



Master Grocers Australia Ltd

Trading as :
MGA Independent Retailers

**Trading Hours (Allowable Hours)
Amendment Bill 2017**

Submission to
**Finance and Administration Committee
Queensland Parliament**

March 2017

National Support Centre - Suite 5, 1 Milton Parade, Malvern VIC 3144

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I. Introduction

1. On 1 March 2017 the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs, the Hon Grace Grace, introduced the Trading hours (Allowable Matters) Amendment Bill 2017 (the Bill) into the Queensland Parliament to amend Queensland's retail trading hours' arrangements. The Bill was referred to the Finance and Administration Committee for examination.
2. The object of the Bill is to amend the *Trading hours (Allowable Matters) Act 1990* (the Act) to reduce restrictions on trading hours in Queensland. The Committee is required to report to the Parliament by the 28th April 2017.
3. The Government appointed a Trading Hours Review Reference Group in 2016, comprising of key business groups, including Master Grocers Australia (MGA), to consider and report to the Government on Queensland's current trading hours' regulatory framework and to make recommendations that would improve trading hours' regulation to promote employment and economic growth while continuing to balance the interests of consumers, workers and small and large businesses.
4. MGA made a submission to the Reference Group and pointed out the concerns of small businesses, including the impact of the current trading hour's framework on employment and business growth in Queensland and the current market share of small and medium-sized businesses and their struggle to remain sustainable.
5. Following the reports submitted by the Reference group the Queensland Government released its proposed amendments to the Act and has called for submissions in respect of the proposed changes. MGA strongly opposes a number of the proposed amendments and sets out these objections in this submission.

II. About Master Grocers Australia

6. MGA is a national employer industry association representing independent grocery and liquor supermarkets in all States and Territories of Australia. In Queensland alone, there are 760 independent supermarkets that trade under brand names such as IGA, Foodworks, Friendly Grocers and SPAR. These supermarkets range in size from small to medium or large businesses. While many of MGA's members are small family-operated businesses that employ 25 or fewer employees, these community businesses account for the employment of more than 21,000 full time, part time and casual employees, who are employed to work across a seven day working week. This represents retail sales in excess of \$2.8 billion, which is 156 million customer transactions per annum or 3 million customer transactions per week.
7. In addition, the role of independent supermarkets in Australia has traditionally been community-focused, with many of these supermarkets making and returning substantial

contributions to the communities in which they trade. This is not only demonstrated in the forged relationships between independent supermarkets and their local communities but also in the strong commitment of independent supermarkets to support their local communities, through local fundraising initiatives that support schools, kindergartens, hospitals, clubs and so on. Independent supermarkets also support the businesses of local suppliers and service providers as well as provide employment. Many of their employees include working mothers, tertiary students, trainees, and apprentices.

8. All FoodWorks, IGA and SPAR stores across Queensland are independently owned and operated, and generally form the major investment for family/personal enterprises and form a large part of an individual's or group's investment and/or superannuation strategy. Each of the branded stores are small businesses independently owned and operated as sole traders or family run businesses, and some are partnerships where more than one family has a financial interest in the business. Many stores are handed down to the next generation as a legacy to continue as a form of family enterprise/asset.
9. Our members' stores range in size in Queensland from 100m² to 3,000m² and vary in service-type from pure convenience up to full offer supermarkets with all fresh departments. In many locations throughout Queensland, these stores form a major contribution to the local economy and employment. These stores along with the other non-corporate retailers are part of the fabric of the communities in which they serve, contributing to local clubs, schools and charities, and supporting local trades, vendors and services.

III. Trading hours (Allowable Matters) Amendment Bill 2017 (the Bill)

10. The Amendments to the Bill that are opposed by MGA in this submission are as follows:

Section 16 D of the Bill will permit:

(a) All non-exempt shops in the south-east Queensland area to open:

- 7am – 9pm Monday to Saturday; and
- 9am – 6pm Sundays and most public holidays.

Section 16 D of the Bill will permit:

(b) All non-exempt shops in areas outside south-east Queensland to open:

7am – 9pm Monday to Friday;

7am – 6pm Saturday; and

9am – 6pm Sundays and most public holidays.

Trading hours for Sunday and public holidays in regional Queensland not be extended to those areas that currently do not have Sunday and public holiday trading. Industrial organizations and any other organization including local governments may make application to the Queensland Industrial Relations Commission to opt-in to those provisions.

Section 58 of the Bill is the “opt in” provision:

(The 23 major towns without Sunday/public holiday trading are Mt Isa, Warwick, Goondiwindi, Chinchilla, Kingaroy, Stanthorpe, Roma, Childers, Blackwater, Bowen, Ayr, Charters Towers, Proserpine, Mission Beach, Cloncurry, Weipa, Nanango, Oakey, Home Hill, Pittsworth, Blackwater, Charleville, and Longreach.- these towns currently do not have Sunday and Public holiday trading but an application may be made to the Queensland Industrial Relations Commission [QIRC] to “opt in” to the applicable SE Queensland trading hours.)

Section 16E of the Bill would allow:

(c) In all areas of the State hardware and builders’ material supply non-exempt shops (as currently defined in the trading hours’ orders) will be able to open from 6am Monday to Sunday and most public holidays with a closing time the same as other non-exempt shops in their area.

Sections 16F and 16 G will permit:

(d) Extended trading will apply in the period prior to Christmas Day by allowing non-exempt shops in all areas of the state to open:

- 8am - 6pm on the three Sundays prior to 18 December each year, and
- until midnight Monday-Sunday in the period from 18-23 December.
- All non-exempt shops to be closed from 6pm on 24 December.
- The 24-hour shopping arrangements currently in place for Westfield Chermside and Garden City will continue.

Section 59 of the Bill provides for:

(e) A five-year moratorium on further trading hours' applications to amend the allowable trading hours for non-exempt shops with a commitment to further review prior to the end of the moratorium period.

(f) The QIRC will continue to adjudicate allowable trading hours outside the legislated spread of hours for non-exempt shops. However, this power is suspended during the period of the proposed moratorium.

MGA opposes the above proposed amendments because of the serious damage they present to the future of small businesses in Queensland including the effects that will reverberate throughout the economy, as a significant sector of the retail industry in Queensland will be seriously damaged and will gradually disappear.

IV. Executive Summary

11. MGA would be supportive of amendments to the Act if the laws were likely to fully achieve the objectives that have been presented as the outcomes of these amendments.

However, MGA strongly disputes the claims by the Queensland Government that there will be advantages for Queensland in these amendments.

We strongly dispute that there will be an additional 945 equivalent full time positions gained by these amendments as the Government claims. The figure proposed is purely speculative. The likelihood of increased jobs cannot be justified on the basis of increasing the right of Coles and Woolworths (the Chains) to trade longer hours at the expense of smaller stores.

The proposal to allow exempt stores to "opt in" to extended trading hours by making an application to the QIRC will simply allow the chains to continue to make applications that are expensive and time consuming and the litigious system will be no different that which has been operating for decades. The additional financial burden on small retailers of having to contest these cases is significant, but they fight these cases because they are desperate to retain a few additional hours of trading.

12. We query what will happen to the jobs of those employed in smaller shops. If those jobs disappear there may be some that will find work with the chains but certainly not all. The ability of Coles and Woolworths to utilise their self-serve checkouts and maintain staff minimum levels at certain times during the day will prevent whole sale employment of new staff. The Queensland Government simply has not fully investigated the impact of store

closure in regional Queensland. They have underestimated the need and support there exists for the local shop and therefore the needs and wishes of the Queensland people.

13. Whilst Queenslanders would support the reduction or elimination of bureaucratic red tape there can still be reorganisation of regulations without the drastic step of extending trading hours throughout Queensland.
14. MGA questions why the Government has decided that trading hours need to be the same as other Australian States when there are valid reasons for having trading hours laws that protect the interests of small businesses that make a massive contribution to the Queensland economy.
15. The Government is apparently under the illusion that there will be greater competition in Queensland if trading hours are altered as proposed. In fact there will be no competition because the Government is simply handing two organisations the ability to control the retail supermarket industry in Queensland and this will result in the elimination of smaller retailers. Hence there will be no competition and prices will rise not decline. Additionally, Queensland has a unique retail environment that sets it apart from the rest of Australia. So there will not be lower prices in Queensland because that only happens where you have competition and small businesses will simply close down and disappear. The Government does not recognise that granting extensions of trading hours even for one additional hour in the morning or one to two additional hours in the evenings will have a devastating effect on the ability of small businesses to survive. The windows of opportunity that currently exist will, if taken away in the proposed amendments, deprive independent supermarkets of a small but vital business advantage.
16. MGA also will submit that if the Queensland Government is intent on following other States then it is the Government and not a judicial authority that should be the decision maker for trading hours, as in every other State of Australia.
17. If the Government is intent on making changes to the trading hour's laws then it should give serious attention to providing fairness in permitting the same commodities to be sold in all stores. There is a distinct inequity between the ability to make sales of liquor in larger supermarkets but smaller supermarkets are prevented by law from making such sales. The Government should seriously consider equality so that sectors are able to sell liquor which would provide a means to small businesses of sustain their livelihoods.

V. MGA reasons for opposition to the proposed amendments to the Act

11. As previously explained independent retailers in Queensland have a small window of opportunity to compete with the bigger retailers, namely Coles and Woolworths, by holding the status of being exempt under the Act. This status has allowed them to trade at times when “non-exempt shops” or larger stores are not permitted to trade. To retain their status as “independent shops” these stores are not allowed to have any more than 20 employees on the shop floor at any one time. As some stores grow this has presented difficulties and the Government is proposing to grant a small benefit to independent shops by increasing the number of employees allowed on the shop floor from 20 to 30 and even as high as 100 across 3 stores, provided that the limit of 30 is not exceeded in any one shop. However, this is only a small benefit in comparison to the potential damage that will be wrought as a consequence of the other proposed changes to the Act.
12. MGA has opposed numerous applications by the National Retailers Association to extend trading hours in Queensland. The reason for this has been because MGA members are independent retailers, and the majority of them are small and they rely heavily on the current trading hours, that they enjoy as independent shops, for their business survival
13. MGA was hopeful that the submission made to the Government as part of the trading hours review would be heeded. In that submission the Government was advised of the difficulties that were being experienced by independent shops when the QIRC grants extensions of trading hours to the NRA in numerous areas of the State. This is evidenced by the decision to extend trading hours in South East Queensland¹ and the following information shows the severe adverse impact that the SE Queensland decision has had on independent retailers.

¹ National Retailers Association Decision 23 2016

QNN Trading Hours Impact		
<u>First SEQ Change across 200 stores</u>		
Average lost wholesale sales per week	-\$	800,000
Converted to lost retail scan sales	-\$	968,000
Annualised Retail Sales	-\$	50,336,000
<u>Lost Employment</u>		
Direct Employment Lost @ 12% employment ratio to sales	-\$	6,040,320
Lost employment hours @\$22.00 per hour		-274560 Hours
FTE based on 37.5 hour week		-7322 FTE employee weeks
FTE Employees		-141
<u>Next tranche of proposed changes to Sunday trade in regional areas</u>		
Average lost wholesale sales per week	-\$	385,000
Converted to retail sales	-\$	465,850
Annualised Retail Sales	-\$	24,224,200
<u>Lost Employment</u>		
Direct Employment Lost @ 12% employment ratio to sales	-\$	2,906,904
Lost employment hours @\$22.00 per hour		-132132 Additional hours
FTE based on 37.5 hour week		-3524 FTE employee weeks
FTE Employees		-68
Total Independent Employment Losses		-10845 FTE employee weeks
Projected Economic Impact	-\$	8,947,224.00 Lost employee wage dollars.

14. MGA members face a highly competitive environment in Queensland with a significant number of our members operating within 5km of a non-exempt store such as Woolworths, Coles or Aldi (the 'Chains'). The opportunity to trade when the Chains are closed is of particular importance to our members with most stores endeavouring to open before their nearest chain store opens and remain open until after their nearest chain store has closed. This is in order to remain competitive and make up for the lost sales during the hours when the Chains are now open. If the changes proposed in the Bill are made the difficulties currently faced by the independent shops will worsen even more than they are already. If the Government is serious about helping small business to survive and maintain a healthy economy they must not allow the proposed amendments to the Act to progress.

15. The Government claims that it there will be consistency with other jurisdictions if the proposed amendments are passed and argues that there will be strong economic benefits as there have been in other States. The Government appears to have misunderstood the fact that just because trading hours are extended that there will necessarily be more money spent in the State. Changes to trading hours in other States have proven that there is not necessarily any significant growth in revenue just because the shops open longer hours. People will still spend the same amount of money but at different times and in different places, the money spent just goes into different coffers.

The simplistic approach of mirroring other states fails to recognise the unique nature of the Queensland retail environment and fails to allow for the intricacies that are unique solely to Queensland retail sector.

16. As an example of the distinction between Queensland and other states, Australian Bureau of Statistics (ABS) data can be categorically relied upon to exemplify the significant disparity in the population density levels and market conditions between the Eastern States and Queensland. The data which was published by ABS on 31 March 2015 indicates that the Queensland region covers a much greater area (1,729,958.1 km² compared to 227,495.7 km² for Victoria, 800,808.8 km² for New South Wales and 68018.2 km² for Tasmania) yet has a significantly lower population density (2.7 persons/km² compared to Victoria which has 25.7 persons/km², New South Wales which has 9.4 persons/km² and Tasmania which has 7.6 persons/km²).²

17. Multiplier Effect - Local businesses also impacted -The Government in proposing the Amendment Bill has failed to recognise the importance of small supermarkets as the focal point of the communities in which they exist. Independent supermarkets are often long standing centres of the community. They contribute to the schools, the local sports clubs and local charities and are recognised as an essential part of the community. Even more importantly, they are major contributors to the local economies. They invariably have strong relationships with local growers and local industries and make a massive contribution to the economic vitality of the areas in which they operate. The amendments in the Bill will ultimately destroy the existing multiplier effect that independent businesses have on the economy of Queensland. MGA submits that the Queensland Government must not ignore the responsibility it has to the hundreds of small family run businesses that rely on a few hours of trading that are sacrosanct to them for survival. The Government must understand that they will be ultimately taking away the livelihoods of hundreds of Queensland battlers if they fail to recognise it is not just the shop owners themselves that will suffer but there will be others seriously affected.

18. MGA submits that there must be a five-year moratorium on any further expansion of trading hours for non-exempt stores. A moratorium on any expansion of trading hours for non-exempt stores anywhere in Queensland is now essential. There is ample evidence to show that small businesses will fall by the wayside if the extension of trading hours continues. If the Government is intent on looking beyond its borders for evidence of what trading hours consistency may bring economically to Queensland then it should also look interstate at the number of shops that have closed and how their owners have gone into liquidation as a result

² Australian Bureau of Statistics. Regional Population Growth, Australia, 2013-14 (cat. no. 3218.0).

of the expansion of the power of Coles and Woolworths, because they will be the main benefactors of extended trading hours, not Queensland. The Government overlooks the fact that a great deal of the wealth derived from extended trading hours will find its way interstate.

19. Below is an example in Queensland of the damage that resulted from an extension of trading hours and there will be similar situations if the proposed amendment to the Act are passed, as envisaged by the Queensland Government.

Case study - Mundingburra IGA & Walters IGA

Mundingburra IGA is a 1000m² supermarket located 5 minutes from the CBD of Townsville. Its operating hours are 6am to 10pm, 7 days a week. It is owned and operated by Adam and Maree Westbury, who have owned the store since March 2013. Mundingburra IGA currently employs 26 staff. Adam and Maree advise that:

- In 2014, the tourist area of Townsville was granted extended trading hours on a Sunday morning from an 11am opening to an 8am opening for stores at:
 - Coles – North Ward (was a Bi-Lo); and
 - Woolworths Townsville CBD
- The direct impact on their store was a loss of \$3,000 per Sunday in sales and \$5,000 loss for the week.
- As an already struggling business competing with 25 other full service supermarkets in the Townsville region including 6 Coles, 13 Woolworths and 6 IGAs and another 12 or more smaller stores (Night Owls or Convenience stores) in a population of around 200k people, they had to reduce costs by:
 - Making their 2IC redundant
 - Increasing their own hours by 40 hours to cover the 2IC who they could no longer afford;
 - Reducing their casual labour force by 3 hour per day to a total of 21 hours (School boys / girls);
 - Reducing store's cleaning contract by 2 days a week or 6 hours a week detrimentally affecting another local business; and
 - Reducing their donations to schools and sporting groups by \$3,000 per year.
- Adam and Maree are now both forced to work 6 days a week undertaking roughly 65 hours per week each.
- Prior to the 2014 decision, in 2007 the whole district of Townsville was granted Sunday trading hours of 11am to 5pm. Mundingburra IGA was trading at \$100k per

and employed over 32 staff. Following the 2007 decision its sales dropped to \$60k per week due to the direct change in hours by Coles and Woolworths and staff numbers were slashed to 20.

- Prior to the 2007 decision, the only stores that operated were independent community supermarkets consisting of 4 Walters IGA stores (1 now operated by Woolworths) and one IGA on Magnetic Island. The 4 Walters IGA stores had a combined trading income of \$460k per Sunday. The impact of allowing Coles and Woolworths to trade on a Sunday saw a direct reduction of the following in sales:
 - \$370k loss of sales on a Sunday to \$90k
 - \$21k loss of sales on a Saturday
 - \$10k loss of sales on a Monday
 - \$401k per week loss of sales for the 4 stores

Adam and Maree Westbury report that it has taken nearly 9 years to recoup the lost sales for their store and the store is now barely breaking even after posting a financial loss in the last 9 years. Any changes in trading hours for any day of the week will have a detrimental impact on the store's immediate future and all of their remaining 26 staff.

20. If the Government wants to assist in maintaining the survival of small businesses why does it not look at providing fairness in business opportunities to all retailers? Why is it that the Government has continually ignored the pleas of independent shops to sell liquor just as the chains can do? All small independent retailers are asking for is the same opportunity as their larger counterparts and that is to sell a legal product whilst fully complying with the laws applicable to its sale.
21. In Queensland unlike other states, independent retail stores are excluded from acquiring a liquor license, many stores are highly reliant on sales that they make when non-exempt stores are closed due to current trading hours regulations. Countless stores experience a peak in trade later in the day and this can form a significant part of their sales. In regional areas, stores often turn a profit only as a result of the opportunity to trade on Sunday when non-exempt stores are required to remain closed. In addition early morning trade on Saturday and Sunday is also important with shoppers at these times usually interested in everyday consumption items; that is, the purchases are for the day's consumption.
22. In several other states, independent stores have the option of mitigating or overcoming such losses through the sale of liquor however this option remains unavailable in Queensland. In addition, a significant number of independent community stores do not meet the definition of

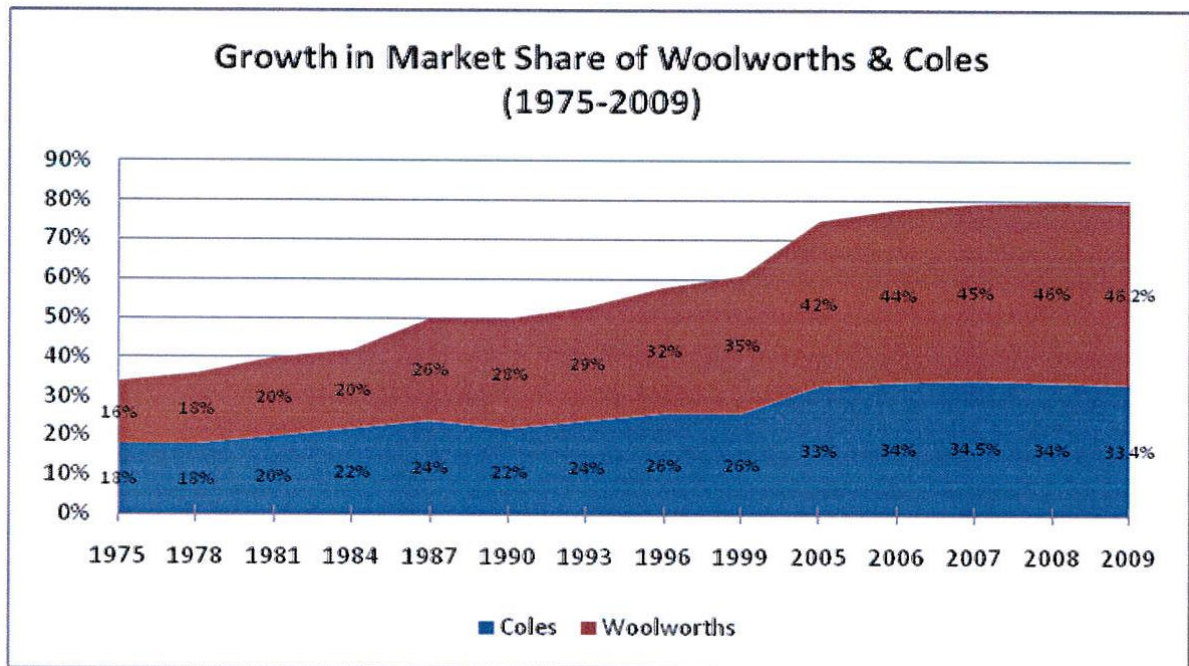
an 'independent retail shop' because of their size and number of employees and while they remain small locally owned family businesses, they are prevented from opening beyond the hours permitted by the duopoly.

23. Several of the proponents for the deregulation of trading hours based on models in other states of Australia remain staunch defenders of tight liquor regulation in Queensland to the exclusion of independent grocery stores.
24. This leaves independent store owners with little option but to terminate staff that they can no longer afford or reduce employee hours and work longer hours themselves as profit margins decrease. The expansion of trading hours for non-exempt stores further harms our members as it impacts their family lives as they work longer hours, harms their superannuation nest egg through the devaluation of their business and often results in ensuing health problems.
25. Amendments to the Act should ensure that family community businesses that wish to expand their businesses and increase their employment of local persons are not hindered by local trading hours regulations. This will assist in the maximisation of retail employment in rural and regional areas beyond the capacity of the large National Chains and assist those independent stores in servicing their communities.

VI. Market power of the 'duopoly'

26. The Australian supermarket retail landscape is the most concentrated in the world with a strong duopoly structure and an unhealthy market share. Statistically, it is evident that Woolworths and Coles account for around 80% of the Australian grocery market and these current share figures are conclusive evidence of the power that the National Chains hold in the Australian supermarket industry.
27. The diagram below³ shows exponential growth (in market share) of Coles and Woolworths from 1975 to 2009. Subsequent store openings and site acquisitions have translated into increased market share for Coles and Woolworths.

³ Source: Accenture Australia, The Challenge To Feed A Growing Nation, November 2010, p. 27



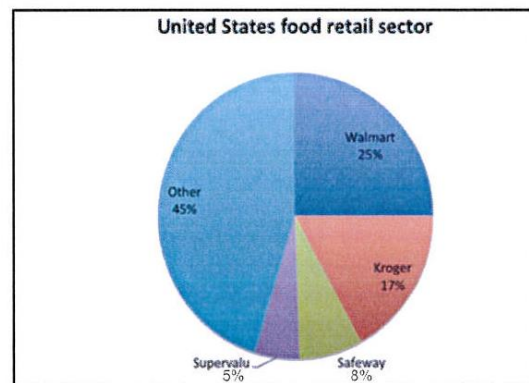
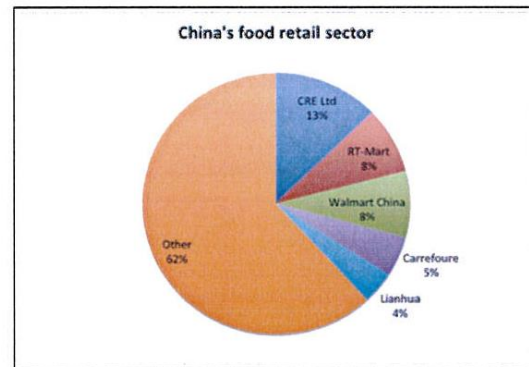
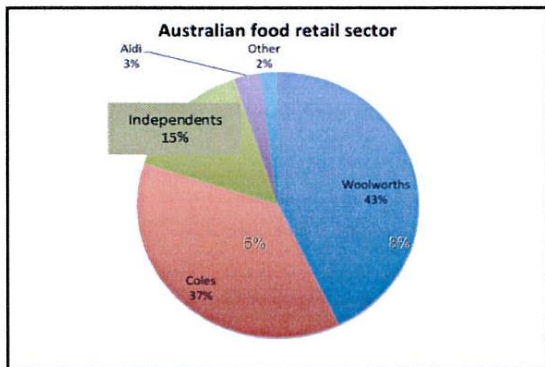
28. Accenture Australia has noted:

"Market share rankings in the supermarket sectors are quite consistent, with Woolworths, Coles and IGA being the order of the major players. Combined market share of Woolworths and Coles ranges between 77 and 80.4 per cent.

29. By comparison to other countries around the world, there are significant differences in the market share of strong retailers. The largest supermarket retailer in the USA is Walmart with a market share of around 25%. In the United Kingdom, Tesco is the largest retailer and has 28% market share. In China, five large retailers collectively hold only 38% of the market share.

30. The following charts⁴ illustrate the dominance of Coles and Woolworths in comparison to overseas markets and demonstrate the uniqueness of the Qld market and the need to protect small independent businesses:

⁴ Source: The Conversation Media Group, Fact check: is our grocery market one of the most concentrated in the world? 12 August 2013



31. Any further extension of trading hours for Coles and Woolworths will only serve to increase the market share of the 'duopoly' to the detriment of independent supermarkets and small businesses. This can have a significant detrimental effect on town centres, local communities, employment opportunities and competition within the grocery retail sector. These issues will be addressed accordingly below.

VII. Reasons why amendments will not create more

32. The Palaszczuk Government framework has stated that there will be job growth in Queensland as a result of the proposed amendments. MGA submits that this is not necessarily true.
33. Despite the claims of the major retail chains, extended trading for non-exempt stores does not necessarily equate with increased retail employment. The proposed amendments to trading hours for non-exempt stores actually results in a decrease in employment opportunities in the retail sector. This occurs as consumers are redistributed away from the independent sector and increased market share shifts towards the larger retail chains.

34. MGA submits that Applicants have been reluctant to provide such evidence as no increase in employment occurs. For example as noted by Robin Price in her article ‘Extended trading Hours – More Retail Jobs?’, in 172 QGIG 542 at 543, the Full Bench cites Mr Ewing, the Area Manager for Coles Supermarkets Queensland, who estimates that by commencing trading at 6am on weekdays and Saturdays and ceasing later on weekends, ‘an additional 200 hours of work per week would be available, which would, in the first instance, be offered to Myer Centre Coles Express employees’. In the same case, the Full Bench of the Commission stated:

“Coles could have provided ‘appropriate statistical material’. It had it within its power to provide the Full Bench with actual employment statistics both prior to the granting of an extension of hours at the Edward Street Coles Express store and the employment statistics for some period after the granting of that extension of hours, for example, did the 1998 decision of this Commission result in an overall increase in hours and/or did it result in any new jobs being created. Those figures were not provided (172 QGIG 542 at 544).”

35. In her article Ms Price independently examines the impact of extended trading, and Sunday trading in particular, on employment levels within one of Australia’s largest supermarket chains. Interestingly, while the article was published before the widespread implementation of self-serve checkouts, the conclusion asserts that that extended trading hours do not necessarily result in increased overall employment levels within large retailers, such as supermarkets. The article concludes:

“The findings of this research refute the assertions of the large retail chains and their employer associations that extended trading, in the form of Sunday trading, will result in increased employment. In Westside, after Sunday trading was introduced there was an increase in total labour hours for the store, but not more employees. In Southside, after Sunday trading was introduced there was a decrease in total labour hours and in the number of employees. In the case of the two stores examined, Sunday trading did not result in increased numbers of employees within stores, although it did appear to have created longer hours jobs for some part-time employees. Clearly the number of hours that a store trades influences the level of employment within a store, but longer trading hours did not necessarily mean increased employment.”⁵

⁵ Robin Price. *Extended Trading Hours – More Retail Jobs?* International Journal of Employment Studies, Vol. 13, No.1, April 2005 (see attached).

36. Ms Price's findings are consistent with those of Professor Fabrizio Carmignani of Griffith University in his paper 'The Effects of Deregulating Retail Trading Hours in Queensland'. In his paper, Professor Carmignani found that in a community of 40,000 people where four IGA stores operate together with seven National Chains, if trading hours were deregulated resulting in a 10% reduction in IGA market share there would be a loss of 8.2 jobs with a total loss of 10.7 jobs in the community⁶.
37. Professor Carmignani's findings are consistent with the widespread understanding in the retail sector that the National Chains' average weekly wages percentage is roughly six per cent whilst Aldi is roughly four to five per cent. In contrast, independent community stores operate anywhere from nine per cent to thirteen percent of sales.
38. As any deregulation of trading hours will invariably result in some redistribution of sales away from the independent sector and towards the National Chains, the ensuing shift of in store profits will inevitably cause a reduction in overall employment or at best, no increase to employment. This was most recently noted by Industrial Commissioner Thompson after hearing evidence in the Goondiwindi matter in 2015. Concerning the order of employment Commissioner Thompson found:
- [177] The positions advanced by both the NRA and the MGA with regards to the impact of the order on employment are considered to be in all likelihood scenarios that would come to fruition should the application be approved and would have the effect of cancelling each other out rendering this criterion as being neutral.
40. Commissioner Thompson's findings reaffirm that the extension of trading hours for non-exempt stores fails to increase employment levels which continually projected by non-exempt stores when seeking an extension to trading hours.

Case study 1: Toowoomba

Based on the projections that were made by the Applicant concerning the benefits of extending trading hours for non-exempt stores in Toowoomba in 2010 as noted in the issues paper the QIRC found 'the impact on employment would be positive if the application were granted' and 'the more meritorious submissions around the interests of small and large businesses were provided by the NRA'. Our members actual experience in Toowoomba has been described by them as follows:

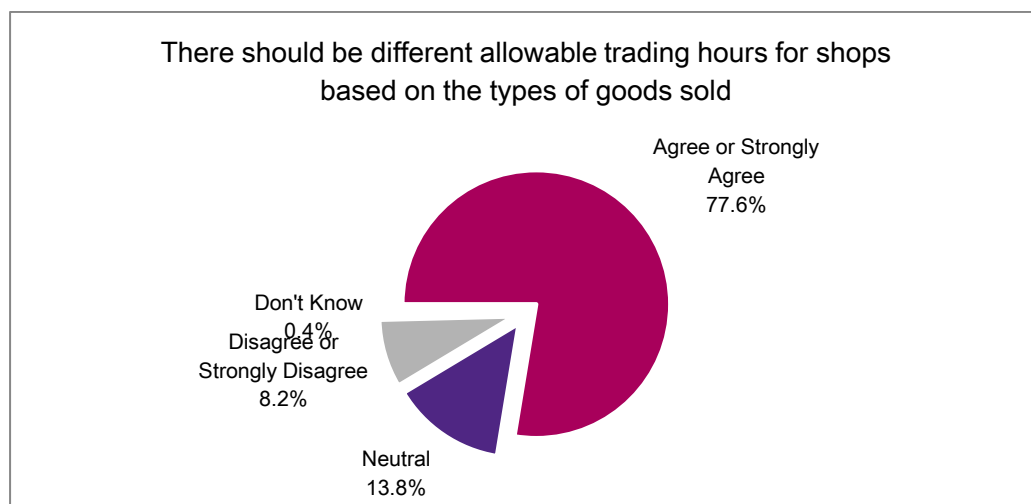
⁶ These are the 80 characteristics of the 80 statistical areas in which Queensland has been subdivided for the purpose of the Professor's analysis.

- We bought two really rundown stores in Toowoomba in 2008, we refurbished, extended and ran an aggressive promotional program and supermarket competitive pricing.
- Since 2010 when Toowoomba went Sunday trading Toowoomba has gone from 5 major shopping centres to 10 and from 6 super IGA's to 2.
- As a result our member's stores' reduction in sales is obvious, as well as the corresponding loss of gross profit. Sales were down for the quarter \$196,487 profit was down \$66,528.
- Employment hours were reduced by 608 senior hours, and 800 junior hours despite the addition of an extra 3.5 hours each day of trading.
- Our member notes that "whilst this didn't happen immediately after Sunday trading was introduced it was a consequence of unsustainable development which was not based on population growth".

VIII. Household survey conducted by the Queensland Government Statisticians Office

41. Between 4 October, and 15 October 2016 the Queensland Government Statisticians Office conducted a household survey in relation to retail shop trading hours in Queensland. It is difficult to make any definitive statements based on the results, as the questions are broad, and fail to address some of the specific issues that underpin retail trading hours. It is submitted as follows:

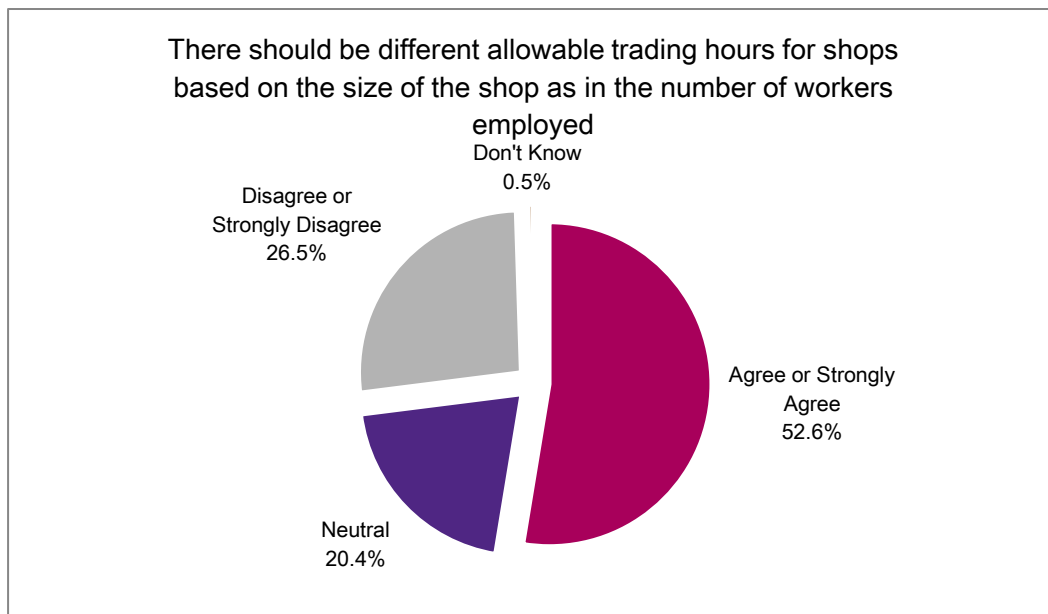
Question 1



Source: QGSO

The majority of respondents (77.6 per cent) indicated that there should be different allowable trading hours for shops based on the types of good sold. While more than three in four respondents indicated that they agreed with this statement, without any further questions in the survey that specifically address what types of goods should have different allowable trading hours, and what those different allowable trading hours should be, it is difficult to gain much from this question. It is possible however, that this response points to there being little support for uniform retail shop trading hours that apply the same conditions to all stores, regardless of the goods that they sell.

Question 2

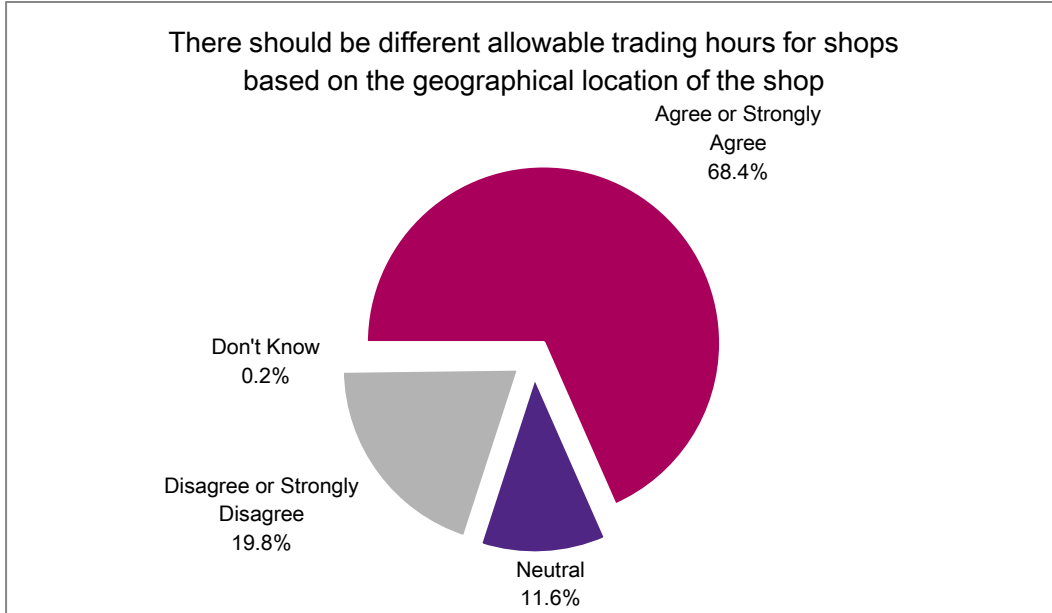


Source: QGSO

Although less definitive than the response to whether trading hours should be different based on the goods being sold by a store, more than half of all people surveyed agreed with the statement that there should be different allowable trading hours based on business size. Similar to the previous question however, as no follow-up questions were asked, it is difficult to determine at what size of business (i.e. number of workers) allowable trading hours should be different, and what those differences should be. As a result, this question is only suitable for determining that 52.6 per cent of people believe that businesses should be subject to different trading hours based on the number of workers they employ.

This could indicate that the public recognises the need to protect different sized businesses, in particular small businesses.

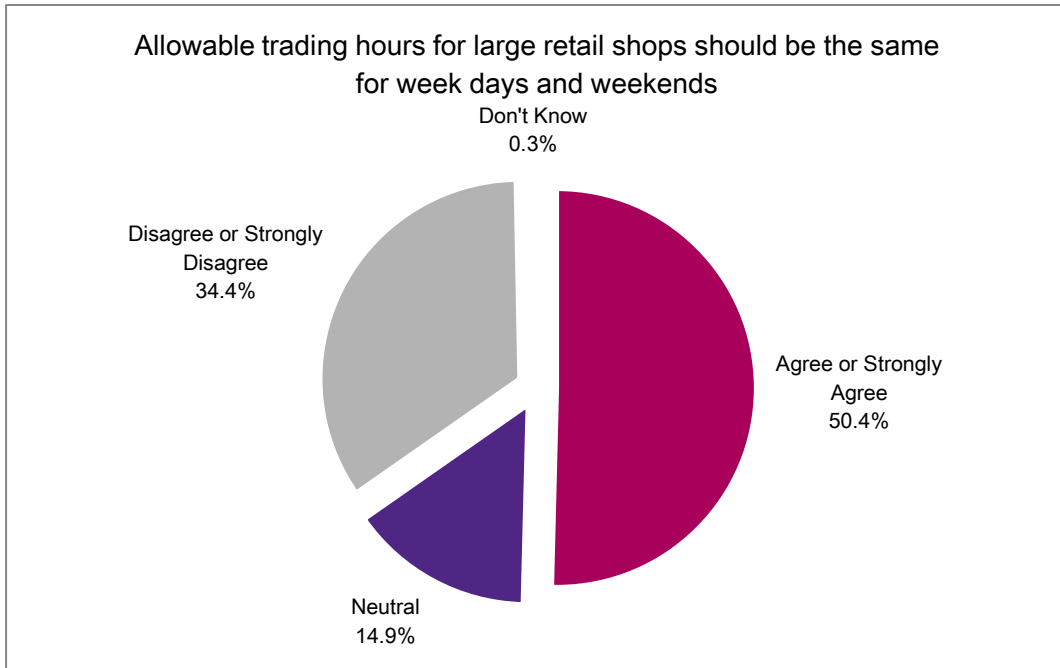
Question 3



Source: QGSO

More than two thirds of all respondents agreed with the statement that allowable trading hours should be different based on the geographical location where a shop is operating. While this provides a further indication that a uniform set of retail trading hours does not have public support, there is no opportunity to provide further commentary, or understand how or why geography is important for determining trading hour boundaries. Although it is clear that most Queensland residents believe that there should be different trading hours by region, it is not possible to say, for example, that tighter restrictions should be applied to businesses operating in metropolitan areas. As there were no follow-up questions to understand what was underpinning responses to this question, the statistics only provide evidence that uniform trading hours would not be supported by the majority of Queensland residents.

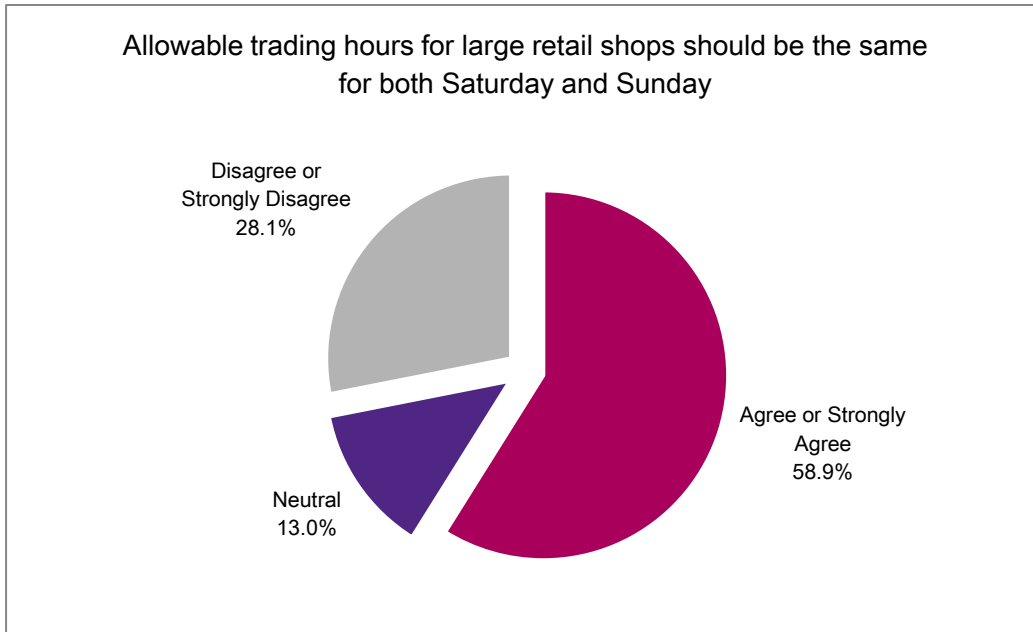
Question 4



Source: QGSO

Half of all respondents (50.4 per cent) indicated that allowable trading times should be the same for week days and weekends. Of all the questions posed to survey respondents, this question produced the least definitive answer, with more than one in three (34.4 per cent) participants indicating that they disagreed with trading hours being the same for week days and weekends. While it is difficult to interpret this response without any additional questions, which would deliver greater understanding, it is possible that this suggests a sizeable proportion of the population still maintain traditional views of the working week. As a result, there is a sizeable proportion of the public that consider the weekend (Saturday and Sunday), as being fundamentally different to the other days of the week.

Question 5



Source: QGSO

More than half of all respondents agreed with the statement that the trading hours for large retail shops should be the same for both Saturday and Sunday. While this appears to have a significant level of public support, it is again difficult to extract any meaningful information from this, other than there being positive sentiment towards there being uniform trading hours for large retailers on Saturday and Sunday. Without follow-up questions, which would address what these hours should be, it is impossible to know what hours of trade for large retailers would be acceptable to Queensland residents on the weekend. All that can be drawn from these statistics is that the majority of Queensland residents agree that the allowable hours should be the same for both days.

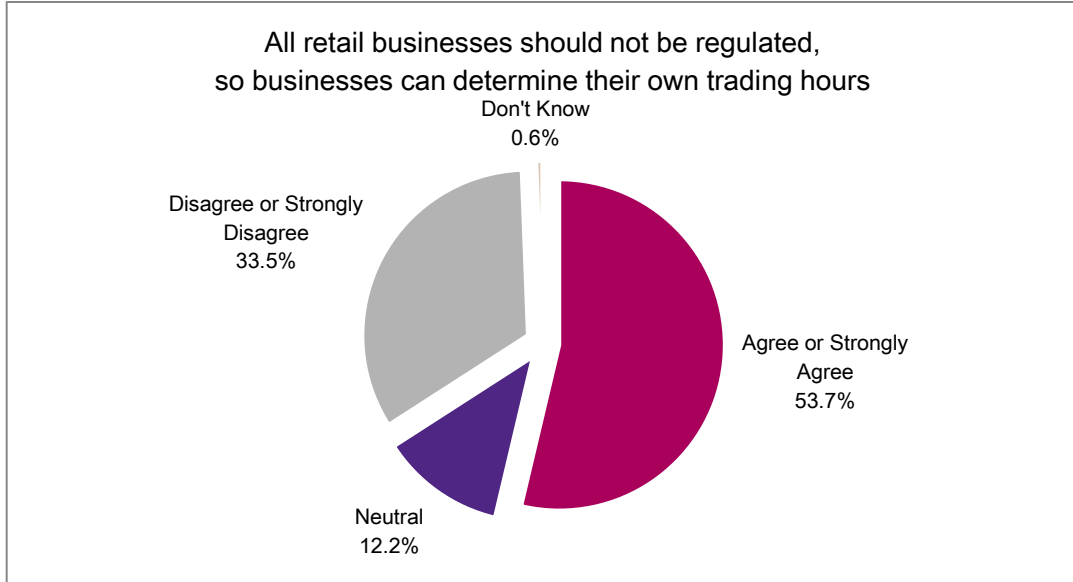
Question 6



Source: QGSO

Similar to question five, although there appears to be strong support (58.3 per cent) for uniform trading hours to be applied to large retail shops across Queensland, with no follow-up questions it is not possible to know how residents believe this should be applied. Without knowing what is underpinning these responses, it is not clear as to what kind of uniformity survey participants are supporting. Essentially, it is possible that this could reflect a public belief that the trading hours for large retail shops should be uniform across Queensland, but that greater restrictions should be applied.

Question 7



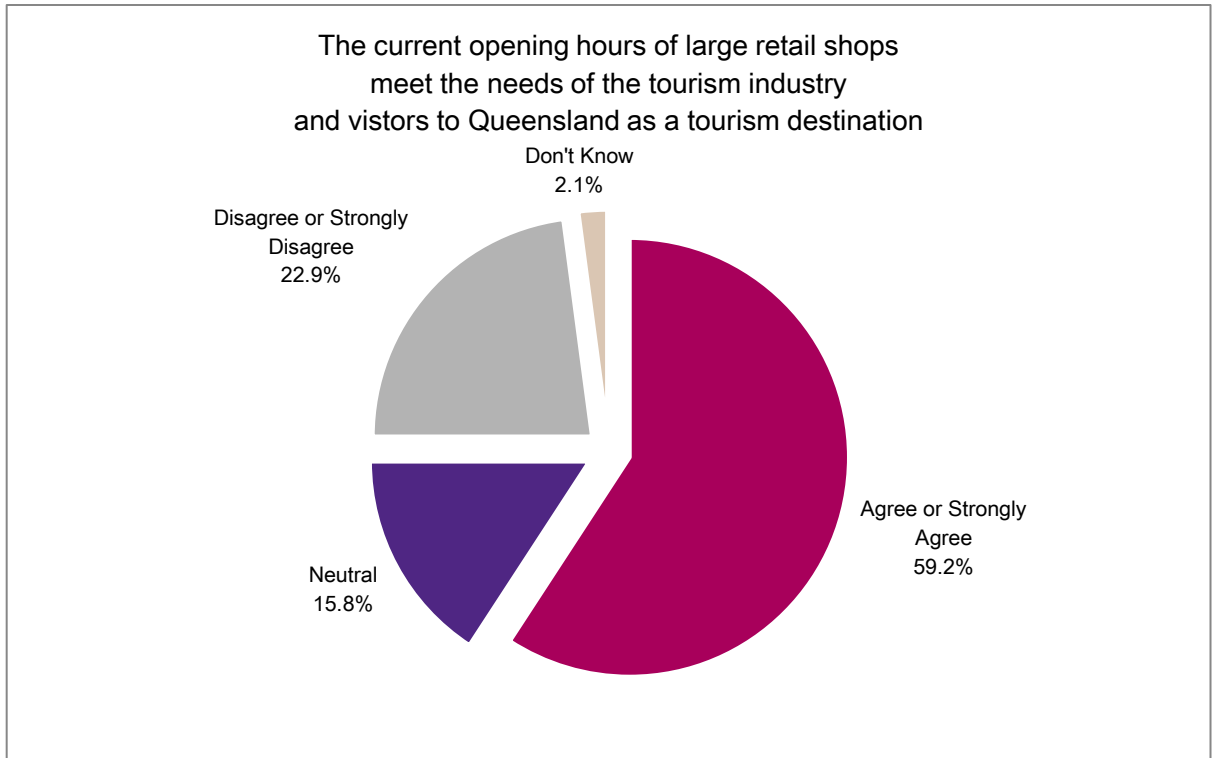
Source: QGSO

Slightly more than half (53.7) of all respondents indicated that retail businesses, regardless of size, goods sold, or geographic location, should not be regulated and allowed to determine their own trading hours. While this suggests that there is public support for full deregulation of trading hours, this response appears to contradict the preceding questions. Essentially, while the majority of respondents indicated that different trading hours should be applied to retail businesses based on what they sell, the number of people they employ, and where they operate, it is surprising that respondents would then indicate support for full deregulation. This raises questions as to what statistics are more reliable in terms of determining level of public support. Again, the lack of follow-up questions to develop a better understanding of what is driving these responses is necessary to make sense of t

Source: QGSO

The most definitive response from the current survey relates to whether the existing trading hours of large retailers (the status quo) meets the lifestyle and work needs of Queensland residents. More than nine in ten respondents (92.9 per cent) indicated that the current opening hours of larger retailers meet their needs, and suggests that any expansion of hours would not have any meaningful impact on the public. Essentially, the current opening hours meet the needs of the overwhelming majority of Queensland residents.

Question 9



Source: QGSO

The final question that was posed to survey participants was whether the existing trading hours of large retailers meets the needs of Queensland as a tourism destination. Almost sixty percent (59.2) indicated that the current allowable trading hours for these businesses was sufficient to meet the needs of the tourism industry and visitors to Queensland and 15.8 percent were neutral to the question. Similar to the previous question, this would suggest that the current conditions (i.e. the status quo) would be acceptable for most Queensland residents, at least in terms of the allowable trading hours made available to large retailers.

IX. Factuality Survey: Trading hours across Queensland

42. In light of our joint concerns with the survey undertaken by the Queensland Government Statistician’s Office (‘QGSO’) in November 2016 MGA engaged Factuality (an independent research and survey provider) to conduct a separate consumer review into Queensland Trading Hours.

43. The purpose of the research was to:
- a. Examine several aspects of Queenslanders' (all except those living within the Brisbane City Council LGA) shopping habits and their satisfaction with several aspects of shopping in their local areas.
 - b. Determine and rank the priorities that Queenslanders (outside the BCC) believe their Government should focus upon in determining whether opening hours of large retailers should be altered in their local areas.
 - c. "Battle-box" or ask Queenslanders to examine arguments put by those who support and oppose longer trading hours about several related factors and choose which they consider to be the more convincing.
 - d. Ask Queenslanders to assess the criteria that the government has asked the review to consider and indicate if they expect each would become better or worse if trading hours for large retailers were extended.
 - e. Ask Queenslanders whether they support or oppose extended trading hours, either with or without conditions or caveats.
44. Unlike the QGSO survey, the survey provides the detail needed to understand what is really driving opinions and support for extended trading hours in Queensland. Overall, there is an indication that while there is marginal support for changes in trading hours⁷, respondents make it clear that this shouldn't result in an increase in market share for Coles and Woolworths.
45. As part of the survey, 996 residents aged 18 or over were interviewed online. They comprise a representative sample of the adult population across Queensland with the exception of the Brisbane City Council LGA which was excluded from the survey. Quotas were used for age, gender and location and then a small weight was added to ensure that the sample matches the ABS census profile across the survey area.
46. A summary of the findings largely contained in the survey reflects that:
- a. More than half (53 percent) of respondents support extended trading hours for large retailers in Queensland. However, of these respondents almost two thirds (64

⁷ It should be noted that this survey has been undertaken before the implementation of the SEQ decision.

percent) indicate that this support is conditional on the extension of trading hours not resulting in reduced competition and higher food prices.

- b. Further, almost three in four (71 percent) respondents agreed with the statement that “Allowing large nationally operated retail businesses the ability to determine their own trading hours will harm independently owned community stores and reduce consumer choice”
- c. The survey also finds that in “local communities” (i.e outside of the Brisbane City Council LGA), shopping hours are not seen as a significant issues, which reflects what has also been seen in the QGSO data (92.9% believe that current trading hours meet their lifestyle and working hour needs).
- d. Significantly, the second most important priority that people have for the “review” is ensuring that the market dominance of the National Chains will not increase as a result of changes in allowable shop trading hours (Impact on jobs/labour market is the biggest priority).
- e. Further, the lowest priorities for respondents were standardising opening hours for large retailers across Queensland, and making trading hours the same for Saturday and Sunday for large retailers – This is interesting as these are two questions that were asked by QGSO – This reflects that the QGSO survey was not asking the pertinent questions – It asked questions of respondents that don’t appear to be high priorities for consumers when it comes to trading hours!
- f. Respondents expected that a number of factors will “become better” if trading hours are extended for large retailers. These are as follows:
 - Local employment and jobs
 - Queensland economy
 - Local economy and business growth
 - Local community

MGA and CCIQ submit that none of these factors will in fact ‘become better’ but rather would decline or be harmed by the expansion of trading hours for non-exempt stores.

- g. Any expected improvements in employment, the economy or tourism are offset by factors that respondents believe will “become worse” if larger retailers can access extended trading hours – much of this rests on the competitiveness and health of small and independent businesses declining, as a result of reduced competition

- h. In broad terms the factors driving support for allowing large retailers to have extended trading hours are as follows:
- Convenience
 - Modernising to “catch-up” with other states
 - Extra employment/job creation
- i. The factors opposing extended trading hours are as follows:
- Unnecessary (Allowable hours already meet lifestyle and working hour needs)
 - Negatively impacts small business
 - Large retailers already “too” dominant and increasing allowable trading hours will increase the market share of large retailers and reduce competition
47. The Government needs to review and monitor the circumstances in South East Queensland following the most recent decision to extend trading hours. MGA urges the Government to examine the harmful effects on exempt stores and independent retail stores where there has been any extension to trading hours. This should be extended beyond the grocery sector and include for example community butchers, bakeries, pharmacies, newsagents and other competitors to non-exempt stores.
48. It is vital that the Government considers whether the changes proposed to the Act are what the people of Queensland really want. There is clear evidence in the surveys that the communities that are served by small independent shops do not want to see their livelihoods destroyed. The following example is that of yet another store that was once a thriving business and disappeared due to the impact of a trading hours decision.

Case Study – Tin Can Bay

While numerous projections were made as to the benefits of extending trading hours for non-exempt stores in the Tin Can Bay area in 2009, MGA’s member reports the following:

- Wages were reduced by 400 Hours per week following Woolworths opening in mid 2009 resulting in significant redundancies.
- Wages were reduced by a further \$960 a week following Woolworths commencement of Sunday trading. Once again redundancies were necessary.
- Our member experienced a loss of trade of 40% on Sunday with the introduction of Sunday trading for non-exempt stores.
- Due to the decrease in revenue our member was forced to cease their community support to a number of local organisations and charities.

- The IGA store is still open but only just and 20 other small business stores have closed in the immediate trading precinct.
- The adjacent shopping centre (Dolphin Shopping centre) had a 100% occupancy when our member purchased their store in 2005 but decreased to approximately 65% occupancy after the Woolworths opened 8 kms out of town – many small businesses closed their doors.
 - o MGA has attached this submission the academic document of Dr Robert Baker who highlights the association between the deregulation of trading hours and the decrease in shop occupancy.
- There was a massive disruption to the community centre and total fragmentation of the hub.
- The store was sold due to the consequences of the deregulation of trading hours in the area.

X. **Conclusion**

49. MGA submits that the proposals by the Queensland Government to make amendments to the Act are not in the best interests of a significant sector of the retail Industry. The impact on small businesses will be damaging and through their demise result in seriously affecting the Queensland economy. There will not be massive jobs growth, there will not be any significant benefits to the tourism industry and the beneficiaries of the changes will be those who are not Queensland based. MGA seeks that the Government reconsiders the proposed amendments to the Act so as to ensure the future of thousands of small business owners.
50. MGA thanks the Finance and Administration Committee, Queensland Government for the opportunity to make this submission.

Jos de Bruin



CEO

Master Grocers Australia

March 2017