emergence of



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Metcash Limited as the “third force” in the grocery sector, and one which continues to benefit from the current regime. However, the retail trading hours debate is broader than the grocery market, with other retailers (such as those operating in the household goods, electrical, clothing and footwear sectors, etc) also being restricted by the current regime.

The WA Government has renewed its commitment to competition policy by being a signatory to the Council of Australian Governments (COAG) new National Reform Agenda in February 2006, which, among other things, commits Governments to the principles contained in the Competition Principles Agreement as part of the NCP.

It is on this basis that CCI believes that the issue of retail trading hours must be reconsidered.

This report represents a detailed study of retail trading hours in WA in comparison to the experience in other states.

This report is structured in four sections.

- The first section provides a detailed overview of the WA retail sector, in comparison to other states and territories.
- The second section discusses the importance of deregulation in the context of the changing economic and demographic structure in WA, with reference to the economic and societal benefits that can be achieved.
- The third section will assess the arguments proffered by opponents of deregulation.
- The final section will then discuss why deregulation of retail trading hours is both an economic and societal imperative for WA.



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## Executive Summary

The issue of retail trading hours has long been one of contention in WA, with much debate surrounding the issue since the *Retail Trading Hours Act 1987* commenced in 1988. While the extension of trading hours was taken to referendum more recently in 2005, the state has since experienced a significant economic and demographic transition, which has brought about the need for the issue to be re-examined.

WA is one of the only remaining jurisdictions across Australia (aside from South Australia) which has not deregulated retail trading hours in line with the National Competition Policy. Retail trading hours in WA are governed by the *Retail Trading Hours Act 1987*, which is complicated and riddled with inconsistencies.

The economic transition of the state in recent years is a driving force behind the need to remove restrictions on trading hours. WA is now a services-based economy, with retail trade a key contributor to this sector, and a key beneficiary of the state's strong economic performance. In 2005-06, the retail sector accounted for almost five per cent of WA's total output, and employed 14 per cent of the state's workforce. WA's retail sector encompasses a broad range of industries, including food, household goods, and hospitality and services retailing.

Importantly, the retail sector itself has also undergone significant change in recent years, with the emergence of Metcash as a third major player in the State's grocery market. However, despite the state's high growth profile, the retail sector still only makes a low contribution to the economy overall, compared to other states and territories.

The current resources boom has also created the need for WA to attract overseas and interstate workers to fill the burgeoning job vacancies. Deregulated trading hours could prove to be central in creating a social environment which would assist in attracting these workers and their families to the state. It is also likely to be an important factor behind attracting more permanent migrants, which would ensure that growth is sustained over the longer term. This is of particular importance for WA, given that it has difficulty attracting and retaining younger workers.

The extension of retail trading hours is also likely to provide a range of more immediate **economic benefits**, which are likely to be felt not only in the retail sector, but also in related sectors such as construction, tourism, wholesale trade, and hospitality. The major economic benefits that are likely to result include higher levels of retail sales, employment, investment and competition, lower retail prices, and benefits for WA suppliers.



One of the key benefits from extending retail trading hours is that it will help **increase retail sales** in the sector. Evidence from other states has found that retail turnover has picked up considerably since restrictions on trading hours were removed.

**Employment opportunities** will also arise in a deregulated environment where shops choose to trade for longer hours. Again, experience from other states has found that overall employment in the retail sector has generally picked up following the deregulation of trading hours, with higher rates of employment growth relative to other states and in comparison to prior to deregulation. Extended trading hours are also likely to result in greater job flexibility and improved opportunities for all people, particularly women, youths, older workers, and those with a preference for part time employment.

**Lower prices** are also likely to come from extending retail trading hours, to the extent that it will increase competition. The extent to which Perth consumers are disadvantaged is reflected in the ABS average retail prices series, which has found that not only are Perth consumers paying the highest prices for retail goods, but prices overall are growing at a faster pace than most other cities. A survey conducted of nine supermarkets in Perth by Choice in March 2007 has also found that independent grocers who are permitted to trade on Sundays and evenings charge significantly higher prices than Coles and Woolworths stores.

**Higher levels of investment** will also follow as a result of extending trading hours. Despite WA's exceptional growth record and strong population growth, it is somewhat surprising that investment in the retail sector has been relatively weak relative to most other states. Removing the current retail trading restrictions could have a particularly marked effect upon investment by small retail businesses, to the extent that the current legislation limits the capacity for small businesses to expand operations and take on additional staff. By removing these limitations, small businesses would be able to grow by increasing retail space, expanding operations and employing more staff.

Extended retail trading hours are also likely to **boost the tourism industry, provide greater opportunities for WA suppliers,** and assist in **attracting migrants to the state.** Already, these benefits have been achieved in other states and territories which have unrestricted retail trading hours.

Yet these are not the only benefits which could be achieved. The extension of retail trading hours in WA could also provide a **wide range of societal benefits.** Such a change would help Perth shake its reputation as "dullsville", and inject vibrancy and atmosphere into the city after business hours, making the state a more attractive place for current and prospective residents to live.



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In spite of the obvious benefits that can be achieved, opponents of deregulated trading hours have provided a number of arguments against liberalising trading hours over the years. These arguments are led by independent grocers, which already have the freedom to trade as they wish, but oppose this freedom being extended to others.

However, many of the **arguments against deregulation have not been substantiated**. In particular, the argument that small businesses will not be able to survive has been disproved, with the number of small retail businesses actually trending upwards across all states and territories in recent years. Official data from the ABS on the numbers of small retail businesses in each state shows that in Western Australia and South Australia, both of which maintain restrictions on trading hours, the growth in small businesses has been limited. By comparison, in the other states which maintain a deregulated trading environment, small retail business numbers have increased considerably – both in absolute terms and in percentage terms.

This report provides a detailed study of retail trading hours in WA compared to the experience in other states, and demonstrates why WA should bring reform back to the agenda. WA's future could not be brighter, given that it is well positioned to take advantage of the opportunities brought about by its abundance of natural resources and proximity to the emerging economies throughout Asia, particularly China. However, the removal of out-dated and arbitrary restrictions is central to ensuring that WA can take advantage of these opportunities, and build a better future for the state.

#### Box 1: The Facts

1. The economic and demographic changes that have occurred in WA since the referendum was held requires the issue of retail trading hours to be re-examined.
2. WA is the only state in Australia where such stringent trading hours restrictions remain.
3. The current regulations are complex and riddled with inconsistencies.
4. Evidence from other states shows that significant economic and societal benefits can be achieved if retail trading hours are deregulated.
5. The arguments against extending trading hours do not stack up, with no evidence to suggest that small business would be adversely affected by extended trading hours.



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# Regulatory Environment

The following pages will show how at a time of unprecedented economic growth, trading hours regulations are preventing genuine WA small retailers from growing their businesses.

Retail trading hours in WA are governed by the *Retail Trading Hours Act 1987*. This Act applies to all retail outlets operating south of the 26<sup>th</sup> parallel, but does not concern the operation of restaurants, cafes and takeaway food outlets.

The Act separates retailers into four categories, defined as general retail shops, exempted retail shops, special retail shops, and filling stations. The permitted trading hours differ considerably between classifications.

## General Retail Shops

General retail shops are defined to include all shops, except for those which are classified under another category defined by the Act. General retail shops are only permitted to trade during the standard hours of:

- 8.00am to 6.00pm, Monday, Tuesday, Wednesday and Friday;
- 8.00am to 9.00pm, Thursday; and
- 8.00am to 5.00pm, Saturday.

General retailers are not permitted to open on Sundays or public holidays.

However, the Act allows alternate trading hours for specific types of general retailer, including car yards, shops located within defined tourism precincts, and non metropolitan shops.

### *Car Yards*

The Act defines a car yard to include any shop where motor vehicles are sold. Car yards are permitted to trade during the hours of:

- 8.00am to 6.00pm, Monday, Tuesday, Thursday and Friday;
- 8.00am to 9.00pm, Wednesday; and
- 8.00am to 1.00pm Saturday.

Car yards are also not permitted to open on Sundays or public holidays.

### *Tourism Precincts*

In approved tourist precincts, the Act permits extended trading hours. Currently, Perth and Fremantle are approved as central tourism precincts.



In the Perth tourism precinct, retailers are permitted to open during the hours of:

- 8.00am to 7.00pm, Monday, Tuesday, Wednesday, and Thursday;
- 8.00am to 9.00pm, Friday;
- 8.00am to 5.00pm, Saturday; and
- 12 noon to 6.00pm Sunday.

In the Fremantle tourism precinct, retailers are permitted to trade during the hours of:

- 8.00am to 7.00pm, Monday, Tuesday, Wednesday and Friday;
- 8.00am to 9.00pm, Thursday;
- 8.00am to 5.00pm, Saturday; and
- 12 noon to 6.00pm, Sunday.

### Case Study 1

The owner of three successful clothing stores operating in Perth, Fremantle and Mandurah would like to expand by opening stores in other leisure and retail centres.

The current restrictions prevent the owner from doing so.

### *Small Retail Shops*

There are some retailers which the Act exempts from complying with the retail trading hours restrictions. These are small retailers, which must meet the following criteria:

- Maximum of three shops per owner;
- Six or less owners;
- Shops must be operated for the benefit of those owners;
- Owners must be personally and actively engaged in the shop; and
- Only 13 or less employees (excluding apprentices) work at a time.

There are no trading hours restrictions on small retail shops, and as a result, they are able to trade up to 24 hours a day, seven days a week. Aside from motor vehicles, there are no limitations on the types of goods or services which can be sold by these retailers.

In order to trade as a small retail shop, application must be made for a certificate from the Ministry of Fair Trading.



## Case Study 2

A furniture store is unable to open on Sundays because its Melbourne based owner is not “personally and actively engaged in the shop.” The owner does all of the international buying for the shop, but this has been deemed to be insufficient because he does not work on the floor of the shop.

## Retail Trading Hours in Western Australia

A Case for Reform

### *Non Metropolitan Trading Hours*

Until recently, the Act permitted local government authorities outside of the Perth metropolitan area to apply to the Minister for orders extending trading hours for general retailers beyond the prescribed hours. As a result, there are now 21 non-metropolitan areas which have fully or partially deregulated retail trading hours. The Act now no longer provides any role of local governments in making such requests although the Minister still has retained broader discretion to make orders in relation to non-metropolitan areas than those in the metropolitan area where the Minister may only make orders relating to the period of 28 days ending on 1 January and to compensate for days lost through public holidays.

### **Special Retail Shops**

The definition of a ‘special retail shop’ is somewhat circular in that a shop will be regarded as a special retail shop if it is issued a certificate specifying it to be a special retail shop within a prescribed category and the shop sells only those goods or services that are prescribed for that category of shop. In the past the categories of shops that have been determined to be special retail shops have been those seen as necessary for emergency, convenience or recreation supplies. However the Act does not limit the categories that can be prescribed as special retail shops.

Currently prescribed categories include newsagencies, pharmacies, nurseries, hardware shops, video shops, art and craft shops, souvenir and duty free shops, shops at sports venues, marine craft shops, motor vehicle parts shops, and shops located at international standard hotels. The specific goods which can be sold by special retail shops are listed in the regulations (details of this can be found in Appendix 3).

With such a narrow definition of the types of goods that can be sold by specific special retailers, some anomalies arise. For instance, ‘domestic improvement’ (hardware) shops are permitted to sell extension cords and electrical fittings, but not decorative light fittings. They are also allowed to sell kitchenware but not electrical items, and personal safety equipment, excluding all clothing except overalls.



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### Case Study 3

A WA small business operates three successful motoring and leisure stores in the Perth metropolitan area. The owners would like to expand the business by opening more stores but are unable to do so under the current legislation. Their mix of niche products means they cannot obtain certificates as special retail shops and if they were to lose their current status as small shops they would lose the right to trade on Sundays and thereby damage their successful business model.

Similarly, newsagencies and book stores can sell educational toys but not computer games, and sporting replacement items such as fishing hooks and darts, but not other sporting equipment. Motor vehicle spare parts shops are allowed to sell boating equipment, but only equipment that is specifically defined in the Act.

Subject to the issue of a certificate, special retailers are permitted to trade between 6.00am and 11.30pm seven days a week.

### Filling Stations

The Act defines filling stations as garages and any other business that sells motor fuel. While filling station trading hours are completely deregulated, there are some restrictions on the range of non-petroleum or motor vehicle related goods that can be sold. The items that can be sold by filling stations are defined in the regulations, and can be viewed in Appendix 3. Some anomalies have also arisen from the narrow definition of the types of goods that filling stations can sell.

For instance, while filling stations are permitted to sell food, they are not permitted to sell canned fruit, vegetables, meat or seafood, or fresh meat unless it is prepackaged and weighs less than 500 grams. Similarly, they are able to sell garden and landscaping products but not furniture or powered equipment, and household cleaning products but not powered equipment.

The regulations also prescribe a range of additional goods (such as barbecues, cameras and canned food) which can be only sold by certain filling stations prescribed by the Act. These are Coles Express Kewdale, BP Kewdale Truckstop, Caltex Maddington and Coles Express Middle Swan service stations. These goods are further detailed in Appendix 3.

### Other Jurisdictions

It was not long ago that retail trading hours restrictions were common across Australia. However, many of these restrictions have been removed since the completion of the reform agenda undertaken by other states (Table 1).



In **New South Wales**, retail trading hours are governed by the *Shops and Industries Act 1962*. The Act permits small businesses and scheduled shops to operate an unrestricted number of hours on any day, including Sundays and public holidays.

The Act defines small shops as those with less than four staff working at any one time, while scheduled shops include audio shops, book shops, chemists, confectioners, cooked food shops, fresh produce shops, pet shops, souvenir shops, tobacconists, service stations, vehicle shops and video shops.

All other shops are classed as general shops, which are allowed to trade freely except for Sundays and public holidays, unless they have an exemption or suspension order. In practice, exemptions from this restriction are readily granted, creating an environment of virtually no trading hours restrictions.

However, trading on Christmas Day, Boxing Day, New Year's Day, and Anzac Day is restricted in New South Wales, while there also remain some locality based restrictions in areas such as Tenterfield, Inverell and Gilgandra.

Deregulated trading hours were also implemented in **Victoria** in 1996, in line with the National Competition Policy. Previously, only small stores could trade on Sundays, although exceptions did exist (for example, hardware stores were allowed to trade). General Sunday trading was permitted on 10 Sundays each year.

Unrestricted trading commenced with the introduction of the *Shop Trading Reform Act 1996*. This Act provides shops with unrestricted trading on days other than Christmas Day, Good Friday, Easter Sunday and Anzac Day.

In **Queensland**, retail trading hours are partially deregulated. Trading hours are governed by the *Trading (Allowable Hours) Act 1990*, which is supported by the *Trading (Allowable Hours) Regulation 2004*. This legislation restricts trading on Monday to Saturday for non-exempt stores and trading on Sundays for

**Table 1**  
**Retail Trading Hours in Other Jursidications**

Victoria	Introduced unrestricted trading hours on days other than Christmas Day, Good Friday and Anzac Day in 1996.
New South Wales	Has a virtually unrestricted trading environment.
Australian Capital Territory	Repealed its <i>Shopping Hours Act</i> in 1997.
Queensland	Introduced unrestricted trading hours in the south east of the state in 2002.
Tasmania	Removed trading hours restrictions in 2002.
Northern Territory	Has never had restricted trading hours.
South Australia	The <i>Shop Trading Hours Act 1977</i> restricts trading on Monday to Saturday, and prohibits trading on Sunday outside of the Greater Adelaide Shopping District



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non-exempt stores which are outside of major cities and some tourist areas.

In general, minimum trading hours throughout Queensland are from 8.00am to 9.00pm Monday to Friday, and 8.00am to 5.00pm on Saturdays.

The *Trading (Allowable Hours) Act 1990* defines exempt shops as those which predominantly sell goods by retail, or supply services that a reasonable person would expect to be sold or supplied in such shops. Independent retailers are those where the business is run by a single operator with a maximum of 20 people engaged in the shop at any one time. If a number of shops are operated throughout the State, it is also required that a total of not more than 60 people are engaged at any one time in all the shops being operated.

The Act was amended by the *Trading (Allowable Hours) Amendment Act in 2002*, which introduced unrestricted trading in the south east of the state. However, restrictions remain on Christmas Day, Good Friday, Easter Sunday, Anzac Day and Labour Day.

**South Australia** also maintains a restrictive trading environment, with retail trading hours in shopping districts regulated by the *Shop Trading Hours Act 1977*.

Prior to 2003, South Australia imposed complex restrictions on retail trading hours according to the size, location and products sold. Notably, evening and Sunday trading by large general retailers was restricted, while longer trading hours were permitted in the central business district and the Glenelg tourist district.

Trading hours in South Australia were substantially transformed in June 2003 with the passage of legislation which extended Sunday trading (between 11am and 5pm) to suburban areas, and week night trading to all areas.

The legislation now states that in the “Greater Adelaide Shopping District”, shops are permitted to trade until 9.00pm from Monday to Friday, until 5.00pm on Saturday, and between 11.00am and 5.00pm on Sundays.

In “proclaimed” shopping districts, retailers can trade until 6.00pm from Monday to Wednesday, and Friday, until 9.00pm on Thursday and 5.00pm on Saturdays. Shops selling boats and motor vehicles are able to trade until 6.00pm on Mondays to Wednesdays, 9.00pm Thursdays and Fridays, and 5.00pm on Saturdays.

However, the NCC remains concerned about the level of regulation in South Australia, with the government providing no public interest justification for the restrictions, nor making any further moves to deregulate trading hours.<sup>1</sup>

**Tasmania** removed retail trading hours restrictions in 2002. Prior to then, retail trading hours in Tasmania were governed by the *Shop Trading Hours Act 1984*,



which prohibited large retailers from trading on Sundays, public holidays and after 6pm from Monday to Wednesday.

After two NCP reviews of the legislation, the Tasmanian Government passed legislation in December 2002 to allow unrestricted trading on days other than Good Friday, Christmas Day and before noon on Anzac day.

In the **Northern Territory**, retail trading hours have never been restricted.



# The WA Retail Sector

## Economic Overview

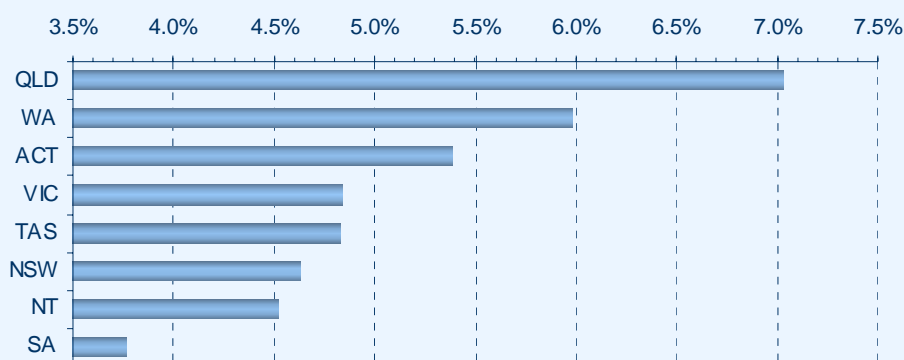
WA's retail sector has been a key beneficiary of the state's strong economic performance in recent years. Over the past 15 years, output from the retail sector has increased on average by six per cent per annum. In the past five years alone, growth has been even stronger, with retail output increasing on average by 7.3 per cent per annum.

Compared with other states and territories, WA's retail sector has experienced the second highest rate of growth over the past 15 years. The strongest growth was experienced in Queensland, where retail trade increased on average by seven per cent per annum. On average, retail trade expanded in all states and territories over this period, with growth in the Australian Capital Territory (5.4 per cent per annum), Victoria (4.8 per cent per annum) and Tasmania (4.8 per cent per annum) particularly strong (Chart 1).

Chart 1

### Total Factor Income Retail Sector, WA and Other States

Yearly % Change, 1989-90 to 2005-06



Source: ABS Cat. 5220

The past five years have seen WA's retail sector grow at the third highest rate of all states and territories, behind Queensland (with average annual growth of 8.7 per cent) and Tasmania (with average annual growth of 8.5 per cent), notwithstanding the exceptionally strong economic growth in the state overall during this period.

While growth in the WA retail sector is largely a function of overall economic activity, it has been influenced by factors such as strong population growth, employment and wages growth, ease of access to credit, relatively low interest rates, and increased wealth associated with the state's housing boom.

Although the retail sector has grown strongly in recent years, its overall contribution to the WA economy has declined. In 2005-06, retail trade represented



4.8 per cent of the state's total output, compared to the 5.8 per cent share held 15 years previously. Given the healthy rates of growth recorded over this period, its relative decline has been a reflection of the considerably stronger growth in other sectors of the economy, particularly mining.

The declining trend is generally evident in retail trade across Australia, with Tasmania the only state to experience an increase in the sector's contribution to total output over the past 15 years.

But it should be noted that WA's retail sector contribution to the economy is the lowest of any state, with only the Northern Territory's retail sector contributing less (representing 4.4 per cent of total output).

The performance of the retail sector is also reflected in retail turnover statistics. Over the past five years, retail turnover in WA has increased on average by 7.3 per cent per annum. Queensland was the only state to record stronger growth over this period, with retail turnover increasing on average by 7.7 per cent per annum.

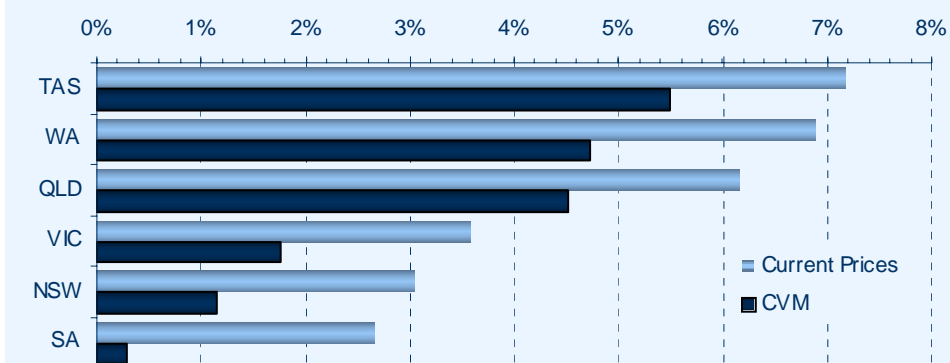
In 2005-06, retail turnover in WA was valued at \$21.6 billion, almost seven per cent higher than a year previously. While this increase is partially attributable to price effects (particularly reflecting the increasing cost of food), the volume of retail sales has also grown. Removing price effects, retail turnover in WA increased by 4.7 per cent in 2005-06 (Chart 2).

Given the sector's size and labour intensive nature, it is not surprising that the retail sector is the largest employer in WA. With some 153,200 workers employed in the sector in 2005-06, retailers accounted for around 14 per cent of the state's total workforce. The retail sector is also the largest employer in all other states and territories.

**Chart 2**

**Retail Turnover, WA and Other States**

Annual % Change, 2005-06, Current Prices & Chain Volume Measures (CVM)

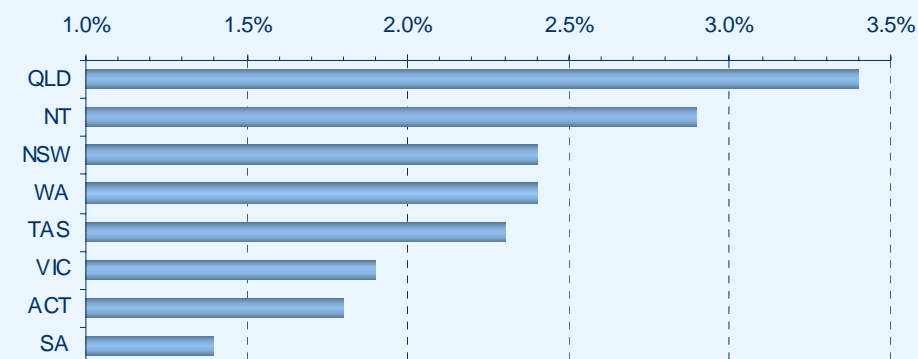


Source: ABS Cat. 85010



**Chart 3**  
**Retail Employment, WA and Other States**

Yearly % Change, 1989-90 to 2005-06



Source: ABS Cat. 850104

Employment in the retail sector in WA has grown solidly over the past 15 years, increasing on average by 2.4 per cent per annum. Across Australia, Queensland experienced the strongest growth, with employment in the retail sector increasing on average by 3.4 per cent per annum. The lowest rate of growth was evidenced in South Australia, where retail employment increased on average by 1.4 per cent (Chart 3).

More recently, employment in the WA retail sector has increased on average by two per cent per annum over the past five years, representing one of the lowest rates of growth of all states and territories.

While retail trade encompasses a broad range of industries, by far the largest component in WA is **food retailing** (Table 2). With turnover totalling \$9.3 billion in 2005-06, food retailing accounted for over 43 per cent of retail turnover in the state. Food retailing is also the largest contributor to retail trade in all states and territories across Australia.

Growth in food retailing activity has been consistently strong since the late 1980s. In WA, food retailing has increased on average by 9.3 per cent per annum since 1989-90, representing the highest rate of growth of all states and territories. This

**Table 2**  
**Retail Turnover Subsectors, WA**

Value, % total, and annual % change over the past 15 years

	2005-06 Turnover (\$bn)	% of 2005-06 Total Retail Turnover	Average Annual % Change
Food	9.3	43.1	9.3
Household Goods	3.8	17.6	11.9
Hospitality and Services	2.6	12.0	6.6
Other Retailing	1.8	8.4	10.4
Department Stores	1.7	7.9	3.8
<b>TOTAL</b>	<b>21.6</b>		

Source: ABS Cat. 8501.10



was followed by the ACT, which recorded an average increase of 7.3 per cent per annum.

Another key retail sector in WA is **household goods retailing**, which has been bolstered by the state's booming housing market in recent years. Since the late 1980s, WA has experienced the strongest growth in household goods retailing of all states and territories, with turnover increasing on average by 11.9 per cent per annum. This was also the highest rate of growth of all retail industries in the state. By 2005-06, household goods retailing represented 17.6 per cent of total retailing.

Another key contributor to retail trade in WA is **hospitality and services**, which accounted for 12 per cent of output from the sector in 2005-06, with turnover valued at \$2.6 billion. Over the past 15 years, hospitality and services retailing has increased on average by 6.6 per cent per annum.

As most of the goods and services sold within this sector tend to be highly discretionary items, the strong growth experienced in recent years is likely to be the result of the strong economy and favourable labour market conditions.

Hospitality and services is also a key sector of retail trade across Australia in general, with the strongest growth over the past 15 years experienced in Queensland, where turnover from this sector increased on average by 7.6 per cent per annum.

Looking forward, robust growth and the continued tightness in the state's labour market, will mean that retail turnover in WA is likely to remain at high levels going forward. This has been reflected in CCI's latest economic forecasts detailed in the June Quarter 2007 *Outlook*, which predict household consumption (of which retail turnover accounts for around 42 per cent) to rise strongly in coming years, with growth forecasts of 5½ per cent in 2007-08, and 4¾ per cent in 2008-09.

The retail sector is also likely to be supported by further investment, with a number of major projects currently under construction or in the pipeline. In June 2007, there was around \$373 million worth of projects under construction in the retail sector, with a further \$309 million in the pipeline<sup>2</sup>.

## Industry Overview

Given its overall contribution to the WA economy, retail trade is a considerable source of business activity in the state, with over 21,380 businesses operating in the sector at the end of 2005-06. In general, retail trade is dominated by non-employing and small businesses, which account for around 56 per cent and 39 per cent of total businesses in the sector respectively.



By sector, the largest group of businesses are food retailers, which account for approximately 18 per cent of total retail businesses in the state, with around 55 per cent of these small businesses. The largest proportion of food retailers operates in takeaway food, which accounted for nearly seven per cent of total retail businesses. Notably, there are almost 1,160 small businesses operating in the takeaway food retailing sector, which, it can be noted, does not have restricted trading hours.

Supermarket and grocery stores make up a relatively small proportion of retail businesses, accounting for approximately 2.6 per cent of the state's total. While the majority of these operate as small businesses, the WA grocery sector now consists of three major players: Woolworths Limited, Coles Limited and Metcash Limited (which supplies all WA's independent grocery stores through its distribution arm, IGA Distribution).

While there are different measures available, AC Nielson's Scan Data indicates that Woolworths and Coles together represent around 68.1 of the WA grocery market.<sup>3</sup>

According to Metcash, its market share in WA stands at 31.2 per cent.<sup>4</sup> This is a considerable proportion of the industry. A recent report found that Metcash supplies all 400 independent retailers in WA including approximately 206 IGA branded stores and also the remaining 194 independents.<sup>5</sup> IGA now has around 207 stores operating in WA, and is estimated to account for around 31.4 per cent of the state's grocery market (Further detail on these and other major retailers in WA can be found in Appendix 2).

The remaining food retailers operate broadly in the areas of fresh produce retailing (including meat, seafood, fruit and vegetables), bread and cake retailing, liquor retailing, milk vending, and specialised retail outlets.

Household goods retailing is also a notable source of business activity, accounting for around 10 per cent of total retailers in the state. The majority of household goods retailers (52 per cent) are also small businesses. While the majority of these operate in domestic appliance retailing (accounting for 4.6 per cent of total retailers), businesses also operate in hardware and houseware retailing (3.1 per cent), furniture retailing (1.7 per cent), and floor cover retailing (0.7 per cent).

A number of key players in the retail industry operate across the household goods retailing industry, including Harvey Norman, Rick Hart, Retravisio, Bunnings, Ikea and Freedom.

Department store retailing accounts for less than one per cent of retail businesses in the state, with this industry dominated by the larger retailers, including Myer, David Jones, Target, Kmart and Big W.



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## Changing nature of the industry

The retail sector in WA is constantly evolving, and has recently undergone a significant transformation.

One of the largest changes to date has been in the supermarket industry, with the takeover of Foodland Associated Ltd by Metcash and Woolworths in 2005. This \$3.3 billion deal saw Metcash obtain around 60 Action supermarkets across the country, and 250 franchised operations in WA (formerly under the Dewsons, Foodland and Supa Valu brands), as well as a distribution operation which supplied around 450 grocery stores and corner shops.<sup>6</sup> Meanwhile, this deal saw Woolworths purchase Foodland's New Zealand operations, as well as 22 Action stores across Australia (including three development sites).

This change has had a significant impact upon the market dynamics in WA. According to AC Nielson's ScanData<sup>i</sup> (for the quarter ended September 10, 2006), independents have a larger market share in WA than in any other state, accounting for around 31.9 per cent of the WA market. By way of comparison, ScanData shows that independent retailers account for around 15.4 per cent of the market in New South Wales, and around 25 per cent in Victoria, Queensland and South Australia.

It is likely that the current trading hours regime has contributed to this result, by providing independent retailers with a monopoly on weeknight and Sunday trading. However, it should be noted that ScanData provides a limited view of market share. ScanData comprises mainly groceries and does not include fresh food and items produced in-store, such as bakery goods.

A more accurate measure is Food, Liquor and Grocery (FLG) data compiled by the ABS, which assesses the turnover of small businesses (a proxy for independent retailers), versus large retailers. According to FLG data, Coles and Woolworths have a combined share of slightly over 50 per cent of the national market, with independent grocers holding around 49 per cent. This differs from the ScanData result, which shows that the major chains held a 78 to 79 per cent share of the national market. It should be noted that while this data is not available on a state basis, it highlights the issues with the use of different market share measures.

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<sup>i</sup> ScanData is captured using data obtained from supermarket scanners. As a result, a considerable number of smaller retailers who do not use scanners are not included in this market share information.





# Importance of Deregulation

## Changing Nature of the Economy

### Economic Transformation

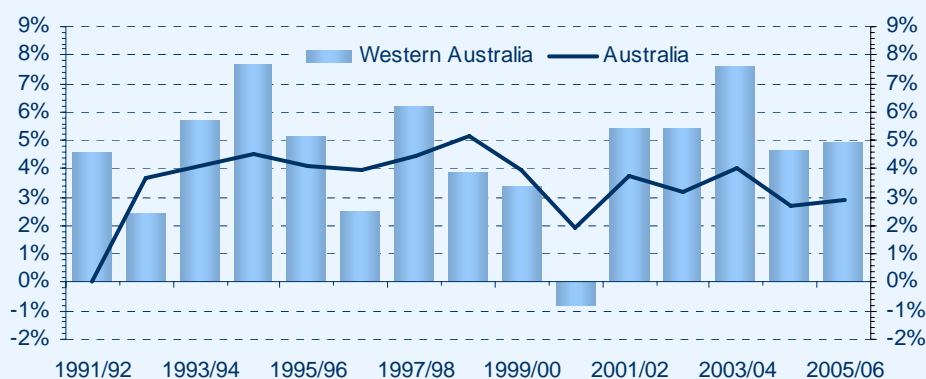
The past 15 years have seen a significant transformation of the WA economy, with strong growth and diversification of industries being experienced. WA has emerged from the shadow of its eastern states counterparts, and is now at the forefront of economic activity across Australia.

The resources boom has been central to the state's development, moving the economy away from its reliance upon agriculture, to establish thriving resources, manufacturing, construction and services industries. In 2005-06 WA's total output (as represented by growth in Gross State Product) was \$107.9 billion, accounting for almost 12 per cent of total output nationally (as represented by growth in Gross Domestic Product). WA is now recognised as a leader across a number of industry sectors, and has firmly cemented its position as a driving force behind Australia's recent economic success (Chart 4).

**Chart 4**

#### Real Gross State and National Product

Yearly % Change



Source: ABS Cat. 5206.0, 5220.0

Rich with an abundance of natural resources, WA is well renowned for its skill and expertise in the extraction and processing of minerals. For this reason, the WA economy has a high degree of export orientation and capital intensity - characteristics which have propelled the state throughout its current economic boom.

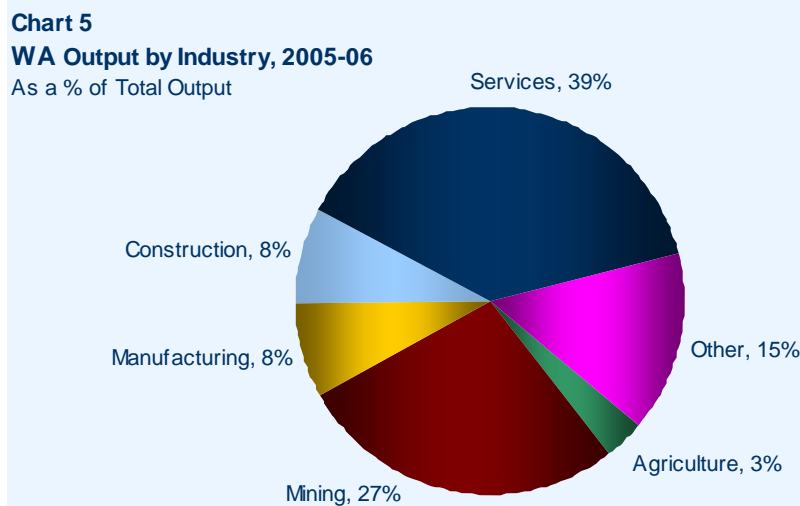
WA has benefited significantly from its export focus, with the global boom in mineral and energy markets proving to be a key catalyst of growth. Over the past 15 years, merchandise exports have increased on average by almost seven per cent per year, making WA the largest exporter of all the states and territories with a



36 per cent share of national merchandise exports in 2006-07 (compared to 25 per cent 15 years earlier).

With a comparative advantage in resource production and close geographical proximity to emerging markets, WA has developed strong trade links in Asia, with Japan and China the state's largest export markets. These links have been central to the state's economic performance.

The increased wealth associated with the resources boom has seen the state economy grow, in terms of both in size and diversity. Like the rest of the developed world, WA has established a strong services based economy. Despite the strength of the mining sector, the services sector is in fact the largest contributor to the WA economy, accounting for around 39 per cent of total output in 2005-06<sup>ii</sup> (Chart 5).



Over the past 15 years, output from the services sector has increased by seven per cent per annum on average, to be worth \$44.7 billion in 2005-06. The services sector continues to expand rapidly, with growth in the property and business services, and finance and insurance industries particularly strong.

Although the services sector overall has grown strongly, WA's retail sector has expanded at a slower rate. Overall, output from the retail sector has increased on average by six per cent per annum over the past 15 years.

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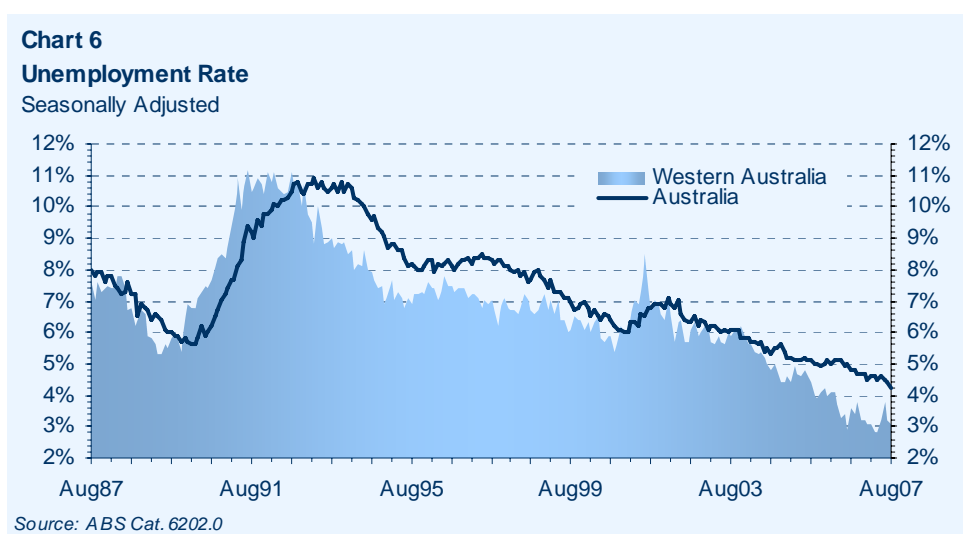
<sup>ii</sup> The services sector includes retail trade, wholesale trade, accommodation, cafes and restaurants, transport and storage, communications, finance and insurance, property and business services, education, health and community services, cultural and recreational services, and personal and other services.



As a highly labour intensive industry, it is not surprising that the services sector is also the largest employer in WA. With over 742,000 workers employed in services industries in 2005-06, the sector accounted for over 70 per cent of the state's workforce.

## Labour Market

The state's high rate of population growth and economic transition have also had a considerable effect on the labour market, which is now characterised by high rates of employment growth and participation, and record low unemployment. Employment growth has averaged 2.2 per cent per annum over the past 15 years, compared to 1.6 per cent nationally. The unemployment rate has also fallen progressively, and by May 2007, had reached a low of 2.7 per cent, which is the lowest level since September 1974 (Chart 6).



While migration – both permanent and temporary – has been an important source of labour for the state, labour shortages remain the key limiting factor of the state economy. In common with past resources booms, the current boom has been limited by the availability of labour. The state's thriving resources sector has brought about acute skills shortages, particularly in the mining and construction industries. These labour shortages have also translated into significant wage pressures, with Western Australians now receiving the second highest average weekly earnings in the country, after the Australian Capital Territory (as at February 2007).

While improved participation in the workforce may ease these constraints to some extent, higher levels of overseas and interstate migration are critical to relieving this problem.

Given that there are still insufficient workers to fill the existing job vacancies, this has furthered the need for WA to increase its attractiveness to overseas and



interstate workers. WA's trading hours restrictions are now anomalous and a barrier to achieving this goal.

Generally, workers moving from interstate and overseas herald from areas where retail trading hours are deregulated, and expect Perth to have a similar retail standard. The current restrictive environment in WA serves to underline the state's isolation and Perth's already established reputation as "dullsville." According to urban strategy expert Charles Landry, who is internationally recognized as an authority on city futures and the use of culture in city revitalization, Perth's restrictive legislation can be seen as "draining the lifeblood out of initiative, innovation and the simple pleasures of life."<sup>7</sup>

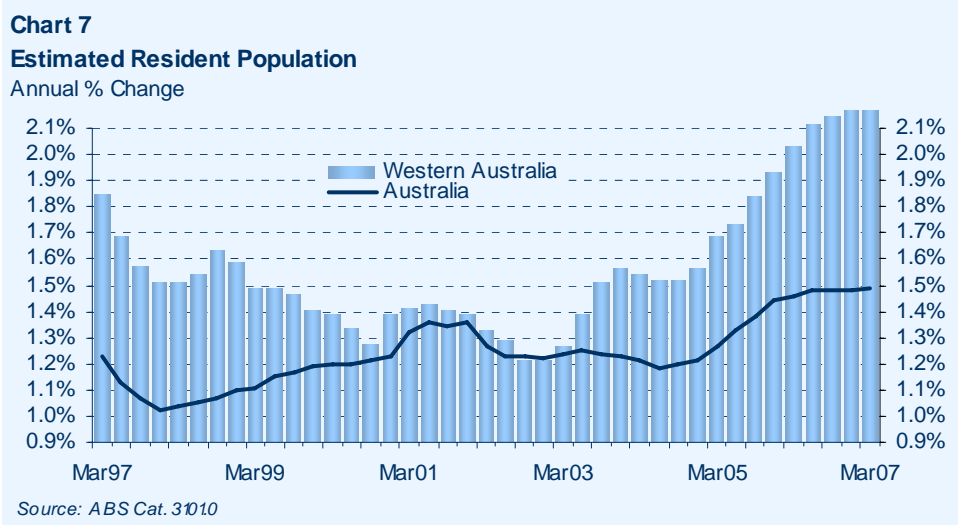
While attracting more workers is important for the expansion of the WA economy in the short term, the ability to retain these workers, and indeed their children, is also important to ensure growth in the economy over the longer term.

### Demographic Change

Another key characteristic of the WA economy in recent years has been its strong rate of population growth. As in the past, each new resources boom was driven by external demand and funding; pushing the labour demand beyond the capacity of existing population and drawing in a large number of migrants.

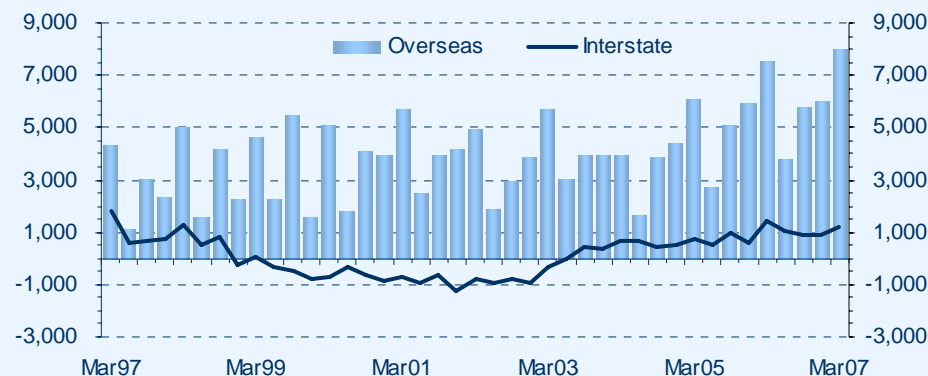
Over the past 30 years, Western Australia has generally maintained a higher rate of population growth than the country as a whole. During this period, the state's populace has risen by an average of 1.9 per cent per annum, compared to growth of 1.3 per cent per annum across Australia. This gives WA the second fastest growing population of all states behind Queensland (2.2 per cent per annum) over this period.

Population growth in WA has been underpinned by higher levels of interstate and overseas migration as overseas and interstate workers move to WA to take advantage of plentiful job opportunities (Charts 7 and 8).



**Chart 8**  
**Net Overseas and Interstate Migration**

Western Australia



Source: ABS Cat. 31010

The recent pick up in population growth has been primarily underpinned by strong overseas migration (which in recent years has made up over half of total population growth) (Chart 8). WA has consistently attracted a greater share of overseas migrants than its population share, accounting for 17 per cent of permanent settlers into Australia in 2005-06. As a result, net overseas migration was the major contributor to population growth, accounting for over half of the growth in WA's population over the year.

While WA does attract a disproportionately large share of the nation's immigrants, it has some problems attracting and retaining permanent residents. Some 6,000 Western Australians moved overseas on a permanent basis in 2004-05, representing a loss of 0.45 per cent of the State's population. In fact, the out-migration rate in WA has for decades been higher than the national average and has risen in recent years despite the high pay and plentiful employment opportunities in the state.

In particular, WA has difficulties in attracting and retaining young adults in the 20-29 age bracket. The 20-29 age cohort has acted as the largest drag on net interstate migration since the early 1990s, with a high proportion of the total net outflow related to the finance sector.<sup>8</sup> This suggests that the state is attractive to families with children, the so-called "nesters", but the young, "non-nesting" people are seeking opportunities elsewhere.

While overseas migration has tended to be the primary driver of population growth in WA, interstate migration has, generally speaking, made a small, and at times negative, impact on the state's population growth.

However, this trend has reversed more recently, with WA recording 12 consecutive quarters of positive net interstate migration by December 2006, and the numbers are increasing (Chart 8). However, the number of interstate migrants



is still only a small proportion of all new settlers to WA. In 2006, net interstate migration accounted for less than 15 per cent of total net migration into the state.

The most common moves in and out of WA occur with the three most populous states, New South Wales, Victoria and Queensland. In 2005-06, the majority of interstate migrants into WA arrived from New South Wales (8,602), Victoria (7,566) and Queensland (6,933). Meanwhile, the majority of those departing WA were headed for Queensland (7,319), Victoria (6,945) and NSW (6,470).

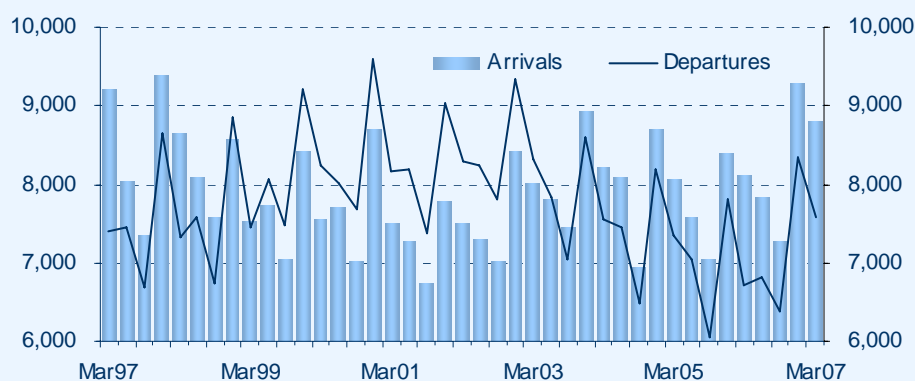
In net terms, the decomposition of migration in Western Australia indicates the largest net inflows of migrants are from New South Wales (2,132), Victoria (621) and South Australia (475). Meanwhile, WA recorded a net migration loss to Queensland (-386) in 2005-06 and this has tended to be the case for much of the past 20 years.

While interstate migration has picked up recently, the indications are that it has not been and will not be a major supplier of people and labour to the State going forward. Generally, people from eastern states may be working in WA, but only on a temporary basis. These workers are not establishing roots in the state, instead choosing to keep their home base (and perhaps dependents) interstate.

This is highlighted by the recent trends in interstate arrivals and departures. With the state experiencing such strong economic growth in recent years, it is expected that interstate arrivals to the state would be following a similar upward trend. Although net interstate migration has improved in recent months (with arrivals spiking in December 2006), interstate arrivals (and departures) are in fact trending downwards, and are unlikely to be a major source of population growth for the state going forward (Chart 9). Overall, WA remains highly dependent upon migration (in particular from overseas) to ensure that its population and workforce continue to grow. Indeed, without a large inflow of migrants, the state's population would begin to decline by 2020.<sup>9</sup>

**Chart 9**  
**Interstate Arrivals and Departures**

Western Australia



Source: ABS Cat. 31010



## Economic Benefits

The previous sections have helped to highlight that WA is a state of increasing wealth and opportunity, but is also a state that may not be able to fully realise its potential without strong and growing population. While there are a number of policy options that can help encourage people to live here, one of the most important is in relation to retail trading hours – which as they currently exist, serve citizens poorly, potentially cutting off both economic and social benefits. Some of these issues are discussed in more detail below.

### Increased Retail Sales

It is not surprising that one of the primary benefits from extended retail trading hours is that it will help generate higher retail sales, as a result of the increased choice and convenience available to consumers.

A common misconception that often arises during the retail trading hours debate is that there is a “fixed spending dollar.” It is sometimes claimed that people only have so much disposable income to spend, so the retail sector has nothing to gain by making itself more attractive to consumers. However, this is not the case.

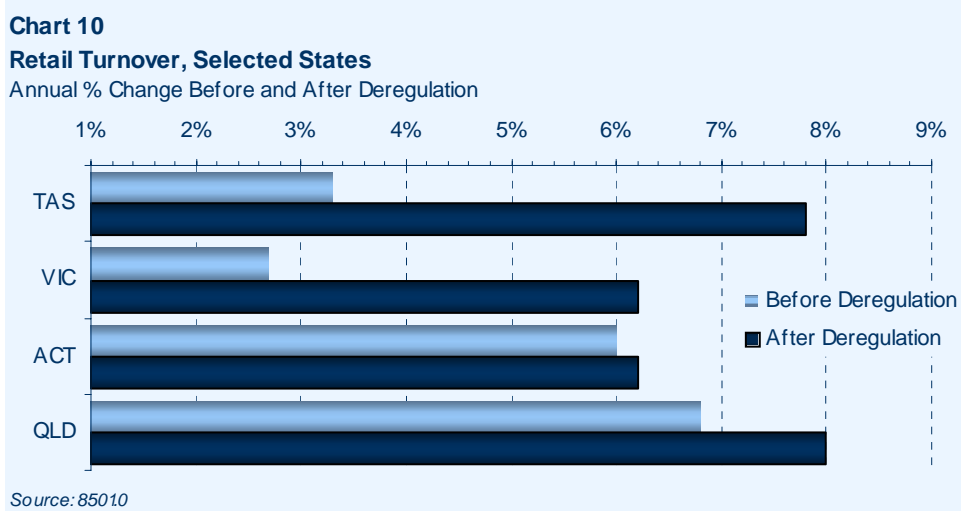
Increasing retailers’ opening hours will provide consumers with greater opportunities to engage in retail trade, particularly those consumers whose lifestyle and working arrangements make it difficult to shop during the current restricted trading hours. The broader economic effects associated with increased employment (and therefore wages) in the sector will also boost retail spending overall.

Another important factor behind growth in retail sales is the emergence of shopping as a form of leisure activity. As a recreational and enjoyable activity, consumers are likely to increase time spent shopping if the opportunity is provided. By allowing greater shop opening hours, the amount spent on discretionary goods and services is likely to increase significantly, with higher retail sales as a result.

This is even more likely to apply in the case of larger discretionary items such as furniture and electrical appliances where families mostly prefer to shop together. Restricting trading on Sundays limits time available for such major discretionary purchases and limits the ability of retailers to serve their markets.

Already, the benefits of increased retail sales can be seen in those states that have removed restrictions on trading hours. Notably, retail turnover has picked up considerably following deregulation of trading hours. While other factors may have also played a part, deregulation is likely to have made a considerable positive contribution to increased retail turnover as shown in Chart 10.





This was particularly evident in Tasmania, where retail turnover has grown on average by 7.8 per cent per annum in the four years since unrestricted trading hours were introduced, compared to the national average of 5.8 per cent over the same period. This average rate of growth is also considerably higher than the four years previously, where retail turnover rose on average by 3.3 per cent per annum (Chart 10).

Other states which have deregulated retail trading hours have also recorded a similar experience. In Victoria, retail turnover has increased on average by 6.2 per cent per annum in the 10 years since trading hours were deregulated, compared to a growth rate of 2.7 per cent per annum on average in the 10 years previously. This rate of growth is also notably higher than the national average over the same period, where retail turnover rose on average by 5.5 per cent per annum.

The benefits from higher activity in the retail sector are also likely to flow through into other sectors of the economy, stimulating activity in related sectors such as wholesale trade, construction, manufacturing, transport and other services industries such as hospitality.

### Higher Retail Employment

Another key economic benefit resulting from the deregulation of retail trading hours is likely to be the increased employment opportunities and higher levels of employment. With retail sales increasing and shops trading for longer hours, this will necessitate the employment of additional staff to meet the extra demand and service additional shifts.

Major retailers have already identified the effect that extended trading hours would have on the number of staff employed by their business. For example, in its Submission to the 2003 Retail Trading Hours Consultation Paper, the (then) Coles Myer Group estimated that an additional 600 full time equivalent staff would be



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required if its businesses were able to trade on weeknights and Sundays in the Perth metropolitan area<sup>10</sup>. It is estimated that this would benefit the economy by generating an additional \$18 million per annum in wages.<sup>11</sup>

Woolworths has also highlighted the benefits that extended trading hours would have on employment. Woolworths has estimated that an additional 800 staff would be required in its supermarkets if trading hours in WA were extended, while a further 260 employees would be necessary to staff its Big W stores.<sup>12</sup>

Other states which have deregulated trading hours have experienced an increase in employment by major retailers, with Coles supermarkets employing an additional 2,000 staff in Victoria, 450 staff in Brisbane, and over 280 staff in Tasmania following deregulation. Meanwhile, Woolworths hired an additional 1,750 staff upon deregulation of trading hours in Victoria.<sup>13</sup>

The benefits provided by extended trading hours in terms of employment have also been highlighted by other studies. In 1998, a Jebb, Holland, Dimasi study found that the extension of trading hours in WA could result in an additional 2,200 full time equivalent (FTE) retail jobs (an increase of 1.5 per cent of the total retail workforce at the time of the study), in addition to increased hours for existing employees.<sup>14</sup>

Experience in other states has shown that overall employment in the retail sector has generally picked up following the deregulation of trading hours. Since Tasmania removed restrictions on retail trading in 2002, employment in the retail sector has increased on average by 3.4 per cent per annum, with a net increase of 4,300 retail jobs.

This rate of growth is higher than the national average of 2.2 per cent per annum over the same period, and is well above the rate of growth in the four years prior to deregulation, where employment in the retail sector rose on average by 1.2 per cent per annum. Growth in retail employment also compares favourably with employment more generally in the Tasmanian economy, which rose by three per cent over the same period.

A similar trend has been evidenced since shopping hours were deregulated in the south east of Queensland in 2002. Retail employment has since increased on average by 3.9 per cent per annum, representing a net 44,700 jobs created in the sector. This rate of growth is higher than the average annual rate of 3.2 per cent per annum experienced in the four years previously, and above the national increase of 2.2 per cent over the same period.

Another benefit resulting from deregulation of trading hours is likely to be the greater number of employment options. Extended trading hours are likely to result in greater job flexibility and improved opportunities for all people, but particularly



women, youths, older workers, and those with a preference for part time employment. This is an important consideration in today's environment where governments are trying to encourage greater labour force participation, particularly for those people who are not as actively engaged in the labour market.

There has been some concern that WA's current low unemployment rate means that shops will not be able to find the labour to meet the current needs. However, according to the ABS, there were around 46,100 underemployed workers in the state as at September 2006, which was equivalent to 4.4 per cent of the total workforce. When this is added to the total number of unemployed persons across the state over the same period, this suggests that there were a total of 89,000 under utilized persons – an underutilization rate of 8.5 per cent. This figure also does not take into account those people not in the workforce. In conjunction with rising population growth, particularly from overseas and interstate, this suggests that there will be available a pool of labour to fill the increased shifts associated with extended trading hours.

### **Lower Retail Prices**

By limiting competition in the retail sector, the current trading hours regime disadvantages consumers to the extent that they are charged higher prices.

There are several price measures which can be used to illustrate price trends in WA and against other states. The most common is the Consumer Price Index (CPI), which measures changes in the price of a basket of goods and services, including food, alcohol and tobacco, clothing and footwear, housing, household contents and services, health, transport, communication, recreation, education, and finance and insurance.

In each capital city, different weightings are assigned to each item in the CPI basket. For example, Perth has the lowest weighting for food of any capital city, and a relatively high weighting for housing and household contents. As such, in order to measure changes in prices, it is important to compare price changes for each item separately (See Appendix 4 for the weightings of items in the CPI basket by state).

In relation to food prices, Perth has exhibited a lower overall average prices growth than other capital cities, with prices increasing on average by 3.5 per cent per annum, compared to 3.7 per cent in Sydney and Melbourne, and 3.9 per cent in Brisbane.

However, because there are different weightings amongst each item within the food basket, this can influence overall price trends. Notably, the food category "meals and takeaway foods" (which generally plays a larger role in driving food



price inflation than any other food category) has a lower weighting in Perth than most other states.

Looking at the trends in retail prices in other states over time, overall prices growth has been considerably lower in each state since deregulation. By contrast, Perth retail prices growth has been higher.<sup>iii</sup>

For example, in Melbourne, consumer prices have grown on average by 2.5 per cent per annum since trading hours were deregulated in December 1996, compared to an average of 4.8 per cent per annum in the 10 and a half years prior. This compares to Perth, where consumer prices grew by 2.7 per cent per annum on average over this period.

The growth in the price of food in Melbourne has slowed from 4.6 per cent per annum on average over the 10 and a half years before deregulation, to 3.7 per cent per annum on average since deregulation. Similarly, the price of alcohol and tobacco rose on average by 7.6 per cent per annum in the 10 and a half years prior to deregulation, yet has increased on average by only 4.2 per cent per annum in the 10 and a half years since. Growth in the price of clothing and footwear has also slowed considerably, from 3.9 per cent per annum on average before deregulation, to 0.1 per cent per annum on average afterwards.

Similarly, consumer prices in Canberra have grown on average by 2.5 per cent per annum in the 10 years since trading hours were deregulated, compared to average growth of 4.5 per cent per annum in the 10 years previously. Over the same period, consumer prices in Perth grew on average by 2.8 per cent per annum.

In the 10 years since deregulation, the price of food in Canberra has risen on average by 3.6 per cent per annum, compared to average growth of around 4.1 per cent per annum in the 10 years previously. Similarly, alcohol and tobacco prices have grown on average by 3.7 per cent per annum since deregulation, compared to 6.7 per cent growth per annum on average in the previous decade. Meanwhile, growth in the price of clothing and footwear has averaged 0.5 per cent per annum on average since deregulation, compared to 2.8 per cent per annum on average previously.

Another measure of retail prices growth is the ABS average retail price series, which is a survey-based measure of the prices of a range of retail goods. In effect,

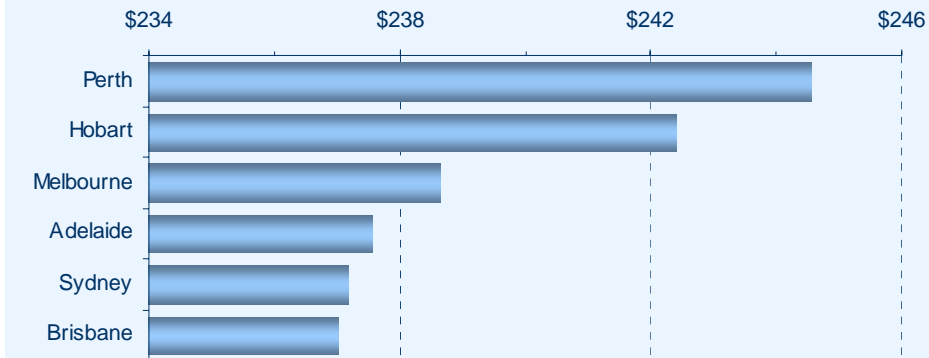
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<sup>iii</sup> While deregulation of trading hours is not the only factor behind slower growth in consumer prices, it is likely to have played a key role.



**Chart 11****Average Retail Prices of Selected Goods, WA and Selected States**

Total Value of selected goods, as at June 2007



Source: ABS Cat. 6403.0.55.001

it measures the actual prices charged to consumers, rather than an index of price change that is shown by the CPI. This series shows that, not only have retail prices in Perth been trending upwards in recent years, but Perth consumers overall are facing higher prices for retail goods than most other capital cities.

In June 2007, the total price of a selection of retail items<sup>iv</sup> in Perth was \$244.56, up 15.5 per cent from when the series first began in December 2004. This is notably higher than the total price of the same selection of retail goods in other states (Chart 11). The lowest prices were found in Brisbane, where the selection of goods totalled \$237.01, which was 3.2 per cent lower than in Perth.

Meanwhile, the selection of goods cost \$237.19 in Sydney (up 14.6 per cent since December 2004), \$238.67 and Melbourne (up 14.3 per cent since December 2004), and \$237.56 in Adelaide (up 14.6 per cent from December 2004).

These results show that not only are Perth consumers paying the highest prices for retail goods, but prices overall are growing at a faster pace than most other cities (Chart 12).

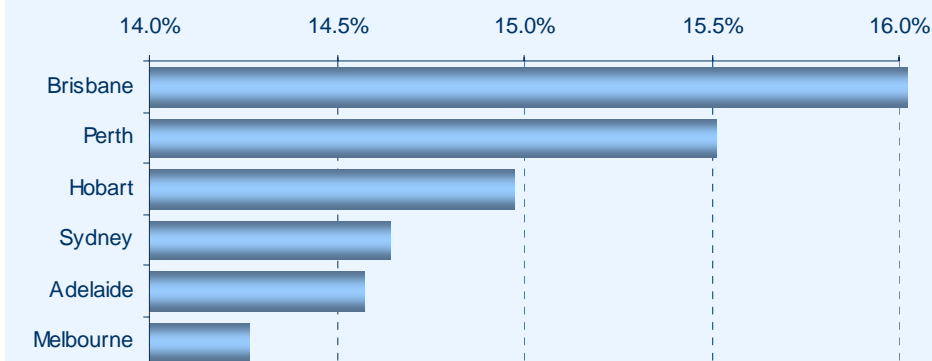
<sup>iv</sup> The retail goods examined include a selection of dairy products, breads and cereals, meat and seafood, fresh and processed fruit and vegetables, snacks and confectionary, household supplies, and personal care products.



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**Chart 12****Average Retail Prices of Selected Goods, WA and Selected States**

% Change between December 2004 and June 2007



Source: ABS Cat. 6403.0.55.001

In particular, Perth consumers pay the highest prices for meat and seafood products, with the price of a selection of goods from this category totalling \$134.60 in June 2007. Meat and seafood products were the least expensive in Sydney, where the selection of goods cost \$129.67, some 3.8 per cent lower than in Perth. Meanwhile, the same selection of goods cost \$130.41 in Melbourne, \$132.72 in Brisbane, and \$133.22 in Adelaide. Perth consumers are also paying the highest prices of all states for fruit and vegetables. In June 2007, the selection of goods from this category cost \$19.34, which is over 9.5 per cent more for fruit and vegetables than Adelaide, where prices were lowest (\$17.66).

Specific surveys on the prices charged by retailers are also useful, in analyzing prices, particularly to the extent that they can reinforce this point and demonstrate

the variation in retail prices between stores.

**Table 4****Choice Survey of Perth Supermarket Prices, Nine Selected Stores, March 2007**

Ranked from Cheapest to Most Expensive

Supermarket	Price of Basket
Coles, 32 Conlan Ave, Wanneroo	\$102.23
Woolworths, Hampton Ave, South Fremantle	\$103.36
Coles, Midland Gate, cnr Broackman and Sayer St, Midland	\$105.73
Coles, Woolstores, cnr Cantonment and Goldborough Sts, Fremantle	\$106.39
Woolworths, Midland Gate, cnr Broackman and Sayer Sts, Midland	\$108.77
Woolworths, Cottesloe Grove, Stirling Hwy, Cottesloe	\$109.08
Supa IGA, Great Eastern Hwy, Midland	\$110.69
Wanneroo IGA, cnr Wanneroo and Dundee Roads, Wanneroo	\$110.92
Supa IGA, Canning Hwy, East Fremantle	\$121.70

Source: Choice

A survey conducted of nine supermarkets in Perth by Choice in March 2007 illustrated that independent grocers who are permitted to trade on Sundays and evenings charge significantly higher prices than Coles and Woolworths stores (Table 4)<sup>15</sup>.

The cheapest supermarket in Perth that was surveyed was the Coles supermarket on Conlan Avenue in Wanneroo, where a basket of goods cost \$102.23. Meanwhile, the most expensive supermarket



was the Super IGA on Canning Highway, in East Fremantle, where the same basket of goods cost \$121.70. This means that in this survey there was almost \$20 difference between the cheapest and most expensive grocery stores<sup>16</sup>.

Two of the three cheapest supermarkets surveyed were Coles stores, while the two most expensive stores were IGA stores who trade on Sundays. (It should be noted that the Midland Supa IGA does not trade on Sunday).

In addition, the survey noted that Perth is still one of the most expensive cities in Australia to go shopping.

### **Benefits for WA Suppliers**

WA suppliers are also likely to benefit significantly from the deregulation of trading hours. Given that many large retailers purchase goods from WA producers, higher retail sales resulting from deregulated trading hours are likely to flow through into greater business for suppliers.

The extent to which large retailers utilise WA suppliers is considerable. In 2001-02 (the latest available data), Woolworths purchased some \$500 million worth of food and goods from WA suppliers, which is sold locally and across Australia. Similarly, the former Coles Myer was also a major purchaser of WA products, with over 1,800 suppliers in WA. In 2002, Coles Myer's expenditure on goods from WA suppliers totalled \$550 million.<sup>17</sup>

Woolworths has noted that a deregulated trading environment would provide further opportunities to utilise WA produce. It suggested that unrestricted trading hours would produce opportunities to increase the volume, quality and value of products it purchases from local producers by way of import replacement, export and interstate trading opportunities.<sup>18</sup>

These comments are contrary to claims that deregulation will disadvantage WA suppliers.

### **New Investment**

Deregulation of retail trading hours is likely to stimulate investment in the sector, given the potential for higher returns. Despite WA's exceptional growth record and strong population growth, it is somewhat surprising that investment in the retail sector has been relatively weak.

In June 2007, there was around \$373 million worth of investment in retail outlets under construction in WA. This includes the \$200 million redevelopment of Lakeside Joondalup shopping centre, as well as the development of Century City in the Perth CBD (which also includes a major office development). In addition, there was also \$309 million worth of potential retail projects in the pipeline.<sup>19</sup>

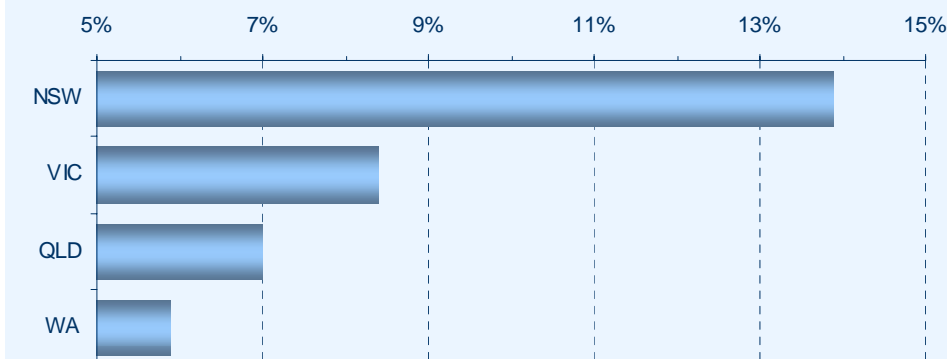


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**Chart 13**

**Retail Investment, WA and Selected States**

As at June 2007, as a % of 2005-06 Retail Output



Source: Access Economics

However, the value of projects in the pipeline represented just 5.9 per cent of total retail output in 2005-06 (Chart 13).

By any measure, this level of investment does not compare favourably to other states. For example, there are over \$1.2 billion worth of retail projects under construction in Queensland, with a further \$830 million in the pipeline (representing seven per cent of retail output in 2005-06).

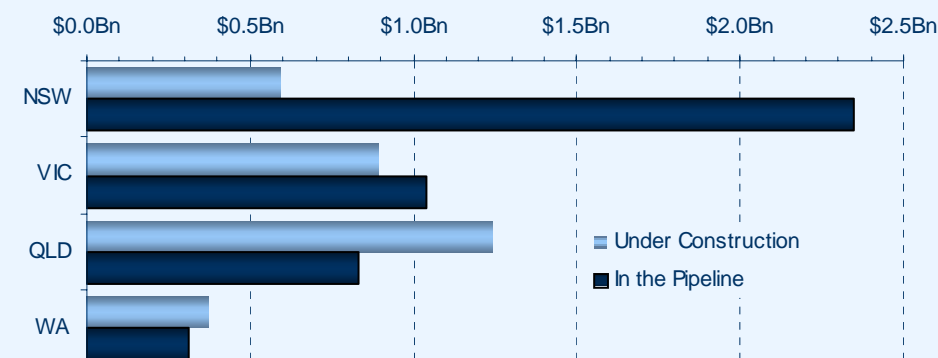
Similarly, around \$594 million of retail projects are under construction and \$2.3 billion in the pipeline in NSW (accounting for 13.9 per cent of 2005-06 retail output), while \$895 million are under construction in Victoria, with a further \$1 billion potential projects<sup>20</sup> (representing 8.4 per cent of total retail output in 2005-06) (Chart 14).

The level of investment in WA's retail sector is also considerably lower than other service industries of a similar size in this state. In June 2007, there were \$8.3 billion worth of transport and storage projects (representing over double the output of the sector in 2005-06), and \$1.6 billion worth of community and other

**Chart 14**

**Retail Investment, WA and Other States**

As at June 2007, \$ billion



Source: Access Economics



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services projects (representing around 13 per cent of sector output in 2005-06) under construction in the state.

Currently, the restricted retail environment limits the commercial viability of retail projects in the state. After all, for a new development located outside the designated tourist precincts, the current restrictions limit opening hours by over 40 per cent.<sup>v</sup> This means that funds which could be used for retail investments in WA could be channelled into projects in other states which provide a higher return. Higher investment spending in the retail sector would also stimulate activity in related sectors such as construction.

Anecdotes suggest that retail investment has increased after deregulation of trading hours in other states. In Tasmania, this included the \$25 million construction of Big W stores in Launceston and Glenorchy, as well as the \$25 million expansion of Channel Court Shopping Centre in Kingston, following several years of stagnant retail investment.<sup>21</sup>

Removing the current retail trading restrictions could have a particularly marked effect upon investment by small retail businesses. By stating that only businesses with 13 or fewer employees at any one time are able to operate on Sundays, the current legislation limits the capacity for small businesses to expand operations and take on additional staff. By removing these limitations, small businesses would be able to grow by increasing retail space, expanding operations and employing more staff.

### **Tourism**

The tourism industry could also benefit substantially from the introduction of deregulated trading hours. In recent years, the retail sector has become increasingly important to tourism with “shopping for pleasure” emerging as a key activity for tourists to the state.

Since 1998, shopping as an activity by domestic visitors has increased by more than 50 per cent, while among international tourists, shopping has increased by 75 per cent. It is estimated that seven million tourists spend around \$4 billion per annum during trips in WA. However, there is evidence to suggest that tourists to WA are dissatisfied with their shopping experience. According to Tourism WA’s 2005-06 Visitor Satisfaction Research, shopping was highlighted as an area where visitors were least satisfied. In general, shopping and entertainment have

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<sup>v</sup> Based upon current hours of operation available to special retail shops.





consistently been highlighted as a weak performer in this area, and satisfaction has been consistently declining since 2004.<sup>22</sup>

There was also some evidence to suggest that restricted trading hours has a negative impact on visitors' satisfaction.<sup>23</sup> In 2004-05, Tourism WA undertook a detailed study on entertainment in Perth as part of their KPI Visitor Satisfaction Research. This highlighted shopping as an area where tourists were particularly dissatisfied. In particular, 16 per cent of respondents were dissatisfied with retail trading hours, while 13 per cent highlighted this as the thing they least liked about WA. Some comments by visitors to WA were "trading hours are awful", "very poor variety of shops" and "WA is lacking in shop opening hours – tourists don't understand why shops are closed so early."<sup>24</sup>

Given that tourism is a key contributor to the WA economy, the current restrictive trading hours regime not only impacts on the growth of the tourism industry, but also the state's overall growth potential. While estimates suggest that the tourism industry in WA contributes roughly 3.5 per cent to GSP,<sup>25</sup> there is potential for this contribution to be significantly higher if more open trading hours stimulated increased spending and increased visitors into the state. In this regard, the tourism sector in Queensland is significantly larger than Western Australia's, accounting for around \$8.4 billion or five per cent of GSP in 2003-04.

The extension of retail trading hours will create a more attractive destination for tourists by increasing the state's vibrancy and atmosphere on weeknights and Sundays. According to the Tourism WA 2005-06 Visitor Satisfaction Research, tourists find Perth to be quiet outside of business hours. In particular, it was highlighted that tourists found that there was a lack of information and variety of nightlife activities.

While trading hours are indeed more liberated in areas of particular interest to tourists ("tourism precincts") there are other areas of the state, such as along the coast, the hills and city suburbs, which could benefit from increased tourism as a result of extended trading hours. It is noteworthy that both the Subiaco and Joondalup councils began looking at options to try to become tourism precincts in early 2007 because of the benefits they saw for their communities.

### **Improved Competition**

One key benefit from the deregulation of retail trading hours is an improved level of competition. The current regime is designed to protect those who are eligible to trade as small and special retail shops, at the expense of larger retail shops and owners of more than three small shops.

The removal of this restrictive legislation will provide considerable benefits to the WA economy, by promoting efficiency, dynamism and innovation.



Importantly, the anti-competitive nature of the legislation is in direct conflict with the National Competition Policy. Along with the other states and territories, WA agreed to implement NCP reforms which are designed to improve the wellbeing of Australians by promoting an efficient, dynamic and innovative economy.

A key platform of this policy is the encouragement of competition through the equitable treatment of retail businesses. By continuing to restrict trading hours, this not only inhibits efficiency growth in the sector, but also brings with it significant financial penalty from the Commonwealth. As part of this reform agenda, all states except WA and South Australia have significantly reformed their retail trading laws, which has not only brought with it economic benefits, but also financial benefits in the form of competition payments from the Commonwealth.

WA's failure to deregulate trading hours has brought with it stiff penalties from the Commonwealth. The first such penalties were imposed in 2003-04, when WA received a 10 per cent permanent reduction of its competition payments as the public interest justification for retaining the legislation had not been met. In total, \$23.1 million in competition payments have been withheld from WA as a result of retail trading hours regulations.<sup>26</sup>

While the NCP arrangements finished in 2005, a new National Reform Agenda has since been established. Although the financial arrangements for adhering to NCP have not yet been determined, the Commonwealth has indicated that it will

#### Case Study 4

A WA retail group operates a network of stores across the Perth metropolitan area. The retailer would like to expand their operations and explore other opportunities for growth (such as accessing interstate markets). The retailer is particularly interested in expanding operations in order to compete with eastern states stores.

However, the current laws are restricting these opportunities. The trading hours restrictions mean that the original owners can only own three stores if they want to continue trading seven days a week. As a result, the retailer is only permitted to trade on Sundays while it remains a "small shop."

The legislation is also preventing the retailer from entering eastern state's markets, as it does not allow for the establishment of a solid base – instead, the retailer is structured into a fragmented chain of stores with different owners, all with different synergies and performance levels.

This situation is particularly inequitable, given that other retailers which meet the criteria to trade in other categories are permitted to sell products of the same nature seven days a week.



provide funding to the states and territories on a “case by case” basis once specific implementation plans have been developed - that is, if funding is needed to ensure a fair sharing of the costs and benefits of reform.

Payments to the States and Territories and, where appropriate, to local government, would be linked to achieving agreed actions or progress measures and to demonstrable economic benefits and would take into account the relative costs and proportional financial benefits to the Commonwealth, the States and Territories and local government of specific reform proposals.

### **Reduced Regulation Costs**

The WA economy would also benefit from the removal of the high and unnecessary costs which are currently imposed by the trading hours legislation.

At present, these restrictions are generally arbitrary and unnecessary, and use significant public service resources which could be channelled to a more efficient use.

This would assist the WA government in reducing the cost of regulation in WA.

### **Benefits for Small Business**

The deregulation of retail trading hours will provide significant opportunities for small businesses to grow and expand.

The removal of restrictions that limit the number of employees that small retail businesses can employ in order to trade outside of their current restrictions would suggest that employment opportunities would increase, and retail sales may also increase for small businesses. Currently, the restrictive legislation has placed a ceiling on small business growth, and has driven a wedge between small and larger businesses.

The benefits that can be achieved for small businesses can be seen when comparing the turnover of small retailers in WA with other states with unrestricted trading hours.

Small retailers’ turnover in WA has fluctuated considerably in recent years, but generally experienced an upward trend, rising from \$1.1 billion in June 1998, to

#### **Case Study 5**

In 2007, the owner of a chain of small supermarkets was prosecuted for illegally opening two of his stores on a Sunday. The owner was not eligible for an exemption as he owned four supermarkets.

The owner has since been forced to sell one of his supermarkets in order to continue to trade on Sundays.



\$1.75 billion in April 2007. While this represents a 59 per cent increase, it is considerably lower than the national average increase of 83 per cent over the same period.

Meanwhile, stronger growth in small retail turnover was experienced in other states and territories with extended trading hours. In particular, small retail turnover in Queensland more than doubled over this period, increasing from \$1.1 billion in June 1998 to \$2.3 billion in April 2007. Similarly, small retail turnover in Victoria increased by 78.6 per cent over this period, from \$1.4 billion in June 1998, to \$2.5 billion in April 2007.

The strongest rate of growth in small retail turnover was experienced by the ACT, where turnover grew from \$27.7 million in June 1998 to \$188 million in April 2007. This represents an increase of more than five fold.

These results suggest that there is considerable scope for small retailers to benefit through increased turnover if trading hours were extended.

The Parliamentary debate during the passage of the *Retail Shops and Fair Trading Amendment Act 2005* also highlighted that the current restrictions are holding back small businesses. Independent supermarkets, who were the most vocal in opposing any change in trading hours at the time of the referendum, have sought to benefit from an increase in the number of employees allowed to be rostered at any one time.

After lobbying by independent supermarkets, the state Opposition attempted to have the number of staff allowed in a small retail business trading outside of general retail hours doubled to 20. When this proved too difficult, the Opposition joined with the Greens to amend the Bill to allow small retail shops to increase the number of people employed at any one time to not more than 13 persons (excluding apprentices).

The *Retail Shops and Fair Trading Legislation Amendment Act* was proclaimed on Friday 11 May 2007. These amendments to the *Retail Trading Hours Act* have also cemented the current regulatory regime in respect of the Perth and Fremantle Tourist Precincts Orders, the Rockingham Holiday Resort Order, the Rottnest Island Holiday Resort Order and the Wanneroo Holiday Resort Order.

In addition, the previous section providing power for the Minister to make variations has been removed and replaced with a new section which codifies the Minister's powers to make variations.

A new section has also been inserted requiring the Minister to carry out a review of the Act as soon as is practicable after the expiry of three years from the



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commencement (11 May 2007) of the *Retail Shops and Fair Trading Legislation Amendment Act*.

## **Societal Benefits**

### **Greater Choice and Convenience for Consumers**

One of the primary benefits which would result from the extension of retail trading hours is the increased choice and convenience for consumers.

Under the current restrictive regime, consumers are denied the choice of when and where they can shop. This can be particularly detrimental for families where parents cannot or do not have the time to shop during standard hours. In general, families tend to prefer to shop together for higher-value items (such as furniture and electrical goods), which is made increasingly difficult under the current retail trading hours regime.

By removing these legislative restrictions, consumers will be provided a wider range of goods available at more competitive prices, which can be purchased at a more convenient time. With many Western Australians forced to fit work, sporting or other commitments during the week and on Saturdays, freeing up trading hours to allow for weeknight and Sunday trading will ensure that retailers are able to better meet the needs of today's time sensitive individuals and families.

Past experience has shown that consumers will choose to shop on Sundays. Some 44,405 shoppers visited the Centro Galleria on Sunday during the Telethon Weekend in 2006, while a further 39,886 visited during the 2007 Sunday opening. This compares to an average Saturday customer count of 38,000 and an average Thursday of 41,000. Similarly, Centro Warwick drew some 13,000 visitors during its Sunday trading, compared to the Saturday average of 13,000 and the Thursday night average of 15,000.

Importantly, survey evidence has also revealed that for many years WA consumers have said they would actually prefer extended trading hours. In 1998, a survey conducted by the Roy Morgan Research Centre in Perth revealed that some 67 per cent of respondents were in favour of Sunday trading, in particular younger consumers, with 80 per cent of 17 to 24 year olds in favour.<sup>27</sup>

Similarly, a survey conducted for the Retail Traders' Association in 2001 showed that 62 per cent of consumers supported retail trading hours reform, with 71 per cent supporting weeknight trading, and 64 per cent supporting Sunday trading.<sup>28</sup>

In 2003, AC Nielson conducted a survey of around 700 WA householders on behalf of CCI. This survey revealed that 65 per cent of respondents supported Sunday trading, while 73 per cent were in favour of weeknight trading until 9pm.



Meanwhile, some 55 per cent of respondents supported full deregulation of trading hours, with shops permitted to trade at any time they choose, seven days a week.<sup>29</sup>

Although the 2005 referendum did not support extended trading hours, there has been concerns raised over this process due to the changes made to the questions posed in the referendum, and the highly emotive campaign that was launched by opponents to deregulation.

Most recently, a Flashpoll survey conducted for CCI in June 2007 has indicated that the majority of WA households would support extended trading hours. Respondents to the survey were asked whether they would vote yes or no if there was a referendum in the next week about late night trading for more than the current Thursday night and Friday in the city of Perth. The majority of respondents (53 per cent) indicated that they would vote yes to weeknight trading, while a similar proportion were also in favour of Sunday trading.

### **Allowing shops to meet their customers' needs**

Experience in other deregulated and less regulated jurisdictions has shown that many shops will still choose to close on Sundays, and at around 5pm or 6pm on weeknights.

Importantly, deregulated trading hours allow businesses to have the opportunity to make their own decisions based upon market forces. Shops are able to open at times that maximize the number of customers they will have, rather than according to government dictates.

#### **Case Study 6**

In 2004, a WA retailer was penalised for opening its store until after 10pm on a Monday night. The store was previously refused permission to open its seven outlets in order to conduct a midnight launch of a new product.

Being located in the Perth Tourism Precinct, the store was already entitled to be open until 7pm, but was penalised for the additional three hours of trade.

### **Improved Atmosphere and Vibrancy**

An important benefit that would arise from deregulating retail trading hours is the improved lifestyle and social atmosphere. By removing trading hours restrictions, the community overall will benefit – not only from a stronger and more dynamic economy, but also by the improved atmosphere and easier lifestyle which will be created.

It is important that Perth adapts and changes to suit the modern environment, where people are working longer hours and spending an increasing amount of time in public spaces. The current veil of regulation has been described as dampening



the city's spirit by stifling competition, variety and innovation - factors which are central to the creation of a more vibrant and engaging city<sup>30</sup>. The need to remove this restrictive legislation is beginning to be recognised, but there is still a long way to go. The recent liquor licensing reforms have meant that liquor stores are permitted to trade on Sundays, while many retail outlets still cannot.

For many people, the trading hours legislation is at the centre of the dull atmosphere in Perth after business hours. Shopping is a popular form of leisure and recreation, and provides an opportunity to relax and socialise. Allowing shopping centres to open longer hours will increasingly service the social needs of Western Australians, and enhance the life of both the city and the suburbs.

The need for Perth to become a more global city has been intensified by recent changes to the global economy. With the shift in global trade towards countries such as China, India and South East Asia more generally, Perth is becoming geographically more central to global affairs.<sup>31</sup>

The state's skill and expertise in resources and downstream processing activities have also furthered the need for a more global and vibrant city. As a world leader in this type of activity, WA needs to improve its lifestyle factors in order to become a competitive environment for meetings, conventions, exhibitions and other activities related to the sector.

Creating a more vibrant city is also important to attract a greater number of permanent migrants to the state. While the resources boom is currently drawing many overseas and interstate migrants to the state, these are largely temporary workers who view WA as a desirable place to work, but not to live. A large proportion of these are "fly in fly out" workers, who are domiciled in another state or country, and have no desire to relocate their home and family. Removing retail trading restrictions is an important step towards creating a lifestyle which will encourage migrants to stay in the state permanently.

The removal of restrictions such as retail trading hours will allow WA to take advantage of its economic prosperity and build a better and more vibrant future for the state.



# Assessment of Arguments Against Deregulation

Opponents of deregulation of retail trading hours have, over the years, detailed a number of arguments against liberalising trading hours. Such arguments which have been advanced include:

- the adverse impact upon small retailers;
- lower retail sales and higher unemployment;
- longer working hours;
- longer operating hours;
- impact on family life; and
- WA is different to other states.

An assessment of these arguments is detailed below.

## Adverse impact upon small retailers?

A central argument against the deregulation of retail trading hours is the protection of small business. It is claimed that extended trading hours will put small retailers out of business, as the larger retailers will attract market share due to their market power and financial resources. This argument has been advanced by some retailers which already have the freedom to trade when they wish, but oppose this freedom being extended to their competitors.

This argument is based on the claims that small business will be wiped out by the larger chains' superior buying and marketing power. In making this claim, they ignore their own well-established cooperative arrangements for volume purchasing and advertising, which enables them to offer a service of comparable quality and price to the major chains.

In reality, any change in market share is likely to occur through consumers being able to make their own choice. In a deregulated market environment, consumers may choose to shop at the major chains, or they may not. The only certainty is that consumers will continue to shop where prices, products, service and location suit them best.

Another important aspect to note is that the ability of small retailers to respond to competition is often underestimated. While some businesses may indeed struggle to compete in a deregulated environment, others thrive in such circumstances (in





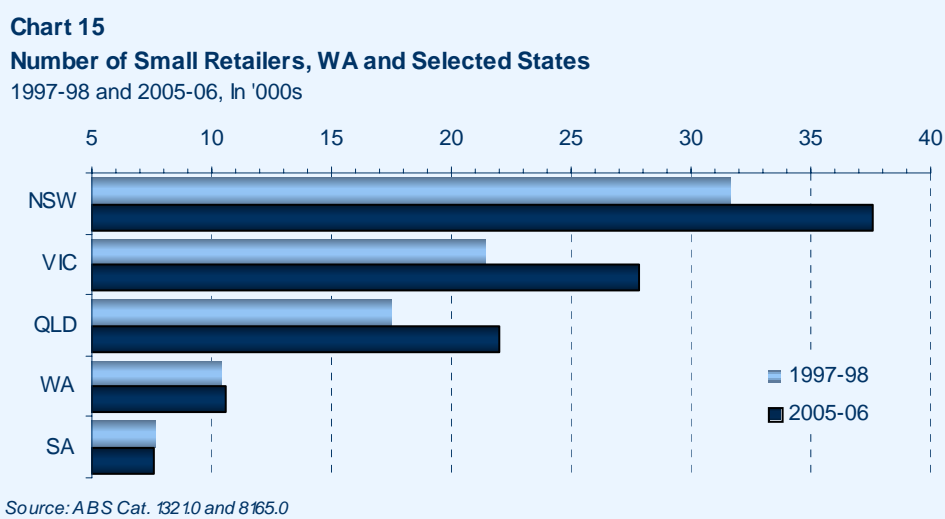
particular, by accessing niche markets), with the overall result of a more efficient market being created.

The ability to access niche markets has been evidenced in other states and territories in recent years. The most notable change in food and grocery retailing in recent years has been the shift towards specialty food stores. Anecdotes from across Australia suggest that the most successful shift into this niche market has been achieved by small and independent retailers.<sup>32</sup> Data from December 2006 highlights that WA has less specialty retailers than other states. There were around 179 specialty food stores operating in WA at the end of 2006, compared to 460 in Victoria, and 400 in Queensland. This means that there is considerable opportunity for WA businesses to access this niche market.<sup>33</sup>

Assumptions that small businesses will be worse off after the deregulation of trading hours generally ignore the dynamic effects that the deregulation of trading hours will have on the size of the retail sector. With a large retail sector, small businesses could be able to expand their business and not be constrained by regulations governing the products that can be sold, the number of people that can be employed and the hours which the shop can be open.

There is no reputable evidence to show that small business has been harmed by extended trading hours. Experiences in other states show that overall, small business has not been adversely affected by the deregulation of trading hours.

The number of small retailers has actually been trending upwards across all states and territories, regardless of the level of trading hours restrictions (Chart 15). According to the ABS, the number of small retailers across Australia has increased by 2.1 per cent per annum over the past 20 years, and the proportion of small businesses is similar between all states, whether trading hours are deregulated or not.



The experience following the deregulation of trading hours in Victoria has highlighted that small business has not been adversely affected. According to ABS business register data, the number of small retailers in Victoria has increased substantially in recent years. In 2005-06, there were around 27,800 small retailers operating in Victoria, up from 21,400 in 1997-98, and 18,100 in 1983-84.

Notably, small retailers accounted for around 50.5 per cent of all retail businesses in Victoria in 2005-06, although this was lower than the 53.5 per cent share held in 1997-98. It should be noted, however, that these figures do reveal the possibility that small businesses have grown over this period to become larger businesses.

Independent retailers in Victoria also do not appear to have been adversely affected by the deregulation of trading hours. Metcash (the owner of the IGA brand) reported a 25 per cent increase in sales in 2003 compared to the previous year, while market share also increased from 11 per cent in 2000, to 16 per cent in 2003.<sup>34</sup> According to ScanData, the market share of independents (of which Metcash was the main distributor) was 25 per cent in September quarter 2006.

Other states also recorded a similar experience. For example, there were around 22,000 small retail businesses operating in Queensland in 2005-06, compared to 17,500 in 1997-98, and 13,800 in 1983-84. Small retailers also account for around 50.9 per cent of all retail businesses in Queensland, although this is down from the 51.8 per cent share held in 1997-98. This decline also reflects the increased number of large and medium sized retailers, many of which may have previously been small businesses.

While there are similarities, the overall picture is different in WA and South Australia, where trading hours are still restricted. In 2005-06, some 10,600 small retailers were operating in WA, compared to 10,400 in 1997-98, and 8,100 in 1983-84. In keeping with the trend on other states, small retailers in WA accounted for a lower proportion of total retailers in 2005-06 (accounting for around 49.6 per cent of all retail businesses) compared to 56.8 per cent in 1997-98. To some extent, this is likely to reflect a greater number of medium and large sized retailers. The important difference is that growth in the total number of retailers in WA has been less marked than in other states. In fact, the total number of retail businesses in WA has remained largely unchanged for the past three years.

Similarly, the number of small retailers in South Australia has remained fairly static. There were some 7,600 small retail businesses operating in South Australia in 2005-06, compared to 7,700 in 1997-98 and 6,200 in 1983-84. Small retailers have also accounted for a declining proportion of retail businesses in South Australia, accounting for 49.1 per cent of retail businesses in 2005-06, compared to 52.7 per cent in 1997-98.

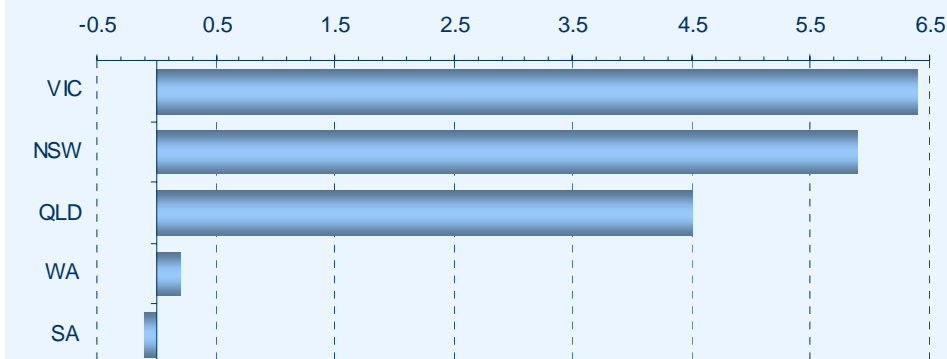


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**Chart 16**

**Growth in Number of Small Retailers, WA and Selected States**

Between 1997-98 and 2005-06, In '000s



Source: ABS Cat. 1321.0 and 8165.0

Overall, the deregulation of retail trading hours does not appear to have been responsible for the reduction in small businesses as a proportion of total retailers.

In fact, the largest drop in small businesses as a proportion of total retailers was evidenced in WA and South Australia, where trading hours restrictions still exist.

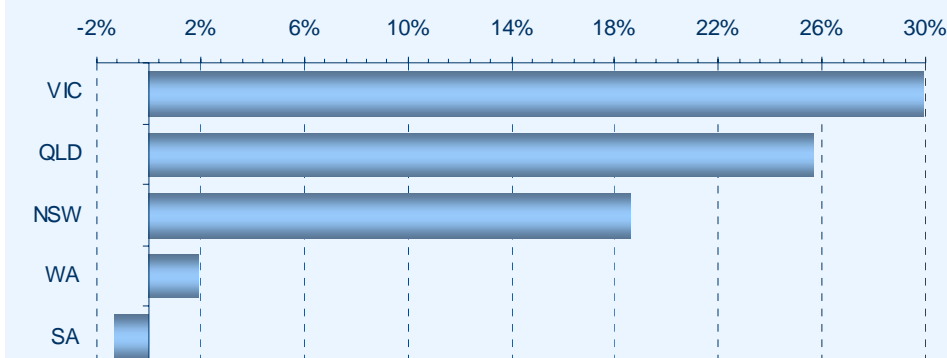
Notably, these results also suggest that restricted trading hours may have actually limited the growth in small retail businesses in WA and South Australia. The states with deregulated trading hours have clearly experienced the largest increase in the number of small retail businesses over this period, with only a relatively small increase evidenced in the number of small retailers in WA and a decline in small retailers in South Australia (Charts 16 and 17).

There is no reason to expect that the experience of deregulation in WA would be any different to the remainder of Australia.

**Chart 17**

**Growth in Number of Small Retailers, WA and Selected States**

Between 1997-98 and 2005-06, % Change



Source: ABS Cat. 1321.0 and 8165.0



## Lower retail sales and higher unemployment?

As outlined in the previous section, there is no reputable evidence to suggest that this lower retail sales and higher unemployment will actually occur. Experiences in other states have in fact shown the opposite, with both retail sales and employment increasing upon the deregulation of retail trading hours. In particular, small businesses are likely to benefit from increased retail sales and employment (see section on Benefits for Small Business).

The argument that extended trading hours will reduce retail sales and increase unemployment is linked to the notion that small businesses will be unable to survive in a deregulated trading environment, and will consequently close down and lay off workers.

Such an argument is also questionable in the current environment where there is a severe shortage of workers across all industry sectors – including retailing.

## Longer working hours?

Opponents of extended trading hours have argued that workers in the retail industry would be forced to work longer hours and on weekends against their wishes.

This issue solely relates to the notion of choice. While extended trading hours will provide greater opportunities for those workers who wish to work longer hours, others will not be compelled to work. Notably, major retailers such as Coles and Woolworths have human resource policies which do not force individuals to work on weekends. In fact, for those Coles stores in WA which currently trade on Sundays, these shifts are voluntary.<sup>35</sup>

With around 7,000 small retail shops currently trading on Sundays, there are already a large number of employees working additional shifts without any complaint or concern.

The longer working hours resulting from extended retail trading hours may actually provide significant benefits to the community in terms of the increased workplace flexibility. Extended trading hours are likely to result in greater part time employment opportunities, which will benefit particular sectors of the workforce such as women, students, older workers, and those with a preference for part time employment. These types of workers often prefer to work on weekends or weeknights as it is a more appropriate fit with their personal commitments.<sup>36</sup>

Similarly, many workers would also prefer the additional shifts which will be brought about as a result of extended trading hours as it will provide an opportunity to supplement their ordinary income. Woolworths' experience in



other states with Sunday trading shows that many staff seek Sunday shifts to supplement their regular income<sup>37</sup>.

The increased desire for flexible employment options has already been seen by the growth in part time employment in recent years. Over the past 20 years, the number of part time employed has more than doubled, with a net of 173,625 part time jobs created. On average, this represented an increase of 4.4 per cent each year.

### **Longer operating hours?**

Opponents of deregulated trading hours often argue that small retailers that are located in shopping centres will be forced to trade on Sundays and weeknights against their wishes.

Current legislation in WA does not provide shopping centre owners with authority to dictate trading hours. Section 12C of the *Commercial Tenancy (Retail Shops) Agreements Act 1985* voids any provision in a retail shop lease which requires a tenant to open the retail shop at specified hours of specified times. This means that tenants cannot be compelled to open during stipulated hours, but would have the choice to trade if it suited them.<sup>38</sup>

Many small businesses may actually prefer to open on Sundays, as they could benefit from the increased customer traffic which is brought about by larger shopping centres. The current trading hours restrictions may actually be detrimental to some smaller businesses as larger tenants at shopping centres are not permitted to open on Sundays, making it uneconomic for the centre to open at all.

### **Impact on family life?**

Opponents of deregulated trading hours have proffered that extended trading hours (particularly Sunday trading) would have an adverse impact upon family and social activities such as sport, church, charity work, and other social events.

This issue again centres on consumer choice and personal preference. Families are free to choose how their time is spent, and can still choose to engage in other social activities even if shops are permitted to trade.

However, deregulated trading hours would provide consumers with the option to shop on weekends if they wish. Shopping can also be considered as a family activity, and weekend trading will provide an opportunity for families with two working parents to shop together. At present, families are free to undertake all other activities (including gambling) on weeknights and Sundays, but are unable to shop.



## WA is different to other states?

Opponents of deregulation claim that WA's small population does not warrant longer trading hours. However, the ACT and Tasmania are smaller than WA in terms of population and size, yet have benefited significantly from trading hours deregulation. There is no reason to suggest that the experience in WA would be any different.

It can also be noted that WA communities above the 26<sup>th</sup> parallel and in those areas where there has been full or partial deregulation have not been disadvantaged by deregulated trading hours despite being considerably smaller than Sydney or Melbourne.

This argument is becoming increasingly invalid, given that WA is now leading the nation in terms of its economic performance and population growth (see section on Demographic Change). These recent economic and demographic trends have made comparisons with the larger states of New South Wales, Victoria and Queensland increasingly more relevant. In order to attract people to migrate and establish roots in WA, this will require the state evolving to provide a more vibrant lifestyle and greater activity outside of business hours.



## Conclusion – Time for Change

There is significant evidence to suggest that the deregulation of retail trading hours will benefit the state.

While WA's retail sector has already benefited significantly from the state's strong economic performance, this could be improved further by the deregulation of retail trading hours. Overall, experiences in other states have shown a marked pick up in economic activity across the board, with the retail sector in particular benefiting from higher retail sales, greater employment and investment.

Not only will extended retail trading hours stimulate the economy and provide benefits in terms of higher output and employment, it will also provide a range of benefits to society overall, by making WA a more attractive and desirable place to live. Consumers will also benefit from the greater freedom to choose when and where to shop.

While opponents of deregulation argue that the retail sector (particularly small businesses) will be adversely affected by extended trading hours, experiences in other states have shown that this is not the case. In fact, there is a strong argument to suggest that small retailers will be significant beneficiaries from deregulation.

With the continued economic and demographic transition of the state, there is an increasing recognition of the need for extended retail trading hours in the years since the issue was last debated.

The increasing need for extended trading hours has been recognised in the political arena, with members of both the Government and the State Opposition expressing support for deregulation. Other independent sources such, as Creative Capital Thinker in Residence, Charles Landry, have also highlighted the need for this change to be made.

The future for WA could not be brighter. It is well positioned to take advantage of the greatest economic transformation in modern history – the awakening of the China and its development as the world manufacturing centre. WA's advantages are many including resource endowment, geographic proximity to emerging Asia, political stability, rule of law, infrastructure, business capacity, and skilled people.

Yet this is not enough. WA needs to take advantage of this unique opportunity to become a global destination, to ensure that it is a desirable place to live, and that its economic prosperity continues for years to come. The removal of antiquated restrictions such as retail trading hours is central for WA to build on this opportunity, creating a more vibrant future for the state.



## Findings

The key findings of this report are summarised below.

1. Retail trading hours in WA are governed by the *Retail Trading Hours Act 1987*. This legislation is complicated, and riddled with inconsistencies. Almost all other jurisdictions across Australia have deregulated retail trading hours in line with the National Competition Policy, with the exception of South Australia. Although not as restrictive as WA, the National Competition Council was as concerned about South Australia's maintenance of retail trading restrictions, as it was with WA.
2. WA's retail sector has been a key beneficiary of the state's strong economic performance in recent years. WA has experienced the second highest rate of growth in retail trade of all states and territories over the past 15 years, increasing on average by 7.3 per cent per annum. Nonetheless, the retail sector in WA makes a relatively smaller contribution to the economy overall, compared to other states and territories.
3. Retail trade is a considerable source of business activity in WA, with over 21,380 businesses operating in this sector. The largest number of businesses operate in food retailing, although a considerable number also operate in household goods retailing and department stores.
4. The retail sector in WA is constantly evolving, with its most recent transformation being the entry of Metcash into the market. WA's grocery market now consists of three major players with Metcash accounting for 31.2 per cent of the WA market.
5. WA has undergone a significant economic and demographic transition in recent years, which requires a fresh examination of the need for extended trading hours. WA has become an increasingly diverse economy, with the services sector being the largest industry. Retail trade is a major contributor to the state's services sector.
6. The current resources boom has created the need for WA to attract overseas and interstate workers to fill the burgeoning job vacancies. A key characteristic of the WA economy at present is the strong labour market, and significant shortages of workers. Deregulated trading hours could prove to be a key factor in creating a more desirable social environment, and assist in attracting workers to the state. It is also likely to be an important factor in retaining these migrants, which will ensure growth in the economy over the longer term.





7. WA currently has difficulty attracting and retaining young adults in the 20 to 29 age bracket. A likely reason for this is that WA is attractive to families with children (the so called “nesters”), but young, “non-nesting” people are seeking opportunities elsewhere. Attracting these workers is an important consideration to ensure the state’s growth profile continues into the future.
8. There are a wide range of benefits that can be achieved from extended trading hours, which will not only be felt in the retail sector, but also across related industries such as construction and wholesale trade.
9. One of the key benefits from extending retail trading hours is that it will help increase retail sales in the sector. Evidence from other states has found that retail turnover has picked up considerably since deregulated trading hours were introduced in other states.
10. Employment opportunities will also rise in a deregulated environment as shops trade for longer hours. Again, experience from other states has found that overall employment in the retail sector has generally picked up following the deregulation of trading hours, with higher rates of employment growth relative to other states and in comparison to prior to deregulation. Extended trading hours are also likely to result in greater job flexibility and improved opportunities for all people, but particularly women, youths, older workers, and those with a preference for part time employment.
11. Lower prices are also likely to come from extending retail trading hours, to the extent that it will increase competition. The extent to which Perth consumers are disadvantaged is reflected in the ABS average retail prices series, which has found that not only are Perth consumers paying the highest prices for retail goods, but prices overall are growing at a faster pace than most other cities. A survey conducted of nine supermarkets in Perth by Choice in March 2007 found that independent grocers permitted to trade on Sundays and evenings were charging significantly higher prices than Coles and Woolworths stores.
12. Higher levels of investment will also follow as a result of extending trading hours. Despite WA’s exceptional growth record and strong population growth, it is somewhat surprising that investment in the retail sector has been relatively weak relative to most other states. Removing the current retail trading restrictions could have a particularly marked effect upon investment by small retail businesses, to the extent that the current legislation limits the capacity for small businesses to expand operations and take on additional staff. By removing these limitations, small businesses would be able to grow by increasing retail space, expanding operations and employing more staff.



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13. Extended retail trading hours are also likely to boost the tourism industry, provide greater opportunities for WA suppliers and assist in attracting migrants to the state.
14. There is evidence to suggest that these economic benefits have already been achieved in other states which have extended retail trading hours.
15. There are also likely to be considerable societal benefits resulting from the deregulation of trading hours. In particular, consumers will benefit from the greater choice and convenience of when and where they can shop. A range of surveys suggest that consumers consistently are found to support trading hours reform.
16. Extended trading hours will also assist in improving lifestyle factors and making WA a more desirable place to live. This will not only benefit the current residents of the state, but will also ensure a more vibrant and social atmosphere which is likely to attract a greater number of permanent residents to the state. Experience in other states has also shown that a liberalised trading hours regime has not had a detrimental effect upon family life and social activities.
17. The recent liquor licensing reforms have meant that liquor stores can now open on Sundays, while many other retailers cannot.
18. Over the years, opponents of deregulated trading hours have provided a number of arguments against liberalising trading hours. These arguments have been led by independent grocers, which already have the freedom to trade as they wish, but oppose this freedom being extended to others.
19. Many of the arguments proffered by opponents of extended trading hours have not been substantiated. Evidence from other states shows that small business has not been adversely affected by the deregulation of trading hours, nor has work life balance and family life been worse off.
20. Official data from the ABS on the numbers of small retail businesses in each state show that in Western Australia and South Australia, both of which maintain restrictions on trading hours, the growth in small businesses has been limited. By comparison, the growth in small businesses in the other states which maintain a deregulated trading environment, small business numbers have increased considerably – both in absolute terms and in percentage terms.
21. The argument that WA is different from its eastern states counterparts is also becoming increasingly invalid, as the state is now leading the nation in terms of economic and population growth.



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22. WA's future could not be brighter, given that is well positioned to take advantage of the opportunities brought about by China's economic expansion. However, the removal of antiquated restrictions such as retail trading hours is central to ensure that WA can build upon these opportunities, and create a better future for the state.



## Appendix 1 – National Competition Policy

The formal push towards a national competition framework in Australia commenced in 1992, when the Commonwealth and State governments established an Independent Committee of Inquiry into a National Competition Policy for Australia.

The committee's recommendations, known as the Hilmer Report, made a vital contribution to the evolution of micro-economic reform in Australia. Its key contributions were to propose a co-ordinated, systematic and uniform approach to competition policy across all government jurisdictions, and to recommend mechanisms designed to address the institutional and political factors that can lead governments and regulators to adopt anti-competitive measures that are not in the public interest. In particular, it proposed:

- the establishment of a clear principle that anti-competitive regulation and legislation should be permitted only when it can be demonstrated to be in the interest of the community, and cannot be achieved by other means; and
- the establishment of 'arms-length' bodies to oversee and advise on the general implementation of competition policy (the National Competition Council) and regulate its detailed application (the Australian Competition and Consumer Commission).

On 11 April 1995, the Council of Australian Governments (COAG) agreed to a national competition policy package providing for uniform legislation on the protection of consumer and business rights and increased competition in all jurisdictions.

The Prime Minister, Premiers and Chief Ministers signed two inter-governmental agreements to implement the package. COAG reaffirmed its commitment to continuing micro-economic reforms in key industries and this was reflected in a third agreement which provided for financial arrangements, including a series of competition payments to be paid to the State Governments in return for implementing competition policy reforms.

In summary, the three key measures provided:

- a *Conduct Code Agreement* along with *The Competition Policy Reform Act* and various State and Territory legislation, which extended coverage of Part IV of the *Trade Practices Act* to all businesses irrespective of their legal form or ownership;
- a *Competition Principles Agreement*, which set standards on structural reform



of public monopolies, reviews of anti-competitive legislation and regulation, prices oversight, access to essential infrastructure, competitive neutrality, and local government; and

- an *Agreement to Implement the National Competition Policy and Related Reforms*, which set out conditions for financial transfers to the States and local government in return for implementing competition reforms.

The co-ordination and structure of Australia's NCP program (and prior reforms) has been recognised as being exceptional among the international community. According to the OECD:

*"In the last decade of the 20th century, Australia became a model for other OECD countries in two respects: first, the tenacity and thoroughness with which deep structural reforms were proposed, discussed, legislated, implemented and followed-up in virtually all markets, creating a deep-seated 'competition culture'..."*<sup>39</sup>

The specific program of reform established under NCP ended in 2005. However, the initial NCP agreements provided for a review and consideration of another agenda towards the end of the initial agreement period.

That review process commenced in April 2004, with the Commonwealth Treasurer requesting that the Productivity Commission undertake a Review of National Competition Policy Reforms. Drawing on that study, as well as recommendations from COAG senior officials, the COAG agreed in February 2006 to a new national reform agenda.

The agenda includes a new wave of collaborative reforms which build on the success of the NCP and previous economic and social policy reforms.

The COAG agenda is split into three streams - human capital, competition and regulatory reform. The latter two are the focus of this paper.

The competition stream of the new agenda aims to further boost competition, productivity and the efficient functioning of markets through further reform and initiatives in the areas of transport, energy, infrastructure regulation and planning and climate change. This agenda follows the formula of national competition policy reforms, with governments working together to identify reform opportunities, and agreeing on a process for delivering them.

Importantly, all governments have recommitted to the principles contained in the National Competition Principles Agreement, which was established under the NCP. Jurisdictions have also agreed to continue and strengthen gate-keeping arrangements established under the NCP to prevent the introduction of unwarranted restrictions on competition in new and amended regulations and all



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outstanding priority legislation reviews from the NCP review program also need to be completed.

The specific competition reform objectives of the new agenda and how they relate to Western Australia are discussed in section titled *The Reform Agenda for Western Australia*.

The regulatory reform stream of the new agenda focuses on reducing the regulatory burden imposed by the three levels of government. The measures proposed in the agenda aim to ensure that markets operate efficiently and fairly, in balance with other social and economic objectives (that is, that consumers and the environment are suitably protected and that the benefits from regulation do not outweigh their compliance and implementation costs).

It is expected that further action to address burdensome regulation and red tape will be taken as the Commonwealth considers and responds to the report of the *Taskforce on Reducing the Regulatory Burden on Business*, and as State, Territory and local governments undertake their own regulation review processes. In its initial report in response to the recommendations of the Regulation Taskforce, the Federal Government indicated support for only 86 of the 178 recommendations. It is hoped that more of the recommendations will be embraced in the second part of the Government's report which is due for release in July 2006.

COAG has agreed in principle to establish new intergovernmental arrangements for the governance of the *National Reform Agenda*. Like NCP, it is envisaged that Governments at all levels will have a central role in elaborating and implementing the agenda.

COAG has established the COAG Reform Council (CRC) to report to COAG annually on progress in implementing the National Reform Agenda. The CRC is an independent body that has replaced the National Competition Council which previously oversaw the NCP process.

The primary role of the CRC is to report to COAG annually on progress towards the achievement of agreed reform milestones and progress measures across the broad National Reform Agenda.



## Appendix 2 – Major Retailers in WA

Below is a listing of the major retailers operating in WA in alphabetical order.

### *City Farmers*

City Farmers was formed in late 1991, when three stock-feed outlets joined forces. Since then, City Farmers has been transformed into a specialist garden, animal and pet supply supermarket.

There is now a network of 10 City Farmers stores and franchises operating across the Perth Metropolitan area.

### *Coles*

Coles Group is a major retailer operating in the Australian and New Zealand Markets. A publicly listed company, it has been operating as Coles Myer since 1985. However, a decision was made to divest Myer in 2006, with the name change to Coles Group a resulting consequence.

Coles Group operates over 2,900 retail outlets across Australia and New Zealand, with over 165,000 staff in its various stores across Australia.<sup>40</sup>

In addition to its Coles supermarkets, in WA Coles also operates Coles Express, Liquorland, Vintage Cellars, Kmart, Kmart Tyre and Auto, Officeworks, and Target.<sup>41</sup>

In 2004, Coles commanded 29 per cent of the WA food, liquor and grocery market as measured by the ABS.

### *David Jones*

David Jones is the oldest department store in Australia, and is a key player in the retail trade sector in WA. David Jones is listed on the ASX.<sup>42</sup>

David Jones has established four stores in WA, selling a wide variety of goods including food, clothing, and electrical. These are located in Perth, Karrinyup, Garden City and Claremont.

### *Freedom*

Freedom is a major retailer of furniture and homewares, and has been operating in Australia for around 20 years. In addition to retailing, Freedom also offers a decorator service, and kitchen planning and design.



There are currently six Freedom stores in WA, located in Booragoon, Cannington, Joondalup, Mandurah, Midland and Osbourne Park.

### *Good Guys*

The Good Guys is a major retailer of electrical appliances, operating in some 72 locations across Australia. The types of goods sold by the Good Guys include audiovisual equipment, computer equipment, kitchen and laundry appliances, heating and cooling equipment, and personal care appliances.<sup>43</sup>

In WA, the Good Guys operates stores in Bunbury, Cannington, Joondalup, Midland, O'Connor, Osbourne Park, and Rockingham.

### *Harvey Norman*

Harvey Norman is a key retailer of electrical, computers, furniture, bedding, manchester and lighting, and operates across Australia, New Zealand, Slovenia and Ireland. In addition, its retail presence is also established by its controlling interest in Rebel Sport.<sup>44</sup>

In WA, there are currently 21 Harvey Norman franchises, operating in metropolitan and regional areas of the state.

### *IGA*

The Independent Grocers of Australia (IGA) network is operated by Metcash Trading Ltd. IGA is an alliance of independent supermarkets, which are supplied by Metcash through its IGA Distribution branch. IGA has established itself as a major player in the supermarket industry across Australia. For the year ended 2007, Metcash reported its national market share to be 19 per cent, up from 18.5 per cent in the previous year and 13.5 per cent the year before that.<sup>45</sup>

The IGA brand has only recently become established in the WA market. This occurred in 2006, following Metcash's acquisition of Foodland Associated Ltd, which saw the former Dewsons and Supa Valu stores re-branded as IGAs. In addition, the majority of Action stores were re-branded as IGAs, while a number were also acquired by Woolworths.

Currently, there are two IGA business channels operating in the state – Supa IGA, and IGA. Supa IGA stores are the larger format stores, and generally were previously FAL owned Action supermarkets. IGA's are generally former Dewsons and Supa Valu stores. In 2006-07, IGA enjoyed a market share of 31.2 per cent in WA.<sup>46</sup>





## *IKEA*

IKEA is a major furniture retailer operating on a global scale. Since its establishment in 1958, IKEA has grown substantially, and now has around 237 franchises across the Asia Pacific, Europe, the United States, and the Middle East.<sup>47</sup>

IKEA has one store operating in WA, located in Osbourne Park.

## *JB Hi-Fi*

JB Hi-Fi is a leading retailer of home entertainment products. The business was initially established in 1974 in Victoria, and has grown to operate across Australia and New Zealand. JB Hi-Fi is listed on the Australian Stock Exchange.<sup>48</sup>

The key products sold by JB Hi-Fi include audiovisual equipment, cameras, computers, video games, dvds and recorded music.

There are currently six JB Hi-Fi stores operating in WA, located in Cannington, Midland, Myaree, Perth, Osbourne Park, and Whitford City.

## *Just Group*

Just Group is a key retailer in the clothing and footwear industry in WA. Since opening its first Just Jeans store in 1970, the Just Group has grown to operate around 729 of stores under its different brands throughout Australia and New Zealand.<sup>49</sup>

Just Group owns a wide portfolio of brands, including Just Jeans, Jay Jays, Peter Alexander, Portmans, Jaqui E, and Dotti.

## *Retravisio*

Retravisio is a major retailer of electrical and household goods, operating over 450 stores across Australia and New Zealand. There are around 50 Retravisio stores operating in WA.<sup>50</sup>

While Retravisio is a key retailer of whitegoods and electrical appliances, it also sells audiovisual equipment, barbecues, cooling and heating equipment, and garden care equipment.

## *Rick Hart*

Rick Hart is a major retailer of electrical goods and appliances in WA. Key amongst the goods sold by Rick Hart are small appliances, heating and cooling equipment, whitegoods and sound and vision equipment.



Rick Hart's operations began in 1975, and have grown to employ around 200 staff. Rick Hart also operates the Rick Hart Seconds and Rick Hart Ducted Air Conditioning Air Specialists stores. There are around 18 Rick Hart operations located in WA.<sup>51</sup>

### *Wesfarmers*

Wesfarmers is a diverse ASX listed company, with a broad range of interests in a range of sectors across Australia, including manufacturing, retail, energy, insurance, industrial safety and coal<sup>52</sup>.

Wesfarmers is involved in a broad range of industries. It is a major player in the retail trade sector, with a range of home improvement businesses operating in Australia and New Zealand.

In WA, Wesfarmers operates in the retail sector, through its Bunnings and Bunnings Warehouse stores.

Bunnings is the leading retailer of home improvement and garden products across Australia and New Zealand. Bunnings has long been present in the retail sector in WA, with its first store founded in 1886.<sup>53</sup>

Bunnings listed as a public company in the 1950s, and was taken over by Wesfarmers in 1994. There is a vast number of Bunnings and Bunnings Warehouse stores across Australia and New Zealand. Currently, there are almost 30 Bunnings stores located in WA.

### *Woolworths*

Woolworths is a major retailer, with almost 3000 stores, petrol sites and hotels located in Australia and New Zealand. Since opening its first store in Sydney in 1924, Woolworths has grown to employ over 175,000 workers in its various operations.<sup>54</sup>

As well as its supermarket chain, Woolworths also operates Caltex Woolworths Petrol, Dick Smith Electronics, Dick Smith Powerhouse, Tandy, BWS and Big W.

In 2004, Woolworths' share of the WA food, liquor and grocery market was around 22 per cent according to ABS data.



## Appendix 3 – Retail Trading Hours Legislation

The following table highlights the goods that the regulations specify can be sold in special retail shops and filling stations.

Retail Trading Hours Act - Categories of Retailers	
Special Retail Shops	
Shop Categories	Goods and Services
Art and Craft Shops	Original art and Craft works
	Prints and reproductions of original works
	Art and craft supplies
	Art and craft related reading materials
	Calico or similar re-usable shopping bags
Souvineer Shops	Souvenirs featuring Australian flora, fauna, locations, characteristics or events of national significance
	Souvenirs projecting the flavour of the pioneering era or Aboriginal culture
	Original Australian art and craft works
	Reading materials and video cassettes of tourism significance
	Souvenirs and jewellery featuring Australian minerals and pearls
	Souvenirs crafted from unique Australian woods, hides or skins
	Australian Coins
Pharmaceutical Shops	Goods and services which may be sold or provided in a pharmacy under section 40A of the Pharmacy Act 1964
	Calico or similar re-usable shopping bags
Domestic Development Shops	Swimming Pools
	Spas
	Patios
	Garages
	Garden Sheds
	Home additions
	Household fixtures and fittings (excluding free standing furniture other than shelving units, carpets and electrical items other than ceiling fans)
	Ready to assemble raw timber and finished timber household furniture, and kitchen cupboard panels, sold in flat pack form
	Desk fans
	Indoor television antennae
	Floor mats and rugs
	Synthetic rolled matting
	Synthetic grass and marine carpeting
	Flowers, greenstocks, bulbs and seeds
	Reticulation equipment
	Hoses, sprinklers and fittings
	Fertilizers, pesticides, herbicides and applicators



	Compost tumblers
	Landscaping and garden decorative products
	Plant containers and household items for the display of garden produce
	Construction, maintenance, and garden related books and video cassettes
	Domestic construction and maintenance materials
	Paint and wallpaper products and accessories
	Tools
	Outdoor furniture and accessories
	Household cleaning products (excluding powered equipment)
	Swimming pool chemicals and accessories
	Extension cords and electrical fittings (excluding decorative light fittings)
	Computer cables
	Barbecues
	Kitchenware (excluding electrical items)
	Solid fuel space heaters
	Outdoor lighting
	Water heaters
	Gas powered camping equipment and accessories
	Awnings and blinds
	Personal safety equipment (excluding clothing except overalls)
	Playground equipment
	Auto body filler and spray putty
	Auto surface primer and body black
	Art and craft supplies
	Calico or similar re-usable shopping bags
Marine Craft Shops	Marine craft and vessels associated with spare parts and accessories
	Boating related books and video cassettes
	Calico or similar re-usable shopping bags
Video Shops	Digital video disks
	Video cassette tapes and video head cleaning products
	Promotional items relating to any video
	Confectionary and savouries
	Calico or similar re-usable shopping bags
Duty Free Shops	Goods offered for sale duty free under the terms of the permission granted;
	Calico or similar re-usable shopping bags
Motor Vehicle Spare Parts Shops	Motor vehicle spare parts, accessories and lubricants
	Tools
	Motor vehicle related books and video cassettes



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	Boating equipment limited to flares, anchors, life jackets, boat drainage bungs, navigation lights, fuel line bulbs, outboard motor water pump impellers, outboard motor service parts (filters, points, etc), zinc anodes, outboard motor fuel tanks, outboard motor pull cords and shear pins
	Calico or similar re-usable shopping bags
Sports Venue Shops	Sporting goods and associated equipment relevant to the sports activities at each applicant venue
	Calico or similar re-usable shopping bags
New agencies and Book Shops	Newspapers
	Books and stationary requisities
	Magazines and periodicals
	Greeting Cards
	Educational requisites
	Educational toys (excluding mains operated computer games and equipment)
	Photograph albums
	Sheet music
	Playing cards
	Paper plates, cups and doilies
	Lottery tickets
	Party decorations
	Smokers' requisites
	Small replacement items of sporting equipment (eg fishing hooks, table tennis balls, darts etc)
	Calico or similar re-usable shopping bags
Hotel Tourist Shops	Newspapers, books and stationary
	Haberdashery
	Clothing
	Sporting Equipment
	Giftware
	Photographic Equipment
	Cassette tapes, records and compact discs
	Toys
	Original Art and Craft Works
	Prints and reproductions of original works
	Souvenirs featuring Australian flora, fauna, locations, characteristics or events of national significance
	Souvenirs projecting the flavour of the pioneering era or Aboriginal culture
	Souvenirs and jewellery featuring Australian minerals and pearls
	Souvenirs crafted from unique Australian woods, hides or skins
	Australian coins and stamps
	First aid requisites
	Toilet and cosmetic requisites

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	Smokers requisites
	Hairdressing Services
	Flow ers and floral arrangements
	Travel goods
	Calico or similar re-usable shopping bags
<b>Filling Stations</b>	
	Food (excluding canned fruit and vegetables, canned meat, canned seafood and fresh meat, other than prepackaged quantities not exceeding 500g w eight)
	First aid requisites
	Smokers' requisites
	Toilet and cosmetic requisites
	Garden and landscaping products (excluding furniture and pow ered equipment)
	Reading material and stationary requirements
	Pet and vetinary requisites
	Household cleaning products (excluding pow ered equipment)
	Replacement sporting equipment (including fish hooks, lines, sinkers, baits, balls and tees)
	Film and flash bulbs
	Light globes
	Torches
	Dry batteries
	Pantyhose
	Candles
	Boot and shoe laces
	Cotton, needles and pins
	Sunglasses
	Work of local artists, including paintings, pottery and handicraft products
	Local souvenir products
	Swimming pool chemicals and accessories
<b>Small Filling Stations</b>	
	Work clothing
	Travel rugs
	12 volt and 24 volt vehicle accessories
	Video cassettes and pre-recorded music
	Portable barbecues and requisites
	Cameras
	Coolers
	Portable cassette or compact disc players
	Canned food

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## Appendix 4 – CPI Weightings by State

The following table details the weightings of items in the CPI basket by state.

Consumer Price Index Weightings, Selected States by Sub-group						
% of Total						
	Sydney	Melbourne	Brisbane	Perth	Adelaide	Hobart
Food	15.59%	15.65%	15.04%	14.97%	15.52%	15.81%
<i>Dairy</i>	1.10%	1.21%	1.24%	1.18%	1.37%	1.30%
<i>Bread and Cereal</i>	1.67%	1.81%	1.66%	1.72%	1.83%	1.82%
<i>Meat and Seafood</i>	2.46%	2.34%	2.45%	2.59%	2.37%	2.48%
<i>Fruit and Vegetables</i>	2.15%	2.11%	2.02%	2.15%	2.04%	2.16%
<i>Non-alcoholic Drinks and Snacks</i>	1.91%	1.96%	2.04%	1.90%	2.14%	1.91%
<i>Meals and Takeaway Food</i>	4.90%	4.70%	4.17%	3.91%	4.16%	4.46%
<i>Other Food</i>	1.41%	1.52%	1.46%	1.53%	1.62%	1.68%
Alcohol and Tobacco	6.20%	6.98%	6.62%	7.36%	7.77%	8.64%
Clothing and Footwear	3.68%	4.21%	3.85%	3.33%	4.50%	4.54%
Housing	19.46%	18.93%	21.11%	19.94%	18.32%	18.68%
Household Contents and Services	9.31%	8.90%	10.59%	10.44%	10.38%	10.39%
Health	4.96%	4.70%	4.05%	4.89%	4.50%	4.68%
Transport	12.95%	13.13%	13.72%	12.94%	13.22%	13.22%
Communication	3.25%	3.31%	3.39%	3.44%	3.29%	3.03%
Recreation	11.70%	11.88%	9.79%	11.44%	12.19%	11.90%
Education	2.74%	3.19%	2.56%	2.20%	2.41%	2.58%
Finance and Insurance	10.15%	9.12%	9.29%	9.05%	7.89%	6.50%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: ABS Cat. 6430.0						



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