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1. Executive Summary

Economic reforms designed to improve competition have been objectives of successive governments in Australia for the past two decades.

We understand the reforms were introduced to make Australia more internationally competitive and, as a consequence, provide benefits to all sectors of the economy.

The National Competition Policy agreements, endorsed by all governments in Australia, are instruments of policy. However, modification or removal of remaining discriminatory legislation affecting the retail sector still requires consideration and action.

Coles Myer welcomes the opportunity to participate in this review of the socio-economic benefits of these reforms.

Our submission focuses on one specific element of COAG reforms **the reform of restrictive retail trading hours in Victoria**, which in terms of competitive restrictions, represents **the most significant barrier to fair and open competitive trading in the retail sector**.

Reform has been driven not only by the need to remove discrimination and restrictive practices but also by community demand based on lifestyle and value changes. Community pressure over time has contributed to the deregulation of trading hours. For example, New South Wales effectively deregulated trading hours before national Competition Policy was adopted.

Shop trading hour regulations, which vary from state to state¹, effectively restrict consumers' choice of and access to retail goods. They discriminate between retailers on the basis of their size or because they sell or do not sell a particular range of regulated goods. They also discriminate between the retail sector and other sectors, all vying for the consumers' dollar.

The abolition of these regulations, in states such as Victoria, has meant all shops can open according to customer demand.

It has enabled *all* Victorians to share in the benefits of increased retail competition:

- a faster growing retail sector able to compete on equal terms with other unrestricted industries;
- more retail employment opportunities – 11,200 retail jobs in Victoria², including an additional 2,000 jobs at Coles in Victoria in the 12 months following deregulation;
- improved access to and choice of retail goods and services;
- improvement in the State's economic growth, as retail sales growth in Victoria moved from below the national growth rate prior to deregulation, to being above;
- positive flow on effect to manufacturing;
- competitive prices all the time;
- freedom to choose where and when to shop.

Employment:
pages 7-9 and 10-12

Retail growth:
Page 17

Community support:
page 18

Victorians have demonstrated their acceptance of these reforms by strongly supporting Sunday shopping.

Where local community opposition to Sunday trading arises, the Victorian Government provided the means for a referendum vote, conducted by the Electoral Commission.

¹ **Attachment 1** provides a summary of State trading hour regulations nationally

² Retail Traders Association Victoria sourced from ABS data.

³ **Attachment 2** provides referendum and summary information as well as a statement from the Victorian Government.

The only challenge to date has been in the regional Victorian City of Bendigo (population 85,000) where, in the referendum, the community overwhelmingly demonstrated support for Sunday trading³:

- 73% of eligible voters voted
- 77% voted to retain Sunday trading.

***Bendigo poll:
page 20***

A letter to the Chief Executive of the City of Bendigo details the positive impacts of deregulated trading on this regional centre.

***Regional impacts
Page 20-26***

While our submission focuses on trading hours, there are opportunities for further market growth and broad community benefit through removing restrictions in other regulated retail segments.

We acknowledge that reform of anti competitive legislation is considered threatening to some, as occurs with any change process. The NCP process provides governments with the framework and incentives to implement change.

We seek to demonstrate to the NCP Review the broad public benefits that have flowed to the community – customers, our staff, suppliers - from the success and additional growth experienced by our company and amongst retail generally, through removing restrictive trading hour legislation in Victoria.

2.0 Background

2.1 Coles

Coles has 407 stores trading in every state in Australia. We have 53,512 employees nationally. We are part of the Coles Myer Group, an Australian company with over 150,000 staff and 280,000 shareholders of which 220,000 or 79 per cent are small shareholders with less than 1,000 shares. Coles is the main part of the company's Food and Liquor Division, which recorded sales of \$11.5 billion this year. In Victoria Coles has 101 stores and employs 15,326 staff.

2.2 Hours of Trade

The Victorian State Government deregulated shop trading hours effective the end of November 1996.

Prior to that, only small stores could trade on Sundays (with some exceptions such as hardware stores). General Sunday trading was permitted on only 10 Sundays per year.

When the Victorian State Government announced deregulation, the Minister⁴ pointed out that the limits on shop opening times did not comply with the principles of the National Competition Policy Agreement, stating:

"It is clear that shop trading regulation in Victoria is no longer working in the best interests of the community as a whole because it has not kept pace with changing community attitudes and needs.

"Our current trading rules impose net costs on the community and infringe upon people's rights to live and work as they wish without unnecessary Government interference."

The changes that took place in Victoria were a product of society's expectations and changing needs, and the policy of the Government of the day backed up by the National Competition Reform process.

⁴ Minister for Industry, Mark Birrell – Shop Trading Reform September 1996.

We enclose **(Attachment 3)** the Victorian Government's statement and publication on Trading Hours reform.

Research carried out for Coles by Delbeato and Young⁵ in the first few months of a deregulated environment, stated: *"There was strong evidence in groups surveyed in support of extended trading hours." "Even shoppers who did not use the extended hours were overwhelmingly supporters of the change." "There were many benefits towards which shoppers would point:*

- *Flexibility;*
- *Avoid high charges – cheaper convenience shopping;*
- *Choice;*
- *Less pressure, more time to shop;*
- *Time for other things – work, family, self."*

The deregulation of trading hours in Victoria has enabled us to better meet customer needs. In this positive trading environment we have been able to introduce retail initiatives and innovations, particularly in employment and staff training. The removal of similar restrictions⁶ in other states would enable us to implement these initiatives nationally.

We had long sought this change because our customers have been telling us they wanted the opportunity to shop on Sundays. The changes in society over the previous 10 – 20 years had been quantum and the community expected to have shopping facilities matching these changes.

⁵ Delbeato & Young – Victorian Supermarket Trading Hours April 1997 – Shopper response to extended trading hours.

⁶ Refer to Attachment 1 for details of State by State regulations

3. Employment

3.1 Additional Staff

Coles sets out to have a mutually beneficial relationship with our employees. Our obligations include a quality workday, opportunities for advancement, training, job security and involvement.

Once the hours of trade were deregulated Coles began trading seven days a week.

We employed an additional **2000** people at Coles in Victoria in the 12 months following deregulation, to meet the demands of the additional hours of trade.

Coles employment statistics July 1996 versus July 1997

	Full time	Permanent Part time	Casual	Total
July 1996	2,037	4,329	6,414	12,780
July 1997	4,067	5,743	5,642	15,452

3.2 Retail and management trainees in Victoria.⁷

Trainees both retail and management have been a valuable means of encouraging motivated young people into our workforce where we aim to keep them through ongoing training programs and clear career paths.

We employed additional retail and management trainees as a result of the additional hours of trade from deregulation.

	July 1996	July 1998
Retail trainees	140	419
Management trainees	274	478

Of the trainees that graduate, almost 100% stay with us.

⁷ Retail training in Coles Victoria was \$2.9 million and \$14.9 million nationally in fiscal year 1998.

This investment is providing us with better quality people to manage our business and to meet customer needs into the future.

3.3 Flow on jobs statewide

There is a flow on or multiplier effect when jobs are created. Australian Bureau of Statistics (ABS) multipliers⁸ estimate that for each million dollars worth of added output in the retail sector there are 16 direct jobs created, plus 5 indirect jobs and a further 8 in related consumption. In total 29 jobs. Therefore Coles in Victoria, with its 2,000 extra retail jobs, would have generated 1,620 flow on jobs following deregulation of trading hours.

In this environment we have been able to continue expanding our businesses in Victoria with 3 new Coles Myer stores since 1996 and the remodelling of some 40 older ones. Total investment by Coles in Victoria over this period from August 1996 to July 1998, was \$90 million.

This capital investment provided work for hundreds of building contractors and suppliers each year, in constructing and fitting out of these stores. Using ABS multipliers for investment and construction, 1,170 jobs were created indirectly.⁹

3.4 Retail employment increased in Victoria generally

According to the Retail Traders Association of Victoria (RTAV), deregulation had a very positive impact on employment growth.

Employment in the retail sector in Victoria grew at a greater rate than total Victorian employment growth, and at a greater rate than in other states.

The RTAV advise that retail employment in Victoria grew by 3.7% in February 1997 versus February 1996. (Total employment in Victoria grew by 1.2% over the same period.)

⁸ ABS Input-output multipliers No 5246 Full time equivalent tables: Employee.

⁹ ABS Input-output multipliers No 5246 Full time equivalent tables: Employee.

Nationally, retail employment fell by 1.4% and total employment grew by 1% over the same period.

The RTAV figures (derived from ABS Labour Force data¹⁰) show that retail employment in Victoria increased by **11,200** between February 1996 and February 1997¹¹ (from 303,300 to 314,500). ABS figures show that retail employment continued to grow during the following 12 months and was 320,000 in February 1998.

Using similar ABS employer multipliers¹², a further 11,900 indirect jobs would have been generated due to increased sales and income from the retail sector. (ABS multipliers estimate that for each 16 direct retail jobs, an additional 17 indirect jobs are created.)

The retail sector enjoyed a strong employment increase post deregulation. Suppliers and the manufacturing sector also benefited from stronger demand and higher flow-on employment.

¹⁰ ABS Cat No 6202.2 Labour Force Victoria Employed Persons by Industry.

¹¹ The RTAV used February because it is outside seasonal fluctuations.

¹² ABS multiplier No 5246 Full time equivalent tables: Employer.

4.0 Changed Work Conditions

4.1 Decasualisation

Over the past four years Coles has moved away from the traditional heavy casual component of our supermarket workforce, and increased our reliance on full time and permanent part time employees

The various enterprise agreements reached over this period with the Shop Distributive and Allied Employees Association (SDA) allowed Coles to improve its customer service whilst improving permanency, job security and career opportunities for employees.

We have done this in order to provide a better quality service to our customers through a more committed and reliable lower turnover workforce seeking greater job security.

The table below shows the changes in emphasis towards full time and permanent part time as well as a net increase in numbers over the four years since 1994 for Victoria.

Coles Victorian Staff Numbers and composition

	July 1994	% of 1994 workforce	July 1998	% of 1998 workforce	% increase on 1994
Full Time	2756	23%	4359	28%	58%
Permanent Part Time	3889	32%	5977	39%	54%
Casual	5483	45%	4990	33%	-9%
Total	12,128	100%	15,326	100%	26.4%

4.2 Coles Langwarrin

At Coles Langwarrin, casual employees work only **one per cent** of the total hours worked. Full time employees work 75.5% of the total hours worked, and permanent part time staff work 23.5%.

In adopting this new staff model our employees gain from career paths, security and quality employment. Our customers received improved service provided by more experienced and knowledgeable staff. This is confirmed by external research¹³ that shows customer satisfaction has increased in the area of product quality and customer service.

Coles receives greater commitment and reliability from a lower turnover workforce. For the community, it means quality employment opportunities locally, further enhancing the neighbourhood in which staff work and live.

The table below shows how vastly different Langwarrin is to similar stores four years ago in terms of its reliance on full time employment.

Comparable store versus Langwarrin

	July 1994 (Comparable store)	% of 1994 workforce	July 1998 Lang- warrin	% Lang-warrin Workforce	% inc/dec on 1994 comp store	July 1998 (Hours worked Langwarrin)	July 1998 (% of hours Langwarrin)
Full time	57	23%	97	67%	194%	3686	75.5%
Permanent part time	80	32%	38	26%	-17%	1148	23.5%
Casual	113	45%	10	7%	-85%	50	1.0%
Total	250		145			4884	

In terms of the total hours worked in a week:

- Full time employees at Langwarrin work 75.% of the total hours worked
- Permanent part time employees work 23.5%, and
- Casuals only 1% of the total 4,884 hours worked

The Langwarrin structure is now being introduced in all states, and will over time, facilitate our goal of increased permanency.

We enclose **(Attachment 4)** excerpts from a booklet about Langwarrin Coles.

4.3 Non-traditional hours

Many Coles Myer employees seek to work the “non-traditional” hours because it suits their family needs. For example a partner can be caring for children while the other works a shift at night or on a weekend.

Sunday work is voluntary.

4.4 Suppliers

Customers who shop during the new hours of Saturday night, Sunday and Sunday night, expect to purchase fresh food and groceries as if it were any other shopping day.

To ensure stores are well stocked at all times; we have worked closely with suppliers across all perishable food categories.

5.0 Social welfare

5.1 Access to low prices and range of products

Deregulation of shopping hours has given all customers access to the choice of a wide range of products and prices at all times.

All Coles stores in Victoria trade seven days a week. Therefore our extensive range of food, clothing, household and personal health care products is available as a shopping choice for everybody.

5.2 Societal changes

Over the past 15 years society has changed considerably. ABS data¹³ shows there are more women in the paid workforce. There are more shift-workers. There are increases in the number of single parent households. And the number of families where both parents work has also increased. Specifically:

- The proportion of married women working with dependent children has increased from 34% in 1970 to 63% in 1997.
- The number of shift-workers increased by 12% from August 1993 to August 1995.
- 54% of all women are now in the workforce. This is projected to rise to 65% by 2011.
- Households are becoming smaller. Between 1986 and 1996, one parent families increased from 14% to 19%.
- Families where both parents work have increased from 41% a decade ago to 54%.
- The average number of hours worked per week, by full-time workers, increased from 38.8 in 1985, to 42.7 in 1997, resulting in less time to shop.
- The number of single households has increased by 36% between the 1986 and 1996 census.¹⁴

As a result of these changes, our customers' demands have changed in terms of when they want to shop. Lifting these restrictions to trade has enabled us to meet those changing needs.

Additionally, those societal changes mean that "non-traditional" working hours are quite acceptable - sometimes preferred hours - of work.

5.3 Unemployment

Amongst the 2,000 people employed at Coles following shopping hour deregulation, were 138 people who had been unemployed for three years or more.

¹³ ABS demographic and labour statistics; Cat. No. 3101 & 6203 respectively.

¹⁴ ABS Cat. No. 4102.

Coles participated in two government funded programs (R.I.T.E. – Retail Introductory training Employment, and S.E.S. – Special Employer Support) designed to introduce long term unemployed back into the workforce. The graduates represent approximately 50% of the original participants. This was significantly above the normal retention rate of such programs¹⁵.

6.0 Increased competition

Retailing in Victoria is as competitive as anywhere else in Australia.

The beneficiary of this competition is the customer who enjoys lower prices, a better range of goods and services and better access to their choice of stores.

For example, Coles has commissioned research that tracks an identical basket of groceries over a period of 25 years. **It shows that consumers are paying less today, in real terms, than they were 25 years ago.**

The research¹⁶ compares average, after tax, earnings with this basket of groceries and calculates how many minutes work is required to purchase them. The food basket¹⁷ contains 15 items and today, costs around \$45.

6.1 In 1972 it took an average wage earner nearly four and a half-hours (267 minutes) to purchase them. Today the same basket takes the same average wage earner only three hours and twenty minutes (199 minutes). More than one hour less!

¹⁵ Retention rates averaged 43% in 1996/97 Minister for Employment, Education & Training Dr David Kemp's office

¹⁶ Using ABS cat No. 6403.0 (Commodity prices) & ABS Cat. No 6302.0 (Average Weekly Earnings)

¹⁷ See Attachment 5 for food basket contents and prices.

TOTAL MINUTES WORKED SURVEY BY STATE AND NATIONALLY¹⁸

	Minutes of work needed to purchase 1972	Minutes of work needed to purchase 1992	Minutes of work needed to purchase 1996	Minutes of work needed to purchase 1997-98
Sydney	253.73	203.81	199.66	202.24
Melbourne	265.11	213.08	203.51	203.44
Brisbane	268.50	224.41	221.74	213.45
Adelaide	271.80	211.74	202.40	203.86
Perth	266.30	207.92	200.57	190.97
Hobart	299.58	240.21	231.26	218.65
Australia	266.85	210.35	206.78	199.72

This is a **25%** reduction in time worked to purchase the same groceries. Looked at another way, it equates to a 25% increase in purchasing power for consumers in buying these groceries.

In dollar terms it means something in the order of a \$12 saving for this basket of groceries. (i.e a 25% reduction in the basket price.)

It also shows that there was no increase in real prices following deregulation – a concern that has been expressed in the past.

Average weekly earnings over the same period have grown by 44%, or more than twice the rate of CPI¹⁹. **ABS data therefore confirm** the Coles study that relative to average weekly earnings, **groceries are cheaper than they used to be.**

¹⁸ All figures are ABS sourced using Cat. Nos 6403 & 6302 for the respective years in the table.

¹⁹ ABS Cat. No.6302 – refer also to Attachment 9.

While no one player or regulatory reform is responsible for this positive outcome for consumers, it is clear that over the last quarter of a century increased competition, more efficient production and distribution methods have all contributed to lower real prices for most grocery items. The more hours that supermarkets are open the more accessible is this better value.

6.2 Victoria wide retail sales expand

According to ABS data²⁰, retail sales growth in Victoria doubled the national growth rate in the year following the reforms in December 1996. In other words consumers spent more on retailing and therefore the retail pie in Victoria actually grew in size following deregulation.

ABS data shows that retail sales in Victoria consistently outstripped those of other states in the 12 months after deregulation occurred.

Retail sales have continued to exceed the national average with the July ABS retail sales data showing Victoria enjoying over twice the percentage sales increase (5.4%) than the next nearest state.

In the year prior to deregulation, retail sales growth in Victoria was 4.1%, placing the state below the Australian average of 5.2%. In the year following deregulation, Victoria recorded sales growth of 6.9% compared with the national average of 3.2%.

7.0 Equity

7.1 Retail can compete with other industries

The retail industry has benefited (evidenced by the disproportionate increase in retail sales) from being able to compete more effectively with other calls on the consumer dollar. Activities such as restaurants, cinemas, hotels, casinos and other entertainment activities did not have the same restricted hours of opening as were previously imposed on **some sections** of retailing.

²⁰ ABS Cat No 8501.

7.2 Retailers all enjoy freedom to open

All retailers are now free to open according to customer demand. Deregulation ended the unequal situation where you could purchase a barbecue on Sunday along with outdoor furniture and wine but not the meat for the Sunday lunch.

7.3 Electronic Shopping

Electronic shopping is driving significant change in the industry. This will occur largely unrestricted by regulation. These alternative, low employment, retail formats have no limitations on what goods or services they can sell, where they can sell them or at what time of the day or night they can trade. The Internet transcends national and international regulatory boundaries.

7.4 Sunday employment creates opportunities

Employment opportunities in our stores in Victoria are now greater both in numbers of jobs available and in additional hours (Sundays particularly.) Just as hours of access are available to customers, hours of work are now available to people who may previously have been excluded from the workforce.

Sundays in some cases better suits a parent to work where their partner can care for children. It offers opportunities for students, shift-workers and others to better balance or align working hours and family commitments. Sunday work is voluntary.

8.0 Social dislocation

The evidence available shows that there has been broad social acceptance of deregulated shop trading.

Customer traffic in our stores shows that:

- Sunday is the fastest growing day of the week.
- Sunday comprises 11.5% of our weekly trade.²¹
- Sunday is often the most popular shopping day for non food shopping.

²¹ Coles Supermarket, Victorian Operations August 1998.

Consumer support demonstrates that there is a demand for stores to be open on Sundays, throughout the community.

Customer research also shows we have been able to improve our standards in the eyes of consumers.

Customer demand based on changes in society has driven deregulation of shop trading hours in Australia and elsewhere in the world.

The Victorian Government read the community's expectations, they saw that deregulation was more equitable and would create the opportunity for retail growth.

Some other examples:

In **New South Wales**, the shopping hour restrictions were largely removed back in 1988. (Some restrictions remain on opening and closing times, and on Sundays in some regional areas of the State.)

In **Canberra**, stores had been permitted to trade without restriction. In 1996, the Government decided to prohibit late night trade by chain stores in some of the city's large shopping centres. The government's express purpose was to move that trade to small grocery stores.

After exhaustively studying the effect on small stores of the late night trading restrictions on large stores, the ACT Government²² announced some eight months later, that it would:

“...immediately end the trial of trading hour restrictions at town centre supermarkets, following analysis that it was making little difference to people's shopping habits.

²² ACT Government statement 8 May 1997.

“The government has made an effort to try to help local businesses. But our detailed, independent assessment of that measure shows it is without broad community support and has not contributed to significant improvements for small shops.”

“Local shops must now turn their attention to being competitive, by offering services which perhaps are not available in, or attractive to, larger supermarkets.”

(Full text is at Attachment 6)

9.0 Environmental impact

Fridges, air conditioning, lighting all operate 24 hours, seven days a week, which remains as a fixed cost to all supermarkets irrespective of the hours of trade. With customers using supermarkets on a Sunday this energy is put to productive use and provides a positive return.

Similarly, customer shopping takes place throughout a 24-hour period and over an additional day, thus spreading the shopping peaks, reducing pedestrian and vehicle traffic congestion and the need for larger car parking facilities.

10.0 Regional Impact

10.1 Bendigo referendum supports Sunday trade

Also indicative of the community support is the **Bendigo** referendum.

As part of its shop trading hour reform, the Victorian Government built in a means by which local communities could vote to abolish Sunday trade in their area, through a proper referendum, run by the Electoral Commission.

In Bendigo, a city of 85,000 people in regional Victoria, a group called Save our Sundays gathered sufficient signatures to call for a referendum.

A vigorous debate ensued. Both sides (many of the pro-Sunday traders were small local retailers, not just large

retailers) discussed and expressed their views via the local media. (Some press clippings are at **Attachment 7**)

72% of eligible voters voted in the referendum (more than the 45% who voted in the Constitutional Convention.) Of those, 77% voted to retain Sunday trade – an overwhelming endorsement of the public support for extended trading.

We recently asked the City of Greater Bendigo whether they had any information about the impact of Sunday trading in Bendigo following deregulation of trading hours.

In a six page letter²³ of reply, Hadley Sides, the Chief Executive Officer of Bendigo, said:

“The success of Sunday trading in Greater Bendigo, and the strong public endorsement it received in the poll, are seen as important factors in the growing confidence of residents and businesses in the city about its economic future.”

His letter addressed the following areas:

- Retail employment
- Escape expenditure
- Consumer support
- Retail investment
- Flow-on effect to other business
- Tourism

Retail Employment

Mr Sides described retailing as a significant employer in Bendigo (accounting for over 20% of the workforce). He said that during the referendum the municipal authority estimated that Sunday trading alone directly supported some **1200 jobs** within the region.

²³ Full text at attachment 8

With deregulation, Coles Supermarket in Bendigo was able to provide an additional 402 hours of paid employment. This equates to 10.6 full time equivalent positions or over \$280,000 p.a.²⁴ of additional income for the community from just one store.

Like the Langwarrin example earlier in this report and the decasualisation outlined on pages 9-11, the Bendigo store is moving away from the traditional reliance on casual staff.

The following table shows the proportion of full time, part time and casual staff pre and post deregulation.

	September 1996	% of Bendigo staff	September 1998	% of Bendigo staff	% inc/dec on 1996
Full Time	40	24%	51	32%	27.5%
Perm P/T	49	29%	76	47%	55%
Casual	79	47%	35	21%	-44%

With retail business and floor space expanding since deregulation (as detailed by Mr Sides) it can be reasonably assumed that retail employment has added significantly to Bendigo's economic well being and confidence.²⁵

Escape Expenditure

Mr Sides explains that various studies

“put the leakage of escape dollars away from Bendigo prior to extended trading at between \$5 million and \$40 million. The loss of Sunday trading would have represented this risk to the local retail industry.”

Consumer Support

The following are excerpts from Mr Sides' letter in respect of consumer support.

²⁴ Based on a 38-hour working week and an average hourly rate of \$13.50

²⁵ A recent survey by Ballarat University's mental health research team found that Bendigo residents experienced lower levels of stress and depression than other regional towns with populations of more than 7500 people.

Bendigo marketplace
2 anchor and 42 specialty shops

“... reports a steady increase in trade, exceeding budget forecasts. Centre management attributes part of this continuing growth to the consistent number of people visiting the centre on Sundays.”

Strath Village Shopping centre
2 anchor stores and 40 specialty shops

“reports that since the poll the centre has experienced stronger support for Sunday trading. The number of people visiting the centre on Sundays has increased by about 1000 to almost double the prepoll figures.

“In October 98 the door counts were up 17% on the previous year. In addition the number of vacant shops has fallen from 10 to 4.”

In a focus group study²⁶ to gauge customer attitudes to Sunday trading, some of the benefits were stated as:

- “It’s convenient”*
- “It’s good to be able to shop when you want to”*
- “More of a laid back type of day”*
- “Easier parking”*
- “It can be a family expedition”*

Of those who shopped on Sunday at the Bendigo marketplace complex over other centres, they did so because:

“...there was reasonable certainty about the shops they could expect to find open”

Most in the focus group were critical of the Hargraves Mall (centre of Bendigo Mall) traders who did not open on Sundays and felt that *Myer* was the only stores in that area which they could always expect to be open. One said:

²⁶ A survey by the Marketing Business P/L Bendigo, commissioned by Coles

“It’s so inconsistent, some shops open sometimes but they shut when they want to.”

New Retail Investment

Since the Sunday trading referendum, the City Council has received inquiries from three major retail chains with national operations, not currently operating in Bendigo, but which are interested in establishing within the municipality.

One of these, Bunnings – a major hardware retailer, has since commenced building a major store adjoining *Lansell Plaza*, one of Bendigo’s shopping centres. Mr Sides said:

“...Bunnings made it clear to the local retail industry that it would not invest in a new Bendigo store if Sunday trading was not supported.”

Mr Sides says that the total level of retail floor space in Bendigo has increased by 32,000 square metres over the last four years much of it since additional trading hours were introduced. This represents an increase of almost 20% in retail floor space. He cites notable additions as including:

- Bendigo Marketplace
- Bunnings
- Dalgety’s
- Primvac
- Victoria Hill Complex
- Harvey Norman

Despite the significant increase in retail floor space, Mr Sides’ letter shows that the number of vacant retail shops has fallen since the referendum. According to a Bendigo Council survey in August 1998 the number of retail vacancies has fallen since the referendum and currently stands at 55²⁷. This represents a retail vacancy rate of 5.3% in Bendigo.

²⁷ From a survey conducted by City of Greater Bendigo

Sandhurst Trustees, which manages 110 properties within the Bendigo retail district, reports improved conditions and for the first time in many years:

“....has no empty shops.... and the vacancy period for those that fall vacant has fallen considerably”.

“... occupancy rates have improved considerably since the poll.”.

Flow-On effect to other business

In his letter, Mr Sides identifies another indicator of retail activity as advertising in the local media. He says that both of Bendigo's regional radio stations (3BO and 3CV) report increased retail advertising and;

“....the growing popularity of Sunday has provided marketing opportunities for the station and customers.”

Mr Sides said it was doubtful whether the city would have secured the support of recent business investment, such as the **Postel Call Centre...**

“....without the right mix of economic and social opportunities for staff to be appointed here including the availability of weekend trading.

The extension of shopping to include Sundays is now highlighted in any submission to prospective investors or industry.”

Tourism

With Bendigo being a major regional tourist destination (nearly 100,000 visitors in 1997) increasing visitor numbers provides demand for a range of commercial and retail activity.

A 1995 AGB McNair Victorian Regional Travel and Tourism Survey recorded that 26.6% of day trip visitors to the region cites shopping as an activity that they would pursue.

Mr Sides makes the following points in his letter:

- Bendigo Tourism conducted an information stand at a recent National Basketball event and

“The most asked question by women attending the titles was about where to shop on Sunday.”

- One of Bendigo’s leading furniture retailers, Greg McRae Fine Furniture, reports that Sunday is now his second busiest day after Saturday.

“According to Mr McRae an important factor in its business growth has been the number of visitors making weekend purchases.”

His company now has weekly deliveries to Melbourne and centres south of Bendigo for goods purchased on weekends.

- Bendigo Tourism say that several recent events and conferences for 1999 and 2000 (attracting over 1000 visitors to Bendigo) used Sunday trading as a reason to hold the conference in the City. One of these organisations had their choice of Bendigo under review during the Sunday trading referendum.

“....the availability of Sunday trading has enhanced Bendigo’s case when bidding for major regional events.”

In conclusion, Bendigo Chief Executive Officer Hadley Sides says:

“There is clear evidence that the introduction of Saturday afternoon and Sunday trading has played its part in the increased sales and marketing opportunities, increased retail activity, new investment, increased visitor numbers, enhanced positioning to attract investment and events, improved occupancy rates and a growing sense of confidence in the region’s economic future”.

11.0 Public Interest

In the communities in which we operate we have observed a public benefit. For example:

11.1 Customers/community:

Positive customer response to stores being open all week, is illustrated thus:

- Victoria's retail sales increased significantly indicating customer demand. Sales in Victoria continue to increase at a faster rate than in other states.
- Customer shopping patterns indicate high demand for night time and Sunday shopping.
- An official referendum in country Bendigo received overwhelming support from the local community to keep Sunday trade²⁸.
- Grocery prices in Victoria are amongst the lowest in Australia and the real price of groceries has fallen over the past fifteen years relative to average weekly earnings. (Note Attachment 9 comparing CPI, food and average wage increases.)
- ABS data shows over 11,200 new retail jobs in the period after deregulation – a greater increase than in other states.

²⁸ Refer to Attachment 7.

11.2 Employees:

- 2,000 additional staff employed to service Coles' customers 24 hours seven days.
- Increased reliance on full time and permanent part-time staff and a decrease in the proportion of casual employees. This means greater job security, careers and quality employment.
- Investment in training and development of employees.
- Quality jobs enhancing the community generally.

11.3 Retailers/Coles

- The retail pie expanded bringing higher retail sales growth for Victorian retailers generally.
- We have been able to compete with other calls on the consumer dollar such as cinemas, restaurants, entertainment, that were not restricted in their ability to trade on Sundays.
- Traditional retailing will be well placed to compete with growing electronic, direct and Internet retailing which carry no such restrictions.

11.4 Suppliers

- Coles' suppliers have had increased sales as a result of the additional demand.
- Coles localisation of stores has created opportunities for many small suppliers to establish and grow their business.

12.0 Conclusion

The changes in society over the past two decades have meant that the Australian consumer seeks greater opportunity to shop.

In Victoria, where the State Government deregulated shop trading hours thus removing restrictions on opening times for Coles Myer and other retailers, consumer support has been overwhelming.

Stores can now open according to consumer need. The break on demand created by the previous restricted hours of trade, was removed.

Retail sales in Victoria grew at a greater rate than in other states, immediately after deregulation. Employment in retailing in the State also grew.

Coles has been able to introduce initiatives that give a high quality job to our staff in Victoria due to the favourable trading environment.

The benefits of deregulation have been felt throughout the community:

- by meeting demand and creating a positive retail environment generally;
- amongst our employees who have greater job opportunities and a high quality job;
- our suppliers (who have been positively impacted by the our growth) and
- our shareholders who have benefited from the company's growth.

The deregulation of trading hours in Victoria is a positive example of the considerable net benefits arising from lifting restrictions on trade and reforming anti competitive legislation.

National Competition Policy Reform has had a role in facilitating or hastening the reform. It put shop trading hours legislation in other states on the reform agenda.

It is therefore likely that if anti-competitive rules affecting other areas of retail trade are removed, there will be further opportunities for growth in the retail sector.