

**Submission to the Government of Western Australia, Department of
Mines, Industry Regulation & Safety - Consumer Protection Division**

**2018 Christmas Trading Extensions Perth Metropolitan Area
2 July 2018**

Introduction

The trading hours for retail shops in Western Australia is governed by the terms of the Retail Trading Hours Act 1987 (WA) (“the Act”) and pursuant to section 12E(2) the Minister responsible for trade may vary retail trading hours in the metropolitan area within 28 days of the period ending on January 1st or on a public holiday or half public holiday outside that period.

Each year the Minister responsible for the extension of trading hours considers whether to extend trading hours during the forthcoming festive season and also exercises the power under the Act to extend trading hours on public holidays.

Businesses and individuals are able to submit their views to the Minister through the Department of Mines, Industry Regulation, Safety - Consumer Protection Division (“The Department”) with their views as to whether any changes to the current trading hours are appropriate and viable.

The Department of Commerce has sought public views on any proposals for changes to trading hours that the Minister may consider in respect of changes in 2018/2019.

Master Grocers Australia (“MGA”) is an organisation that represents the interests of independent retailers in Western Australia and makes this submission on their behalf in respect of any changes to trading hours.

About Master Grocers Australia

MGA is a National Employer Industry Association representing independent supermarket and liquor store owners in all States and Territories. These businesses range in size from small, to medium and large, and make a significant contribution to the retail industry, employing 115,000 people and accounting for approximately \$14.5 billion in retail sales.

MGA is a registered organisation with the Fair Work Commission and is the member organisation for all independent supermarket store owners in Western Australia. In Western Australia, MGA’s members trade under a variety of different brand names including; Farmer Jacks, FoodWorks, Supa IGA, IGA, IGA Xpress, Eziway, Cellarbrations, The Bottle O and Mitre 10 Hardware. We currently have 491 Western Australian members, who employ over 20,000 staff with a sales turnover of \$2.8B per annum. The independent grocery sector makes a significant contribution to the Western Australian economy and the communities in which they trade.

We understand that the Western Australian Department is currently reviewing this year’s Christmas trading extensions for the Perth metropolitan area. An extension of trading hours is a significant issue for many of our members as it makes even harder for independent, community-based businesses to compete.

The position of MGA in respect of increased trading hours

MGA opposes any extension of trading hours in the metropolitan area beyond the times currently specified.

Current trading hours for general retail shops in the Perth metropolitan area:

Monday to Friday	8am to 9pm
Saturday	8am to 5pm
Sunday and Public Holidays	11 am to 5pm
Christmas Day, Good Friday and ANZAC Day	Closed

Exceptions:

Small retail shops can trade 24 hours a day, every day of the year. Small retail shops are shops owned by up to six people who operate no more than four retail shops, in which up to 25 people work at any one time (people employed as apprentices are not included in maximum permitted staffing numbers). To be classified as a small retail shop, the store must satisfy the above conditions and apply to the WA government for a certificate confirming the status.

It is noted that in the past the Minister has granted extensions to trading hours during the festive season as follows:

General retail shops trading hours from 5 December to 1 January:

Monday to Friday	7am to 9pm
Saturday	7am to 6pm
Sunday and Public Holidays	8am to 6pm
Christmas Day	Closed

Reasons why MGA opposes any extensions to trading hours

MGA has opposed the extension of trading hours on numerous occasions in the past on behalf of our members and continues to oppose any further relaxation of trading hours anywhere, because of the serious consequences that will follow for independent supermarkets.

Small businesses rely on the few remaining trading hours in which larger businesses are unable to trade, for their sustainability. Over recent years there have been amendments to trading hour’s legislation in Western Australia, which have enabled bigger businesses greater trading opportunities and consistently every year Christmas trading hours are extended for all retailers. These extensions have gradually eroded the ability of smaller businesses to operate their businesses successfully and has allowed larger supermarkets, such as

Coles, Woolworths and Aldi, to grow their market power. This growth seriously damages the viability of MGA members to remain in business.

In June 2018, MGA conducted a survey of WA members in relation to the impact that extended Christmas trading hours in 2017 had on their small or medium independent businesses and the current retail conditions. Extracts of some of the feedback received are set out below:

Specific Reported Losses

Store	Feedback
Mandurah IGA	The store lost 45 customers and \$1,200 for every hour of extended trading during the Christmas period 2017. This impacted the whole viability of the store and staff hours were reduced.
Woodvale SUPA IGA	Overall sales were down 30% during the Christmas period due to extended trading hours.
Coolbellup IGA	There was an overall sales drop of 20% during the Christmas period due to extended trading and it was extremely quiet during this time.
Broadway IGA	Sales were down 2% during the 2017 Christmas period as there were less sales and customers.
Armadale IGA	Sales dropped 20% due to extended trading hours and December 2017 was the quietest December from memory for the store.
Westminster IGA	Sales were down 12% during the Christmas period due to extended trading hours and less customers and the store really struggled during this time.
Bayswater IGA X-Press	Sales dropped 10% during the Christmas period 2017.
Pearsall IGA	There was approximately a 15% drop in sales during the Christmas period 2017.

Anecdotal Feedback

Store	Feedback
Hambley's SUPA IGA	Due to competition from larger retailers and extended trading hours over Christmas their sales dropped and the store was very quiet.
Rockingham IGA	The store was quiet during December 2017.
Lesmurdie IGA	Sales dropped in December 2017.

Port Kennedy SUPA IGA	The store was quiet during December 2017.
Northbridge SUPA IGA	There was a drop in sales during the Christmas period 2017 compared to previous years.
Forrestfield FoodWorks	Sales dropped in December 2017 compared to previous years.
Glengarry IGA	The store was quiet during December 2017.
Atwell Fresh IGA	There was a slight decrease in sales over the Christmas period 2017.
Hamilton Hill IGA	Sales were slightly down due to an extension of trading hours.
Bunbury IGA	Sales dropped in December 2017 compared to previous years.
Sanderson Road IGA	Sales dropped dramatically during the Christmas 2017 period which had a major impact on the viability of the store.
Beeliar IGA	Sales were down during Christmas 2017 and December 2017 was the quietest month of the year.

The feedback above confirms that the extension of trading hours over Christmas is not warranted and in fact significantly impacts the overall viability of small and medium independent stores who are unable to absorb their losses by having large financial backing from huge conglomerates. If the extension of trading hours is continually introduced, smaller businesses will gradually disappear through a process of attrition and there will be no competition. This will result in the larger stores controlling prices and it will distort the ability of consumers to make choices and destroy any semblance of competition.

Furthermore, an increase in trading hours does not necessarily mean more jobs. Stores such as Coles and Woolworths simply spread any additional hours of work availability across their current staff and make greater use of self-serve checkouts. Whereas the owners of small and medium independent retailers are required to reduce staff hours and work those hours themselves, losing out on valuable family time.

There is no more money available in the community than already exists and extending trading hours simply means spreading the available money that consumers have to spend, over a longer period of shopping time. So, there is no economic benefit to the State.

What larger businesses such as Coles and Woolworths want, often using the excuse of “customer convenience,” is to grab a few additional hours of trade that smaller retailers currently have, which will then take away the livelihood of their smaller competitors and eventually force them from the market.

In previous years there has been extension to the trading hours for Boxing Day and New Year's Day beyond the current allowable trading hours. If the proposal is allowed, there will be an expectation that small businesses will be open on public holidays in line with other businesses, or they will face pressure from their landlord or lose customers. However due to the exorbitant penalty rates, small retail businesses must pay on public holidays (in some cases up to 250%), small businesses do not make a profit on these days as they are paying extremely high wages to compensate staff for working on these days. Big businesses utilise enterprise agreements which reduce the cost of public holidays for those businesses, and in any event their costs can be easily absorbed which is not the case for small retailers.

There is also ample evidence of the detrimental effect that the extension of trading hours has had in other States. MGA members face a highly competitive environment in other States where the experiences are no different to those in Western Australia. In all States, a significant number of our members are operating within 5km of a 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 endeavoring 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 open. If changes to trading hours are introduced 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 trading hours to progress.

It is not difficult to show how many small businesses have fallen by the wayside due to the extension of trading hours. The WA Government should look both inside and beyond its borders for evidence of how trading hours' extensions could economically affect Western Australian businesses. A number of shops have closed and their owners have gone into liquidation as a result of the expansion of the power of larger businesses such as the Chains. The Government should consider just who has gained from the extensions of trading hours, because the Chains and other larger businesses will be the main beneficiaries of extended trading hours, not Western Australia. The Government should also consider the fact that a great deal of the wealth derived from extended trading hours will find its way interstate.

Conclusion

MGA strongly believes that further change would seriously damage the continued viability of the businesses of independent retailers and urges the Minister to resist any changes to trading hours in Western Australia.

MGA thanks the Minister and The Department for the opportunity to make this submission on behalf of our WA members.



Jos de Bruin

Chief Executive Officer

Master Grocers Australia

2 July 2018