

# **Shop Trading Hours Act 1984**

## **Supplementary Review and Public Benefit Assessment**

**Shop Trading Hours Review Group**

**February 2002**

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# 1 Executive Summary

## 1.1 Overview

The *Shop Trading Hours Act 1984* (the Act) currently prohibits major retailers from trading during prescribed periods, namely Sundays, public holidays, and weekdays after 6:00 pm, other than Thursday and Friday. It applies to businesses that employ more than 250 people, which captures Woolworths, Coles Myer, Harris Scarfe, Millers and, by association, other businesses that form part of these groups.

On 30 August 1999, an independent Shop Trading Hours Review Group (the Review Group) was constituted by the Government to review the Act. The purpose of the review was to determine and evaluate the costs and benefits of any restrictions on competition in the Act and form a view as to whether the restrictions can or cannot be justified as being in the public benefit.

The Review Group consulted extensively and commissioned market research and found that the restrictions of the Act could not be justified as being in the public benefit and recommended that all restrictions on shop trading hours be removed. In particular the Review Group found that there were no market failure reasons (such as consumer protection or environmental impacts) that justify the restrictions, and that these restrictions have the effect of imposing substantial costs on consumers, and on the retail sector as a whole, including on employment.

The original review considered the public benefit case for retaining the legislative restrictions on the State as a whole and found that, on this basis, the case for removing the restrictions was compelling. Before taking any action to amend the *Shop Trading Hours Act 1984*, the Government sought further information and asked the Review Group for an enhanced assessment of the public benefit of removing the restrictions, including more analysis on how such a policy would impact on the independent grocery sector and on rural and regional Tasmania.

Therefore, in 2001, the Government requested that the Review Group be re-convened, with new Terms of Reference, to consider some specific issues. These Terms of Reference are provided in Appendix A.

This report provides an augmented public benefit assessment of the removal of restrictions on shop trading hours, based on further public consultation and analysis of new market research. The report gives an account of expenditure by Tasmanian households on groceries and non-groceries and how this is expected to change following removal of the restrictions. The report then assesses the likely impacts on employment and the viability of independent grocery stores in urban and rural areas, and the implications for the State's warehousing and distribution businesses.

Sections 2 and 3 of this report explain more fully the background to the review and the methodology adopted by the Review Group in addressing the Terms of Reference.

The Review Group consulted with key stakeholders, including all those who prepared a submission to the original review, and also received some presentations. Evidence from the submissions received has been taken into account and, except where it includes commercial-in-confidence information, has been included in this report.

As required under the Terms of Reference, the Review Group commissioned independent market research, which was conducted by Myriad Consultancy, to examine household shopping patterns and how they might change following deregulation of shop trading hours. For this purpose, 600 households were interviewed across Tasmania in November 2001. The report by Myriad Consultancy is provided in Appendix C.

For the purpose of this report, urban areas comprise the greater Hobart and Launceston areas, and the urban strip of the North West Coast between Burnie and Devonport. All other areas in mainland Tasmania are designated as rural. The Review Group did not include King or Flinders Island in the study as there are no stores on these islands that are restricted by the legislation.

The supplementary review confirmed the finding of the original review that the removal of the restrictions on shop trading hours would lead to a substantial increase in employment in the retail sector for Tasmania as a whole. The results are summarised in Table 1.1 below.

**Table 1.1 Estimated employment changes in the retail sector as a result of removing the shop trading hours restrictions**

<b>Employment change (FTEs)</b>			
	<b>Grocery sector</b>	<b>Non-grocery sector</b>	<b>Total</b>
North	32	140	172
North West	-5	68	63
South	-2	112	110
<b>Total Tasmania</b>	<b>25</b>	<b>320</b>	<b>345</b>

The market research results indicated that there would be a very small increase in the total amount spent on groceries (0.80 per cent) and a substantial increase of 16 per cent in the amount spent in the non-grocery stores, such as Harris Scarfe, Myer, Dick Smith and Target, affected by the legislation. This explains why the employment impacts for the non-grocery sector are greater than for the grocery sector.

It is important to note that these employment estimates are likely to understate the full employment impact because they do not take into account:

- additional employment in non-grocery stores that are legally able to trade on Sundays and public holidays but currently choose to be closed because the major stores are also closed (such as many stores close to the department stores in the Central Business Districts);

- additional employment from tourists and other visitors to the State who would be able to increase their spending on Sundays and public holidays; and
- any increased investment or employment in new stores that are attracted to Tasmania as a result of more favourable trading conditions.

In part, this is offset by the lack of any estimates of the impact of removing the restrictions on those non-grocery stores that directly compete with the major stores. However, the overall impact is expected to be a substantial increase in employment in the retail sector in all three regions of the State, as there is improved access to stores for Tasmanian households and tourists in the State. In particular, the removal of the restrictions would ensure that the CBDs are open for trade on Sundays and public holidays.

The market research also confirmed the Review Group's initial finding that consumers are inconvenienced by the current restrictions on shop trading hours in terms of where they purchase their groceries and, more importantly, the times in the week when they purchase them. Removing the restrictions would therefore enhance consumer welfare by enabling households to more effectively allocate their leisure time between shopping and other activities.

On the basis of the information received, the Review Group also found that such a policy would not lead to any major changes in the State's warehousing and distribution arrangements and so would not impose any significant 'second round' impacts on the independent grocery stores.

The Review Group also found that removal of the restrictions would not affect the overall viability of the vast majority of independent grocery stores in either rural or urban areas.

The Review Group also examined the likely impacts of partial deregulation, such as retaining the restrictions for the grocery sector, or for the grocery sector in the rural regions only. It was found that these partial measures are generally likely to lead to lower employment in the rural areas, compared with full deregulation, and deny some consumers the benefits of increased choice. Such policies are also expected to reduce the overall efficiency of Tasmania's retail sector.

The Review Group initially recommended that the commencement of the legislation to amend or repeal the *Shop Trading Hours Act 1984* be deferred for around 15 months to give retailers, especially the smaller retailers, the opportunity to prepare for an unrestricted trading environment and to allow for the disruption and costs associated with the introduction of the GST. As the GST is now in place and the impact of deregulation on the independent stores is likely to be less than the Review Group initially anticipated, the Review Group considers that there are no public interest reasons for delaying the introduction of legislation to amend or repeal the Act.

## 1.2 Detailed findings of the supplementary review

The Review Group's findings in respect of the new Terms of Reference are set out below.

### Term of Reference 1

*Examine and make specific recommendations concerning the impact of removing trading hours restrictions on the non-grocery retail sector.*

- The restrictions in the Act on the non-grocery sector continue to impose significant costs on the non-grocery sector and, more generally, on the Tasmanian community. The unintended discrimination continues to benefit some retail businesses, such as Harvey Norman and Freedom Furniture which are not restricted under the Act and trade on Sundays, while imposing an artificial disadvantage on other businesses such as Myer and Harris Scarfe.
- The removal of the restrictions would provide a significant boost to turnover and employment for the stores directly affected by the legislation and other stores that can only, or prefer to, open when these large non-grocery stores are also open. For the major stores alone, and before including any additional revenue from tourists, the market research estimates that employment would increase by an additional 320 FTEs, most of which would be in urban areas.
- While some of this employment would be at the expense of other stores, the Review Group considers that removal of the restrictions would make the non-grocery retail sector as a whole more competitive, and therefore lead to a substantial growth in employment.

**Table 1.2 Estimated employment changes in the non-grocery retail sector as a result of removing the shop trading hours restrictions**

<b>Employment change (FTEs)</b>			
	<b>Urban Sector</b>	<b>Rural Sector</b>	<b>Total</b>
North	112	28	140
North West	52	16	68
South	92	20	112
<b>Total Tasmania</b>	<b>256</b>	<b>64</b>	<b>320</b>

- The estimated impact of removing the restrictions on the three regions is shown above in Table 1.2.
- The Review Group recommends that the restrictions on shop trading hours for the non-grocery sector be removed.

## **Term of Reference 2**

*Commission market research to investigate shopping patterns in rural/remote areas and to assess and quantify the impact on those areas if the trading restrictions that currently apply to the grocery sector are removed.*

- Average household spending by the rural households sampled was \$136.50 per week. Almost half of the rural households in the survey currently purchase some or all of their groceries at urban Woolworths and Coles stores. Rural households, on average, tend to spend the same amount in rural independent stores as in urban Woolworths and Coles stores, and less at the rural Woolworths stores (there are no rural Coles stores).
- The estimate of average household spending from the market research is consistent with estimates for average grocery expenditure per Tasmanian household in the most recent ABS Household Expenditure Survey (1998-99), allowing for inflation.
- Only around 8 per cent of rural respondents expected to change the amount they spend on groceries if shop trading hours are deregulated. The total grocery spending by rural households is estimated to increase by 1.3 per cent.
- An increase in grocery spending by rural households at the rural Woolworths stores in all three areas would occur following deregulation. The greatest proportionate increase is 7.0 per cent in the North (compared with current expenditure), compared with 3.8 per cent in the North West and 6.0 per cent in the South.
- The evidence does not reveal a significant reduction in rural grocery spending as a whole following deregulation. By applying the data from the market research to the three regions of Tasmania, this leads to an estimate of a reduction in turnover in the independent stores of 8.2 per cent across the State relative to current levels (10.1 per cent in the North, by 9.3 per cent in the North West and 5.4 per cent in the South).
- However, the estimates do not allow for the capacity of independent grocery stores to win back some of this market by diversification, or improving their product range or services to customers. Turnover will also decline by less than the estimates above as they do not take into account the fact that on some Sundays and public holidays in each year (especially in Hobart) the independents are already losing some of this market to Coles and Woolworths. This is because they are allowed to trade due to the arrival of a cruise ship, an important event or proximity to Christmas. Therefore the actual decline in turnover is expected to be less than the estimates provided above, though the extent has not been quantified by the Review Group.
- The Review Group considers that while there will be some impact on profitability, the overall viability of the vast majority of independent stores will not be at risk. To the extent that they are able to improve their offerings to customers, the



independent grocery stores will be able to reduce their revenue loss, as reportedly occurred in 1995 in some cases when all-day Saturday trading was permitted.

- The Review Group therefore does not accept the assertions by Tasmanian Independent Wholesalers and the Retail Traders Association of Tasmania that the removal of the restrictions would lead to widespread closure of independent grocery stores in rural Tasmania.
- The Review Group found that a surprisingly large proportion of employees who work in urban stores live in rural areas. For example, detailed data from one grocery major reveal that 20.9 per cent of its employees in the Northern urban stores have home addresses in rural areas, that is outside the greater Launceston area. An expansion in employment in these urban grocery and non-grocery stores would therefore have a positive effect on employment in rural households (and similarly a decline would reduce employment).
- Therefore, in estimating the impact in rural areas of removing the restrictions, the Review Group has allowed for the impact of changes in employment in urban stores, using the data provided by some of the major retailers and applying them to all urban stores, including independent grocery stores.
- The estimated employment impacts of deregulation in Tasmania’s rural regions are shown in Table 1.3 below. In a sector that employs around 32,400 in Tasmania, the magnitude of the changes as set out below are almost negligible; a decline of 24 positions represents a change of 0.07 per cent or 7 jobs per every 10,000 employed.
- In summary, the net impact is expected to be little or no change in employment by rural households but a slight shift away from employment in rural independent grocery stores to employment in urban grocery and non-grocery stores.

**Table 1.3 Estimated employment changes in rural regions as a result of removing the shop trading hours restrictions**

<b>Employment change (FTEs)</b>			
	<b>Grocery sector</b>	<b>Non-grocery sector</b>	<b>Total</b>
North	-26	28	2
North West	-36	16	-20
South	-26	20	-6
<b>Total Tasmania (rural)</b>	<b>-88</b>	<b>64</b>	<b>-24</b>

- Claims by TIW of losses of around 155 to 170 FTEs in the rural regions for its members only, and at least 744 FTEs lost across the State (including urban areas), are not supported by the market research data and are not accepted by the Review Group.

### **Term of Reference 3**

*Consider the impact of the deregulation of shop trading hours on the independent grocery sector in urban areas.*

- Average household spending by the urban households in the sample was \$132.50 per week, around 3 per cent lower than average spending by rural households. Almost all grocery purchases by urban households are at urban major and independent stores. A very large percentage of expenditure is at the Woolworths and Coles stores with correspondingly less at the independent stores.
- Again, this estimate is consistent with estimates of average grocery expenditure per Tasmanian household in the most recent ABS Household Expenditure Survey (1998-99), allowing for inflation.
- About 7 per cent of urban households indicated that they expected to change their pattern of spending following deregulation. Total grocery spending by these households is expected to increase by 0.7 per cent.
- An increase in grocery spending at the urban Woolworths and Coles stores in all three areas would occur following deregulation. The greatest proportionate increase from the market research is 5.8 per cent in the North (compared with current expenditure), compared with 2.7 per cent in the North West and 3.8 in the South. The overall increase is projected to be 4.1 per cent.
- From the market research, the projections of the decline in turnover of the urban independent grocery stores is 8.9 per cent in the North, relative to current levels, by 0.7 per cent in the North West and 11.1 per cent in the South. The overall decline is estimated at 8.7 per cent. Again, this is likely to overstate the decline (and also overstate the increase in the turnover of Woolworths and Coles) as it does not take into account the potential of the independent stores to improve their range and quality of offerings to customers, or the current level of competition on some Sundays when Woolworths and Coles are permitted to trade.
- The Review Group found that deregulation is not expected to result in the widespread closure of these stores, and the risks can be mitigated by improving their services to customers.
- Employment is expected to increase in all the urban areas following deregulation, arising from the spending decisions of Tasmanian households. The estimated changes in urban full time equivalent jobs, based on the market research, are summarised in the table below. The Review Group considers that these are also upper estimates of the likely impacts.
- These estimates do not include the proportion of employees in urban stores who live in rural areas as these have been included in the estimated impacts in rural regions.

**Table 1.4** Estimated employment changes in urban regions as a result of removing the shop trading hours restrictions

<b>Employment change (FTEs)</b>			
	<b>Grocery sector</b>	<b>Non- grocery sector</b>	<b>Total</b>
North	58	112	170
North West	31	52	83
South	24	92	116
<b>Total Tasmania (urban)</b>	<b>113</b>	<b>256</b>	<b>369</b>

- The net growth of 369 FTEs represents around 1.1 per cent of the current level of employment in the Tasmanian retail industry. The greatest employment gains are expected to be in the North, as this is the region where total grocery and non-grocery spending is forecast to show the largest increase.
- For the grocery sector only, the impact is shown in Table 1.5 below. This shows that employment in the urban independent stores (regardless of where the employees live) is expected to fall by 89, with the largest fall in the South of the State.

**Table 1.5** Estimated employment changes in the urban grocery stores as a result of removing the shop trading hours restrictions

<b>Employment change (FTEs)</b>			
	<b>Major urban grocery stores</b>	<b>Independent urban grocery stores</b>	<b>Total</b>
North	87	-16	71
North West	36	-1	35
South	100	-72	28
<b>Total Tasmania (urban stores)</b>	<b>223</b>	<b>-89</b>	<b>134</b>

\* *Employment changes in this table refer to the location of stores.*

- The impact on employment is expected to be a decline in employment in the urban independent stores and a correspondingly greater increase in employment in the urban Coles and Woolworths stores.

#### **Term of Reference 4**

*Assess the impact of removing trading hours restrictions on warehousing and distribution services to the independent grocery sector and consider, in particular, the impact of any consequent decline in the volume of these services on the price and range of these services.*

- On the basis of the information received, the Review Group found that deregulation of shop trading hours would not lead to any major changes in the State's warehousing and distribution arrangements and so would not impose any significant 'second round' impacts on the independent grocery stores.
- Removing the trading hours restrictions would lead to some decline in turnover and therefore the capacity of Tasmanian Independent Wholesalers (TIW) to negotiate rebates with suppliers. However, having regard to the results of the market research, the Review Group did not consider that the scale of the reduction would result in an appreciable decline in rebates, especially as some are negotiated nationally.
- In the light of the results of the market research, the scale of the expected changes in turnover is below that estimated by TIW. On this basis, the Review Group did not find that the viability of TIW would be at risk as a result of the change in shop trading hours legislation.
- The Review Group considered that if the turnover of independent grocery stores were to decline by a maximum of 8.4 per cent, as suggested by the market research, this would have a negligible impact on the warehousing and distribution services provided by Statewide Independent Wholesalers (SIW). As noted in the original review, SIW is insulated to a large extent from any reduced turnover by TIW members as the bulk of its product is purchased, stored and delivered to Woolworths stores.
- The Review Group considers that the removal of the restrictions might lead to a decline in the number of lines carried by SIW but has been advised that the current number of approximately 12,000 lines is above the optimal number of lines, given the warehousing facilities available and the very low daily sales of the slow moving lines. Accordingly, any reduction in lines as a result of the removal of the restrictions on trading hours would improve efficiency of the warehousing operations and reduce costs.

## **Term of Reference 5**

*In the light of the Review Group's findings on the above issues, review and, where appropriate, revise the recommendations in the Final Report on the basis of the public benefit.*

- The results of the additional review are fully consistent with the findings of the Final Report prepared by the Review Group at the conclusion of the initial review
- For the State as a whole, the current restrictions on shop trading hours serve to limit employment in the non-grocery sector, to result in marginally lower employment in the grocery sector and to prevent consumers from shopping when they choose and, for a smaller number, where they choose.
- In the case of the grocery sector alone, removal of the restrictions is estimated to increase employment marginally (25 FTEs or approximately 0.074 per cent of total employment in the retail sector). Rural employment in this sector is estimated to decrease by 88 FTEs, with urban employment increasing by 113 FTEs. However, as shown above, employment of persons in rural households would increase in the non-grocery sector.
- By also limiting the potential retail revenue from tourists and other visitors to Tasmania, the restrictions serve to place the retail sector as a whole at a disadvantage relative to other sectors.
- In light of the Review Group's findings on the above issues, the Review Group sees no reason to change the recommendations in the Final Report of the initial review. In particular, the Review Group considers that, for the State as a whole, the restrictions in the Act cannot be justified as being in the public interest and should be removed.
- The Review Group notes that, in relation to the grocery sector, the Government's decision on this matter will need to take into account how the loss of employment in the independent stores is assessed against the greater increase in employment in the retail sector as a whole, and the potential benefits to consumers across the whole State.
- The Review Group stands by its recommendation in the Final Report that the removal of the restrictions should be accompanied by measures to prevent landlords of premises such as shopping centres from requiring stores owners or operators to trade at times that they would otherwise choose not to trade.
- It should be noted that 'deregulation' is taken to mean the removal of restrictions on trading hours that apply to some retail stores but not to all. The Review Group considers that a quite separate matter is whether on days of special significance, such as Christmas day or ANZAC day, most or all retail stores should not be permitted to trade. This involves a set of issues and balancing of values that the Review Group does not consider that it is the appropriate body to make a

recommendation on. However, consistent with its earlier findings, the Review Group recommends that any prohibition on retail stores from trading due to religious or other reasons should apply to as many retail stores as is feasible.

### **Alternatives to full deregulation**

- The Review Group examined the impact of options for reforming Tasmania's shop trading hours legislation, including restricting the Act to the grocery sector only and deregulating shop trading hours for urban grocery stores but not rural stores. The Review Group also examined the impact of deregulating the trading hours for grocery stores in the municipalities of Launceston, Hobart, Clarence, Kingborough and Glenorchy, while retaining the restrictions in the remaining (non-metropolitan) areas.
- The analysis showed that options that do not deregulate grocery trading hours in the rural or non-metropolitan areas are likely to lead to lower employment in those areas compared with complete deregulation (except in the case of the North West if it were a non-metropolitan area).
- The partial deregulation options may also encourage retail businesses to alter the range of products they offer, or where they locate their stores, to maximise the commercial, but artificial, opportunities that would be created by such a policy. Such activity is likely to lead to a misallocation of resources and is not expected to increase the overall efficiency of Tasmania's retail sector.

## **2 Introduction**

### **2.1 Background**

In accordance with obligations relating to the implementation of National Competition Policy (NCP), the State Government established a Legislation Review Program (LRP) to review all existing legislation that imposes restrictions on competition. This program also establishes a process to ensure that all new legislative proposals that restrict competition or significantly impact on business are justified as being in the public benefit.

On 30 August 1999, in accordance with the LRP timetable, an independent Shop Trading Hours Review Group (the Review Group) was constituted by the Government to review the *Shop Trading Hours Act 1984* (the Act). The purpose of the review was to determine and evaluate the costs and benefits of any restrictions on competition in the Act and form a view as to whether the restrictions can or cannot be justified as being in the public benefit. The Review Group undertook extensive consultation, assessed the experience in other jurisdictions and commissioned independent market research to assess Tasmanian consumers' opinions of the restrictions and the impact on consumers' shopping patterns if the restrictions were removed.

### **2.2 Overview of the restrictions in the Act**

The Act currently prohibits major retailers from trading during prescribed periods, these being Sundays, public holidays, and weekdays after 6:00 pm, other than Thursday and Friday. It applies to businesses that employ more than 250 people, which captures Woolworths, Coles Myer, Harris Scarfe, Millers and, by association, other businesses that form part of these groups.

The Act has a significant impact on a range of stakeholders including retailers, consumers, tourists and on the economy as a whole and the review took account of such impacts in evaluating the public benefit of the restrictions. It became clear, however, from submissions received by the Review Group that the grocery segment of the retail sector is where the Act has the most significant and contentious impacts. This sector in Tasmania comprises the major chain supermarkets operated by Woolworths and Coles and over 500 independent supermarkets and convenience stores.

## 2.3 Findings of the original review

The Review Group released both a Discussion Paper and, subsequently, a Regulatory Impact Statement (RIS) for full public consultation. The RIS included the market research report from Myriad Consultancy. A Final Report was submitted for the consideration of the Government in July 2000. The Review Group considered the costs and benefits of the restrictions on competition contained in the legislation and concluded that the restrictions could not be justified as being in the public benefit.

The Review Group's final findings in respect of the key issues were as follows:

1. The restrictions act as a significant constraint on growth in the retail sector. Relaxation of the restrictions would increase retail expenditure by Tasmanians and visitors, leading to growth in the retail sector as a whole.
2. The restrictions do improve the viability of some independent stores, especially in the grocery sector. While the Review Group did not envisage widespread closure of shops if the restrictions were removed, it was acknowledged that their removal would lead to the closure of some marginally viable stores, changes in employment arrangements and diversification of products and services to adjust to a new trading environment. The Review Group found that wholesale services to the independent sector would not be materially affected by the removal of the restrictions on shop trading hours.
3. The impact of removing restrictions on trading hours on those smaller non-grocery retailers that tend not to trade on Sundays and public holidays would vary, depending on the commercial decisions made by those retailers. It is likely that some retailers would prosper through increased turnover, while others may find an unrestricted trading environment less attractive because of impacts on profitability and their work and leisure preferences. However, the Review Group found there is considerable potential for net benefits to accrue to this sector.
4. The restrictions support employment in the independent grocery sector, while limiting employment for the major chain stores and associated entities which form part of these groups. Removal of the restrictions was not expected to result in a reduction in employment. Instead, it was expected that there would be an increase in gross earnings through additional employment, increased real wages, or a combination of both of these outcomes, as the retail sector expands.
5. The restrictions have a neutral effect on the respective levels of permanent and casual employment. The trend towards less casual employment in the retail sector as a whole was not expected to be materially influenced by the removal of the restrictions.
6. The restrictions have varying impacts on employees in the retail sector in terms of the way in which the employers offer working conditions, time off and wages. Accordingly removal of the restrictions would not necessarily result in all employees being better off in terms of individual preferences. However, the Review Group expected that the welfare of employees in the retail sector as a



whole would not be adversely affected by the removal of restrictions, and that any impacts on employees could be easily managed through normal industrial processes.

7. The restrictions impose a major constraint on consumer choice in respect to when and where consumers shop. This is because a significant percentage of Tasmanian shoppers indicated that they would change their shopping patterns in the event that the restrictions were removed. Almost two thirds of shoppers were found to be in favour of removing all or some of the restrictions on shop trading hours.
8. The restrictions do not limit the possibility for anti-competitive conduct arising from the market dominance of the major grocery chains. Therefore, the Review Group believed that the removal of the restrictions would not of itself lead to any greater likelihood of such conduct. Nonetheless, this issue was assessed as being potentially very important for Tasmania and a specific recommendation was made, namely that the Government should assess the appropriateness of the recommendations made by a Commonwealth Joint Select Committee inquiry into Australia's retail sector in 1999 in the light of the circumstances in Tasmania.
9. The restrictions do not have a significant impact in Tasmania on grocery prices in the major supermarkets, the independent supermarkets and the convenience stores. However, the restrictions prevent shoppers from exercising their choice to purchase cheaper groceries from major chains at certain times. Furthermore, they discourage the entry of a third national supermarket chain into Tasmania, which would lead to lower grocery prices.
10. The restrictions have unintended discriminatory impacts that are not related to the objectives of the Act, since certain non-grocery retailers are restricted from trading at times when direct competitors, who may have very similar retail stores, face no such restrictions.
11. The restrictions support access to shopping for some members of the community with special needs. However, access will not be materially affected in the event of removal of the restrictions because the Review Group did not consider there would be widespread closure of shops. In addition, the market research found that a significant proportion of Tasmanian shoppers aged over 55 are inconvenienced by the current restrictions.
12. The restrictions do not effectively promote Sundays and public holidays as days of rest, as employment in retail businesses is permitted, most notably in independent grocery stores. The Review Group considered that any legislation seeking to prescribe recreation days in order to achieve social outcomes (such as days of special religious or national significance) should apply, as much as possible, across the entire retail sector to avoid the discriminatory effects that would otherwise arise.

In addition to the above principal findings, the Review Group also found that, from a state-wide perspective, the restrictions on shop trading hours did not enhance

Tasmania's attractiveness and positioning as a location for young people to live and raise families and develop careers, or as a destination for visitors.

## **2.4 Need for an additional review**

The original review considered the impact of legislative restrictions on the State as a whole. To fully consider all the public benefit issues as they affect rural and regional Tasmania, the Government has sought further information on the impact on rural and regional Tasmania of deregulation of shop trading hours, especially in the grocery sector, before making any amendments to the Act. Therefore, in 2001, the Government requested that the Review Group be re-convened, with new Terms of Reference to consider specific issues.

## **2.5 Composition of the Review Group**

The Review Group for the additional review comprised:

- Mr Paul Green – Senior Partner KPMG (Chair)
- Mr Chris Lock – Director, Economic Policy Branch, Department of Treasury and Finance; and
- Mr Bob Grierson.

Workplace Standards Tasmania provided secretariat support to the Review Group.

## **2.6 Summary of Terms of Reference**

Under its Terms of Reference, the Review Group was directed to:

1. examine and make specific recommendations concerning the impact of removing trading hours restrictions on the non-grocery retail sector;
2. commission market research to investigate shopping patterns in rural/remote areas and to assess and quantify the impact on those areas if the trading restrictions that currently apply to the grocery sector are removed;
3. consider the impact of the deregulation of shop trading hours on the independent grocery sector in urban areas;
4. assess the impact of removing trading hours restrictions on warehousing and distribution services to the independent grocery sector and consider, in particular the impact of any consequent decline in the volume of these services on the price and range of these services; and

5. in the light of the Review Group’s findings on the above issues, review and, where appropriate, revise the recommendations in the Final Report on the basis of the public benefit.

The complete Terms of Reference for the additional review are reproduced in Appendix A.

## **2.7 Purpose and Structure of the Report**

The Terms of Reference require the Review Group to produce a report that contains:

- its findings in relation to the five matters listed for review by the Group, including the results of the market research; and
- revisions, where appropriate, to the recommendations in the Review Group’s Final Report, including a clear demonstration of the benefit to the public of these revisions.

The report has been structured as follows:

- Section 3 describes the methodology adopted by the Review Group in undertaking the review;
- Section 4 presents the Review Group's response to Term of Reference 1, relating to the impact of removing trading restrictions on the non-grocery retail sector;
- Section 5 presents the Review Group's response to Term of Reference 2, relating to shopping patterns in rural/remote areas if the trading restrictions that currently apply to the grocery sector are removed;
- Section 6 presents the Review Group's response to Term of Reference 3, relating to the impact of the deregulation of shop trading hours on the independent grocery sector in urban areas;
- Section 7 presents the Review Group's response to Term of Reference 4, relating to the impact of removing trading restrictions on warehousing and distribution services to the independent grocery sector and considers, in particular, the impact of any consequent decline in the volume of these services on the price and range of these services;
- Section 8 presents the Review Group's response to Term of Reference 5, which requires the Review Group, in light of its findings on the above issues, to review and, where appropriate, revise the recommendations in the Final Report of the original review on the basis of the public benefit; and
- Section 9 presents some options for the reform of shop trading hours and their expected costs and benefits in the light of the market research and other information provided to the Review Group.

### **3 Methodology Adopted by the Review Group**

#### **3.1 Summary of methodology adopted**

In order to address the Terms of Reference, the Review Group has obtained information from key stakeholders provided for both the initial review and the current review, the market research study conducted by Myriad Consultancy and official statistics provided by the Australian Bureau of Statistics. Consistent with the Review Group's approach in the initial review, the Review Group has sought evidence rather than relying on opinion or unsubstantiated assertions.

Relatively little importance has been placed on outcomes in other Australian states or overseas. This is because the Terms of Reference for this review are quite specific and can only be addressed by examining Tasmania-specific evidence.

#### **3.2 Submissions provided to the Initial Review**

The Review Group undertook extensive public consultation between September 1999 and June 2000, as part of the initial review. Public meetings were held in Hobart, Launceston and Burnie, several private meetings were held on a commercial-in-confidence basis with key stakeholders and a very large number of submissions were received, several of which were very detailed.

Where relevant, the Review Group has taken into account evidence provided from the initial review. This has included an examination of all the submissions to gather evidence relevant to the new Terms of Reference.

#### **3.3 Market Research**

In addressing Terms of Reference 2 and 3, the Review Group has relied heavily on the findings of new market research undertaken by Myriad Consultancy in November 2001. The Terms of Reference required this research to be conducted and the Review Group had extensive discussions with Myriad Consultancy before the survey was conducted.

The principal purpose of the survey was to assess the change in spending patterns of households on grocery and non-grocery products if the shop trading hours restrictions were removed. In particular, the survey was designed to estimate the loss of revenue for the independent retail stores and the increase in revenue for the restricted stores. The survey was also designed to estimate the extent to which retail sales in rural areas would be affected by deregulation.

The household sample selected by Myriad Consultancy comprised 600 households, of which almost 50 per cent were urban households and just over 50 per cent were rural households, with around 200 households surveyed in each of the South, North and North West regions. Urban respondents were defined as those living in the greater Hobart and Launceston areas, and within the urban strip of the North West

coast between Burnie and Devonport. Rural respondents were therefore households who lived outside these areas. The survey did not include King or Flinders Islands as there are no stores on these islands that are affected by the legislation.

Using the above definition of urban and rural, all Coles stores are in urban locations: Woolworths is the only grocery retailer that is restricted by the legislation and has rural stores.

As around 35 per cent only of Tasmanian households can be classed as rural (according to the definition used by Myriad), it is necessary to weight the data to obtain more reliable state-wide results. The weightings are also adjusted for the fact that the total number of households in the South is substantially greater than in the North and North West.

As noted in Section 2, in March 2000 Myriad Consultancy carried out a survey of consumer opinion and intentions as part of the initial review. Where relevant, the findings of this earlier study, which reported results for rural and urban households, have also been included.

The findings of the most recent market research and subsequent analysis were also used as evidence to address the impact of deregulation on the State's warehousing and distribution sector (Term of Reference 4). This information provided an estimate of the reduction in turnover for wholesalers that supply to the non-major grocery sector, such as Statewide Independent Wholesalers, which acts as a wholesaler/distributor to some bannered independent grocery chains.

The Review Group, in assessing the market research information provided by Myriad Consultancy and its implications for employment in the urban and rural retail sector, took into account published data from the Australian Bureau of Statistics on household expenditure and sectoral employment.

In order to make an assessment of the likely employment implications of changes in retail turnover in different regions and for different types of stores, the Review Group used information from the Council of Small Business Organisations of Australia, confidential data from one major retail business in Australia and, in the case of independent grocery stores, confidential information provided by Tasmanian Independent Wholesalers.

From these sources, the Review Group has applied the figure of one full-time equivalent (FTE) position for every \$145 000 change in turnover for the major retail businesses that are affected by the restrictions in the Act, and \$115 000 for other retail businesses. The higher turnover for the major retailers reflects the economies of scale that these businesses are able to obtain.

In determining the employment impacts in urban and rural areas, the Review Group has taken into account the fact that some employees who work in urban stores live in rural areas. A change in employment in these stores is therefore expected to have an impact on employment sourced from rural households, depending on the proportion of employees who live in these areas.

The Review Group therefore obtained detailed information on a commercial-in-confidence basis from some retail businesses on the postcodes of their employees

and was able to determine the proportion that live in rural areas. Estimates of the impact of changes in employment in rural areas following the deregulation of shop trading hours have therefore taken into account the changes in employment at urban stores. The Review Group assumed that all rural store employees live in rural areas.

The Review Group examined the impact for the independent grocery sector as a whole. It has not sought to identify the impacts on different categories within this sector, such as independent supermarkets, corner stores, butchers shops and pharmacies.

### **3.4 Consultation**

While the Terms of Reference did not require a formal public consultation process, the Review Group was keen to ensure that as much evidence as possible could be obtained from stakeholders to ensure that a full assessment could be made.

There was an extensive public consultation process and substantial amount number of submissions received as part of the earlier review, and the Review Group took this information into account in its considerations.

There were public announcements in October 2001 that the subsequent review of Tasmania's shop trading hours legislation was about to commence and this information was also included on the website of Workplace Standards Tasmania.

All stakeholders who provided submissions to the initial review, and all Councils, were contacted in October 2001 and asked whether they had any additional evidence to give to the Review Group. Evidence was sought that relates to Tasmania's shop trading hours restrictions in general, and in particular in relation to the impact of restrictions in the non-grocery sector.

In cases where the Review Group considered that additional evidence was required from stakeholders, the Review Group sought meetings and requested written information. For example, to address Term of Reference 4, which relates to Tasmania's warehousing and distribution sector, the Review Group met with officers of Statewide Independent Wholesalers Ltd (SIW) and Tasmanian Independent Wholesalers (TIW). The Review Group also visited the SIW warehouses at Prospect and Breadalbane and held discussions with Mr Graham Nott, General Manager at Statewide. A lengthy written submission was received from TIW.

In response to requests, the Review Group also received presentations from some stakeholders. Presentations to the Review Group were by Ms Katrina Drake-Mundy of the National Meat Association of Australia, Mr Alan McKenzie of NARGA, Mr John Hagan, Executive Director of the Retail Traders Association of Tasmania and Mr Sam Richardson of TIW.

Only 11 written submissions were received, 6 of which were in favour of removing restrictions on shop trading hours and the remaining 5 were against. No submissions were received from Councils, though one was made by Mr Ian Routley, a Launceston City Council alderman, in a personal capacity. Where relevant, evidence from the submissions has been taken into account by the Review Group and is included in this

report. A list of the individuals and organisations that prepared submissions received is provided in Appendix B.

## **4 Term of Reference 1 – The non-grocery sector**

### **4.1 Term of Reference**

- Examine and make specific recommendations concerning the impact of removing trading hours restrictions on the non-grocery retail sector.

### **4.2 Initial review findings**

The Review Group found that there are two quite separate categories of retail businesses within this category that are affected by the legislation. Firstly, there are large department retail chains such as Harris Scarfe and Myer, together with other chains such as Dick Smith, Millers and Target. These businesses (non-grocery majors) employ more than 250 staff and therefore are subject to the restrictions on trading hours in the Act. The second category covers the smaller non-grocery retailers that employ less than 250 staff and are not directly affected by the Act. Many of these businesses tend not to trade on Sundays and public holidays.

The Review Group found that there was no public benefit justification for restricting the trading hours of the non-grocery majors. It was found that were there significant costs to the businesses themselves and to consumers. It was also found that, as these businesses are centrally located, on days when they are not permitted to trade the central business districts (CBDs) are effectively closed, which has adverse tourism consequences.

It was noted, for example, that in the 1998-99 Visitor Survey there was dissatisfaction expressed with the lack of shops open on Sundays and public holidays.

It was also found that the restrictions have unintended discriminatory impacts that are not related to the objectives of the Act, since these businesses are restricted from trading at times when their direct competitors, who may have very similar retail stores, such as Harvey Norman in the case of Myer or Sussan in the case of Millers, face no such restrictions. This is because, under the Act, the ownership arrangements of these businesses determine whether they are caught up under the Act. The Review Group found no public benefit for this outcome.

For the smaller non-grocery stores not directly affected by the legislation, the impact of removing the restrictions in the Act would vary, depending on the commercial decisions made by those retailers. It was found that some retailers would benefit from increased turnover. For example, the CBDs would attract more shoppers, including tourists, on Sundays and public holidays if the non-grocery majors were open and this would also increase business for many of the smaller non-grocery shops within the CBD that would choose to be open on these days.

The Review Group found that other smaller non-grocery outlets, especially specialist shops, may prefer to remain closed on Sundays and public holidays, and some may find an unrestricted trading environment less attractive because of impacts on



profitability and their work and leisure preferences. However, the Review Group found there was considerable potential for net benefits to accrue to this sector.

The Review Group considered the impact of the removal of restrictions on those non-grocery retailers that are legally permitted to open at any time but tend to be open only when the major department stores and supermarket chains are open. This is either through choice or because their lease conditions, or proximity to a restricted retail outlet, prevent them from being open at other times.

The Review Group heard a range of competing assertions from a number of independent non-grocery retailers. Some operators supporting the retention of the restrictions argued that there is little financial justification to operate for extended hours because of the absence of demonstrable additional demand and the higher employment costs, which can attract in excess of double time under the Retail Trades Award. Some operators also expressed their concern about the possibility of being forced to open under the terms of their leases, even if they would rather elect not to do so.

Other retailers argued for removal of the restrictions because they are seen as impeding the retail market by preventing the non-grocery majors from making the commercial decision whether or not to trade at certain times. In the Hobart CBD, for example, some smaller non-grocery retailers are unable to trade when they choose by virtue of the walkways that include access via Myer or Harris Scarfe. Others are located in shopping centres that are closed when the major supermarkets are not permitted to be open.

From the public consultation, it was clear that the removal of the restrictions would provide significant benefits to the non-grocery majors. There was a wide range of opinion from stakeholders as to the benefits and costs of such a change on the smaller non-grocery businesses, as it would impact differently on retailers, depending on the individual circumstances.

To overcome one concern raised by smaller retailers in shopping centres, the Review Group recommended that, if the restrictions were removed, there should be legislation that prevents the owner or operator of a shopping centre from requiring tenant retailers to open at prescribed times.

### **4.3 Key issues arising from the new Term of Reference**

The first Term of Reference required the Review Group to make specific recommendations on the impact of removing trading hours restrictions on the non-grocery sector.

As set out above, the Review Group examined the impact of the restrictions on this sector as part of the initial review, and documented its finding in the Regulatory Impact Statement (RIS) and the Final Report. The Review Group examined the evidence that had been provided to assess the value of this evidence in the light of any changed circumstances since the initial review was completed.

The only issue the Review Group identified was whether, in the light of any new evidence, the initial findings were still supported. In assessing this issue, the Review

Group took account of the view put forward by Tasmanian Independent Wholesalers (TIW) that it is not possible to separate issues affecting the grocery and the non-grocery sectors in Tasmania.

TIW stated that shopping centres, where the trading hours tend to reflect those of the major retailers restricted under the Act, compete with local retailers such as grocers, butchers and pharmacists. More specifically, TIW argued that independent supermarket chains that are not restricted under the Act compete with the non-grocery retailers that, either by law or by choice, are closed on Sundays and public holidays. This is because these supermarkets sell a range of products that can also be purchased in these non-grocery stores.

#### **4.4 Additional evidence**

Key stakeholders were contacted to seek additional evidence for the Review Group to consider.

The Tasmanian Chamber of Commerce and Industry (TCCI) provided an additional submission, reinforcing its opinion from the original review that shops should be free to respond to customer demands in determining trading hours. The TCCI believes that while a small minority of businesses may face some difficulty with a move to extend shop trading hours, such interests do not outweigh the net benefit that would accrue to the broader Tasmanian public in the event of deregulation. This view was supported by the Property Council of Australia's Tasmanian Division. The Property Council believe that deregulation of shop trading hours would lead to increased investment and job opportunities, which would outweigh any possible negative effects.

A non-grocery major retailer provided the Review Group with turnover data for the two Sundays before Christmas 2001 (16 December and 23 December) when the restrictions were removed. Allowing for some trade that would have occurred in the stores at other times, it was estimated that new spending for the business at Hobart was 8.6 per cent on 16 December 2001 and 7.7 per cent on 23 December 2001. While below the increase of 16 per cent obtained from the sample, as discussed below, the results from this one business confirm the research findings that a significant increase in revenue is expected as a result of removing the restrictions.

A submission from Coles Myer identified a number of benefits it believes would arise if shop trading restrictions were removed in the non-grocery retail sectors, such as greater community access and convenience, variety, price competition, entertainment alternatives, and increased employment, investment and tourism. It stated that if Myer, K-Mart, Target and Officeworks could trade on Sundays in Tasmania, this would create 162 additional jobs in those stores.

A submission received from Jeff Rombold of Jenerick took a contrary view, claiming that an extension of shop trading hours would merely result in a redistribution of spending, not an increase. He believes that the restrictions on trading hours that have been in place to date have prevented a complete domination of the marketplace by major chains and so the negative effects of market dominance have been, to an extent, avoided.

Alderman Ian Routley of the Launceston City Council provided a personal view that deregulation of shopping hours would have a real and positive impact upon Launceston by repositioning it as a regional shopping and leisure destination. He noted the importance of the tourism market to Tasmania and believes that having a vibrant, attractive town centre is a vital factor in attracting visitors.

The Review Group noted that the Hobart City Council (HCC), following the work undertaken by Hobart City Heart, has now adopted the policy position that the restrictions in the Act should be removed. The reasons listed by the HCC, namely the adverse effect on Hobart's CBD and the cost of the restrictions, such as the tourism spending foregone, mirror the findings of the Review Group.

This is principally a non-grocery sector issue as neither Woolworths nor Coles Myer has grocery stores within the Hobart CBD. The HCC has found that any disadvantages to some non-grocery retailers would be strongly outweighed by the advantages to the retail sector, and the CBD more generally. Some small businesses in the Hobart CBD maintain that, to remain viable, they depend on the increased volume of shopping that occurs when the major stores are open.

Tourism Tasmania noted in its submission that tourists expect businesses focussed on service to be open for trading. As such, Tourism Tasmania said it would encourage legislation which provided for customer-focussed retailers who derive income from travellers to allow them to meet consumer demand.

The Review Group also noted informal advice that since Harris Scarfe ceased trading at Eastlands, the overall level of turnover at Eastlands has significantly decreased and many shoppers are now choosing to shop in the Hobart or Glenorchy shopping centres.

The Review Group received a submission from the National Institute of Accountants (NIA), including the findings of a survey of its Tasmanian members. NIA states that the purpose of the survey was to capture a snapshot view of what accountants believe to be the public benefit issues regarding shop trading hours. Based on the survey responses, NIA believes that shop trading hours should not be extended. The majority of survey respondents believed that major retail groups would be the major beneficiaries of any extension of shop trading hours, at the expense of small businesses. The NIA survey asked members for their personal views rather than seeking empirical evidence of the impact of deregulation.

To obtain an estimate of the impact of the deregulation of shop trading hours on the non-grocery sector, the market research undertaken by Myriad Consultancy included some questions to households on their non-grocery spending. The full report from Myriad Consultancy is attached as Appendix C.

The market research found that average spending at the non-grocery majors was \$31.60 per week<sup>1</sup> (on products such as clothing, furniture, electrical goods and white goods). Around one in five respondents (21 per cent) indicated that they would increase their spending at these stores if shop trading hours were deregulated. According to the responses, the total extra weekly spending would be around 16 per

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<sup>1</sup> Myriad Report – Table xiv

cent (\$5.05 per household<sup>2</sup>) or a total weekly spending increase of \$887,680 in Tasmania.

The results are reproduced in Table 4.1 below and show that urban and rural households in the North are likely to spend significantly more at the non-grocery majors, relative to those in the North West and South. Urban and rural households in the South indicated that the increase in consumption would be relatively low. This may be because they have relatively good access to these stores at the times that they are open. In the North West, rural households reported that they would increase their spending by more than urban households.

**Table 4.1 Additional weekly spending per household at non-grocery majors if restrictions on shop trading hours were removed<sup>3</sup>**

	Urban - Per Household	Rural - Per Household
North	8.10	7.65
North West	3.65	5.65
South	3.90	3.20
<b>State Average</b>	<b>4.95</b>	<b>5.30</b>

In terms of total additional spending in these regions, the responses suggest that in the North, the increase in spending is likely to be in the order of \$390,000 per week. In the North West, the increase is estimated at \$190,000 per week and in the South, the increase is estimated at \$310,000 per week.

## 4.5 Findings and Conclusion

The restrictions in the Act on the non-grocery sector continue to impose significant costs on the non-grocery sector and, more generally, on the Tasmanian community. The unintended distortions continue, benefiting some retail businesses, such as Harvey Norman and Freedom Furniture in Hobart which are not restricted under the Act and trade on Sundays, while imposing an artificial disadvantage on other businesses such as Myer and Harris Scarfe.

The results in Table 4.2 below show the projected increase in expenditure for the non-grocery majors in the three regions. In terms of total additional spending in these regions, the responses suggest that in the North the increase in spending is likely to be in the order of \$390,000 per week. In the North West, the increase is estimated to be around \$190,000 and in the South the estimated increase is just over \$310,000 per week.

<sup>2</sup> Myriad Report – Table xvii

<sup>3</sup> Myriad Report – Table xviii.

**Table 4.2 Estimated total additional weekly spending at non-grocery majors in the three regions if restrictions on shop trading hours were removed<sup>4</sup>**

	Urban	Rural
North	238 085	150 250
North West	91 585	96 360
South	230 745	80 690
<b>Total</b>	<b>560 420</b>	<b>327 300</b>

This is expected to lead to an increase in employment of around 140 full-time equivalent (FTE) positions in the non-grocery major stores in the North, 68 FTEs in the North West and 112 FTEs in the South, which totals 320 FTEs by the non-grocery majors for the State as a whole as a result of increased spending by Tasmanian households. As most stores operated by the non-grocery majors are located in urban areas, most of the additional employment will be in urban areas and therefore drawn from urban households.

However, the Review Group has received commercial-in-confidence data that reveal that a significant proportion of employees in the large non-grocery stores that are currently restricted by the legislation live in rural areas. For example, one retail business advised that 25 per cent of employees in its North West stores live in rural areas. It is therefore expected that as employment in these stores increases, following deregulation, there would be a proportionate increase in employment of people from rural areas. The expected employment changes are summarised in Table 4.3.

**Table 4.3 Estimated employment changes in the non-grocery retail sector as a result of removing the shop trading hours restrictions**

Employment change (FTEs)			
	Urban Sector	Rural Sector	Total
North	112	28	140
North West	52	16	68
South	92	20	112
<b>Total Tasmania</b>	<b>256</b>	<b>64</b>	<b>320</b>

The Review Group expected that, consistent with the comments made by TIW, part of this additional spending would have otherwise been spent at independent non-grocery stores. Information on this was not sought as part of the market research.

However, many smaller non-grocery stores in close proximity to non-grocery majors would benefit from the additional business that would be attracted if trading hours

<sup>4</sup> Based on Myriad Report table xviii and postweighted according to respondent distribution on page 18 of Myriad Report.

were deregulated, which would lead to additional jobs. Furthermore, there would be additional demand from tourists and other visitors to Tasmania, again not covered by the market research, which would also stimulate employment.

These results confirm the view of the Review Group that it is false to assume that there is only a fixed amount of spending that households will assign to non-grocery items. Rather, households will choose how much they will spend on non-groceries depending on the offerings of these retailers, in terms of range, price, service and trading hours, relative to alternative goods and services they can purchase.

The results strongly suggest that overall spending would increase as the non-grocery sector would be able to compete more effectively for the consumer dollar. Such competition would be at the expense of other areas of consumer spending including entertainment, gambling or possibly by reduced saving or increased use of credit.

Alternatively expressed, the current restrictions have the effect of constraining the non-grocery sector as a whole, including employment. It is also likely that the restrictions deter businesses from investing in substantial non-grocery outlets, which also denies Tasmania the construction and other investment activity that would otherwise occur. Again this imposes a restriction on Tasmanian employment. Finally, the restrictions impose a cost to consumers in terms of convenience. The initial survey by Myriad in 1999 found that 63 per cent of Tasmanian households favoured some change to the existing trading hours restrictions. This was confirmed in a recent poll in Tasmania commissioned by the *Mercury* newspaper and conducted in December 2001 by Associate Professor Richard Herr, which found that around 55 per cent of households favoured some or total deregulation. In both surveys, households were considering both the grocery and non-grocery sector in expressing their views.

In the most recent Myriad survey, 21 per cent of households expected to change their non-grocery shopping pattern if the restrictions were removed from the non-grocery sector. From this it can be deduced that the current trading hours do not meet their shopping needs.

The net effect of deregulation of the non-grocery sector is therefore likely to be a significant increase in employment. In addition, rural and urban households would benefit from increased choice and also convenience in terms of when they are able to do their shopping.

## **5 Term of Reference 2 – The impact of deregulation of the grocery sector on regional and rural Tasmania**

### **5.1 Term of Reference**

- Commission market research to investigate shopping patterns in rural/remote areas and to assess and quantify the impact on those areas if the trading restrictions that currently apply to the grocery sector are removed.

### **5.2 Initial review findings**

The Review Group found that the restrictions impose a major constraint on consumer choice with respect to when and where consumers shop. A significant percentage of Tasmanian shoppers indicated in the initial market research that they would change their shopping patterns in the event that the restrictions were removed. Almost two thirds of shoppers were found to be in favour of removing all or some of the restrictions on shop trading hours. The responses from rural households were very similar to those from urban households.

The Review Group considered that the restrictions do not have a major impact on the viability of independent stores that operate in some of the more rural regions of Tasmania. This is because the major chains are not represented in, or within easy reach of, some rural regions, and shoppers who wish to shop at a major chain supermarket need to travel significant distances. Therefore, it was thought that removal of the restrictions was not expected to have a significant impact in the more remote areas as the majority of shoppers in those areas are likely to continue to support local independent stores.

An independent survey was commissioned by the Review Group and carried out by Myriad Consultancy in March 2000. A total of 806 shoppers were selected across the State and from rural and metropolitan locations in accordance with the distribution of the State's population.

The survey sought to determine shoppers' support for continuation of the existing restrictions or some form of change, irrespective of whether their shopping patterns would change. The survey found 63 per cent of surveyed shoppers indicated their support for some change to the existing restricted shopping hours in favour of removal of the restrictions and 50 per cent favoured Sunday trading.

The survey also sought to determine whether shoppers' support or otherwise for any change to the current restrictions would translate to an actual and material change in shopping patterns. The survey found that for Sundays, public holidays and late nights around 42 per cent were likely to make a significant change to their shopping patterns to do a 'reasonable amount' of shopping at the major chain retailers.

In terms of outcomes in urban and rural areas, there was not a great deal of difference in the views of urban and rural shoppers. Approximately 63.5 per cent of urban shoppers and 63.7 per cent of rural shoppers indicated their support for some form of

change to the status quo. The survey found that 32 per cent of urban shoppers indicated they would do a reasonable amount of their shopping at the major retailers on Sundays, compared with 28 per cent of rural shoppers.

### **5.3 Key issues arising from the new Term of Reference**

In addressing this Term of Reference, the Review Group commissioned additional market research to obtain a better understanding of:

- grocery shopping patterns by rural households, including the extent to which they currently purchase groceries from grocery majors;
- how grocery shopping patterns of rural households would change if the restrictions on trading hours were removed;
- the extent to which retail spending on groceries in rural and urban areas would be affected (in particular the scale of any transfer of retail spending from rural to urban stores);
- the likely implications for employment in rural grocery retail stores; and
- whether deregulation is likely to lead to the closure of rural grocery stores.

### **5.4 Additional evidence**

A submission was received from the Retail Traders Association of Tasmania (RTA), strongly opposing any extension of shop trading hours due to the effect it believes this will have on rural and regional areas. The RTA believes that any extension of shop trading hours will increase the market dominance of major chains and draw business away from smaller rural and regional centres. The RTA does not believe that extended trading hours will increase the total amount of money spent by consumers, but rather will result in a transfer to major chains to the detriment of smaller retailers.

As discussed above, Myriad Consultancy surveyed 600 households in November 2001 and a set of survey questions was asked to obtain information on the issues identified above. In order to increase the reliability of the information from rural households, just over 50 per cent of the households sampled were rural households (307 households). Myriad also sampled around the same number of rural households in each of the three regions of the State (South, North and North West).

The results of the survey, as reported by Myriad Consultancy, are provided in Appendix C. An analysis of the results as they apply to the rural sector is provided below.

Tasmanian Independent Wholesalers (TIW) has asserted in its submission that retail turnover of its members stores is likely to decrease by \$25 million per year as a result of removing the restrictions on shop trading hours, a reduction in revenue of around 14 per cent. TIW also estimates that the loss in employment is likely to be between



220 and 240 FTEs. The supermarkets in this category include Four Square Stores, Sam's Cut price Stores, Value Plus, Rite-way, Fabulous Food Stores, Festival, IGA, Family Fare, Quick-n-Thrifty and Family World.

The submission also states that 71 per cent of the grocery sales are outside the four major cities of Burnie, Devonport, Launceston and Hobart. By applying this percentage to the claimed decline in sales, the reduction in turnover of these rural stores, as claimed by TIW, is around \$17.8 million per year, with employment losses of between 155 and 170 FTEs.

## **5.5 Findings and conclusion**

The survey generated a substantial amount of data on household grocery spending and how this might change if shop trading hours were deregulated. For both the rural and urban sector, these data can be analysed across three different dimensions.

Firstly, there is the current and future behaviour of rural households, in terms of the level of spending on groceries and where they make their purchases, and how these rural households will change their behaviour if the restrictions are removed.

Secondly, there is the current level of grocery retail trade in the rural regions and how this would change following deregulation. While most of this retail trade is from rural households, the results showed that some is also from urban household spending.

Finally, there is the share of grocery spending at Woolworths in the rural areas, compared with the share at the independent grocery/supermarket stores (there are no Coles stores in the rural areas as defined by Myriad). One reason why this is important is that turnover per employee is assumed to be higher in the Woolworths stores, relative to the independent stores, as they enjoy greater economies of scale. This therefore means that a shift in expenditure from the independent grocery/supermarket stores to the rural Woolworths stores would lead to a net decrease in employment.

### **5.5.1 Rural household behaviour**

The survey found that, according to the responses, average spending by rural households on groceries was \$136.50 per week. Spending averaged \$131.60 per week in the North, \$134.20 in the South and \$144.40 per week in the North West. In all three regions, the average level of spending by rural households was higher than by urban households.

These reported expenditure figures are consistent with the data for Tasmania in the ABS Household Expenditure Survey, in which the most recent data are for 1998-99. Allowing for inflation since 1998-99, but not any impact of the Commonwealth Government's New Tax System, average household expenditure on food and non-alcoholic beverages and some identified items (such as household soaps and detergents, other cleaning agents and foodwraps) amounts to \$112.65 per week. When other miscellaneous items purchased at supermarkets and other grocery stores are included, an average of \$136.50 from the market research is consistent with the ABS data.

According to the survey, a large percentage of rural households currently purchase some groceries at either Woolworths or Coles stores which are located in urban areas (48 per cent in the North, 44 per cent in the North West and 45 per cent in the South<sup>5</sup>). Many households reported that they purchase a significant proportion of their groceries from both Woolworths or Coles stores and from independent grocery stores.

By value, 37 per cent of all grocery spending by rural households in the North was at urban Woolworths or Coles stores, compared with 24 per cent of grocery shopping being spent at the rural Woolworths stores. The remaining 39 per cent of grocery shopping by rural North households is at the independent grocery stores, almost all located in the rural North.

A similar trend was evident in the responses from North West rural households. Again, 37 per cent of all grocery spending by rural households in the North West was at urban Woolworths or Coles stores, compared with 25 per cent of grocery shopping being spent at the rural Woolworths stores. This leaves 38 per cent of grocery shopping at other grocery stores, again almost all located in the rural North West.

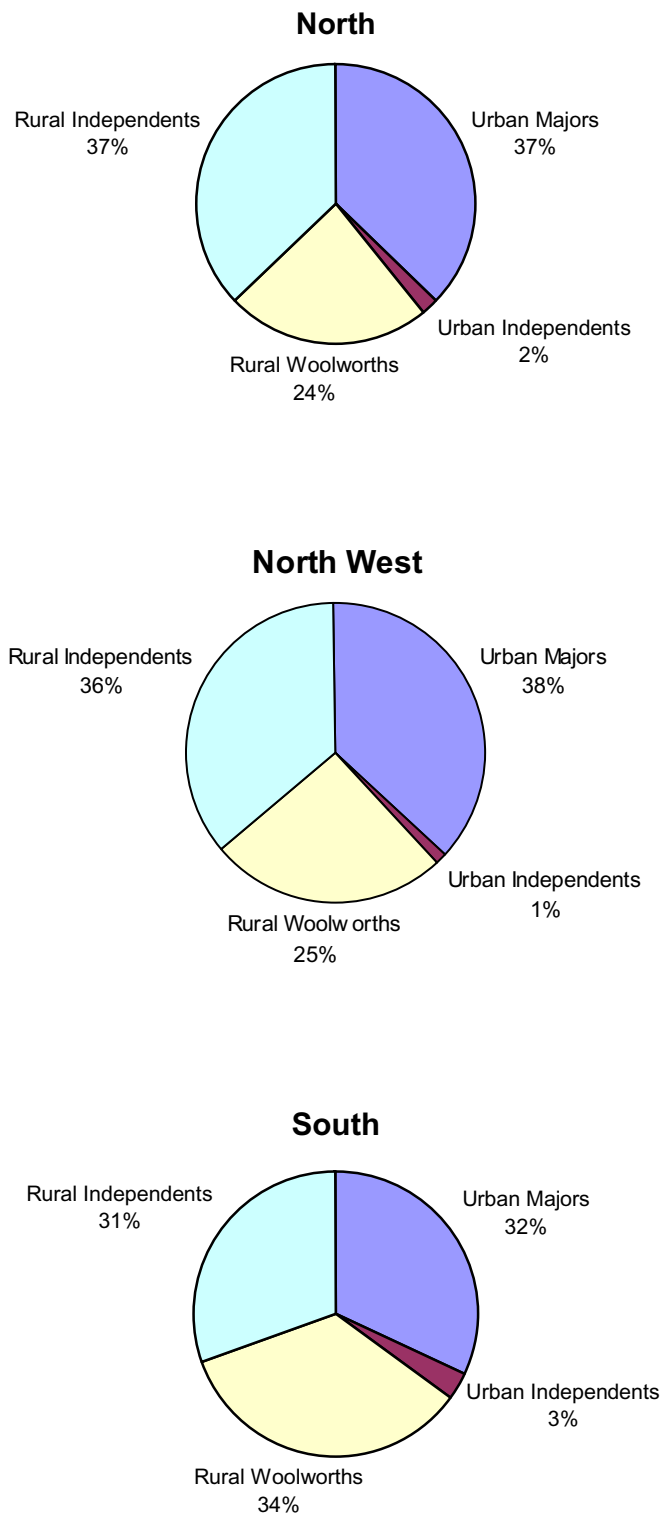
For the South, 32 per cent of all grocery spending by rural households was at urban Woolworths or Coles stores, with 35 per cent of all grocery shopping being at the rural Woolworths stores. Only 33 per cent of grocery shopping by rural households is reported as being at other Southern grocery stores, again almost all in the rural South.

The allocation of current household spending in rural areas is shown in the three charts below.

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<sup>5</sup> Myriad Report - page 14.

**Figure 5.1 – The allocation of household grocery spending of rural households by region**



In response to the question of whether these households would change their grocery shopping pattern if the trading hours restrictions were removed, including when they would make their purchases, 23 per cent of rural households in the North said that they are very likely, or quite likely, to change. This compares with 27 per cent in the North West and 21 per cent in the South<sup>6</sup>.

However, when asked specific questions on the amount they expected to spend, in all three areas a very large proportion of respondents did not expect to change the amount that they would purchase. This accounted for 90 per cent of Northern households, 94 per cent of North West households and 92 per cent of Southern households.

This suggests that a significant number of households would change the hours or days when they would purchase their groceries but not, to a great extent, where they would purchase them. That is, the current restrictions would appear to be inconvenient for rural households as they are not able to shop at their times of choice but do not prevent them from being able to purchase at the grocery majors, either in urban or rural stores.

The respondents reported that there would be a marginal increase in the average amount spent on groceries by rural households following deregulation. Expenditure was expected to increase to an average of \$133.50 per week in the North (an increase of 1.4 per cent), to be virtually unchanged at \$144.50 in the North West and to increase to \$137.30 per week in the South (an increase of 2.3 per cent). The overall increase is 1.3 per cent across all rural households.

This is shown in Table 5.1 below which shows that in all areas the response is an increase in expenditure in the grocery majors and a decline in expenditure in other grocery stores. The average change for all rural households is an increase of 5.7 per cent at the grocery majors and a decline of 6.0 per cent at the other grocery stores.

However, as noted above, only around 8 per cent of all households surveyed expect to change their expenditure. Therefore, for those that do intend to adjust to the different trading hours, there would be a very substantial increase in spending at the grocery majors and significant decline at the independent grocery stores. Alternatively expressed, the results suggest that rather than a large number of households making some small adjustments to their shopping patterns in response to the change in trading hours, a small number will make some significant changes.

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<sup>6</sup> Myriad Report – Table vii.

**Table 5.1 Average weekly grocery spending per rural household if restrictions on shop trading hours are removed<sup>7</sup>****(\$/household/week)**

	Grocery Majors			Independent Grocery Stores			Total		
	Current	Fore-cast	% Change	Current	Fore-cast	% Change	Current	Fore-cast	% Change
North Rural Households	80.40	86.00	7.0	51.20	47.50	-7.2	131.60	133.50	1.4
North West Rural Households	90.20	93.60	3.8	54.20	50.90	-6.1	144.40	144.50	0.1
South Rural Households	89.30	94.70	6.0	44.90	42.60	-5.1	134.20	137.30	2.3
<b>Total State Rural Households</b>	<b>86.50</b>	<b>91.40</b>	<b>5.6</b>	<b>50.0</b>	<b>46.90</b>	<b>-6.2</b>	<b>136.50</b>	<b>138.30</b>	<b>1.3</b>

As explained in the Myriad report, a very small number of rural households indicated that they would be likely to spend more at urban grocery stores. In the North, an additional 2 per cent of rural households expected to begin to purchase groceries in urban Woolworths or Coles stores, and the proportion of total groceries purchased from these stores was expected to increase from 37 per cent to 40 per cent of all spending. The number of households expected to purchase at rural Woolworths stores was expected to decline by 1 per cent, but total expenditure at these stores was expected to be an additional 1 per cent of the household grocery budget.

Grocery expenditure by Northern rural households at independent grocery stores was expected to decline from 39 per cent of rural household expenditure to 35 per cent.

For the North West, an additional 12 per cent of rural households expected to begin to purchase groceries in urban Woolworths or Coles stores, and the total groceries purchased from these stores was expected to increase from 37 per cent to 48 per cent of all spending. According to the responses, 5 per cent fewer households would purchase at rural Woolworths stores and expenditure was expected to account for only 19 per cent of total spending, down from 25 per cent of household spending.

Grocery expenditure by North West rural households at independent grocery stores was expected to decline from 38 per cent of rural household expenditure to 33 per cent.

<sup>7</sup> Myriad Report – Table ii and Table ix, averaged using respondent distribution on page 6 of Myriad Report.

For the South, there was a marginal decline (1 per cent) in the number of rural households expected to purchase groceries in urban Woolworths or Coles stores, but the total groceries purchased from these stores was expected to increase from 32 per cent to 35 per cent of all spending. Spending in rural Woolworths stores was expected to decrease from 35 per cent of household spending to 31 per cent, with 4 per cent fewer households purchasing groceries at these stores.

Grocery expenditure by Southern rural households at independent grocery stores was expected to remain unchanged at around 33 per cent of rural household expenditure.

In summary, there is no evidence that the removal of restrictions on shop trading hours would lead to widespread changes in the purchasing habits of rural households. A significant proportion of rural households currently purchase some or all of their groceries at urban Woolworths and Coles stores and it is only in the North West that an appreciable increase in expenditure is expected.

A large proportion of rural households purchase their groceries locally and are not expected to change their behaviour if the restrictions on shop trading hours were removed.

There is therefore no evidence, from the responses from rural households, that there would be a significant reduction in rural grocery spending as a whole if the restrictions on shop trading hours were removed.

### ***5.5.2 The level of grocery trade in the rural regions***

The impact of deregulation on the turnover of the Woolworths stores in rural areas is shown in Table 5.2 below. This table shows the combined impact of the change in rural and urban household expenditure.

As Section 6 explains, there is very little grocery expenditure by urban households in rural stores. No expenditure from Southern urban households was reported as being in rural stores. According to the survey, around 3 per cent of grocery expenditure by urban North West households is in rural stores (none of which was in a Woolworths store). In the case of the North, around 7 per cent of grocery expenditure by urban households is at rural Woolworths stores and an additional 2 per cent is at independent rural grocery stores. Consequently, the estimated changes in turnover and employment in the rural stores are almost entirely the result of changes in the shopping patterns of rural households.

Table 5.2 shows that for the grocery majors, the largest proportionate increase is in the Northern rural Woolworths stores, where revenue is estimated to increase by 2.6 per cent. A slight increase of 0.4 per cent is estimated for the North West, while there is a decline in sales in the Southern rural Woolworths stores.

**Table 5.2 Expected weekly grocery turnover in the rural Woolworths stores if the restrictions on shop trading hours are removed<sup>8</sup>**  
(\$/week)

	Sample Data			Total (weighted)		
	Current	Forecast	% Change	Current	Forecast	% Change
6+9North Rural Woolworths Stores	4 179	4 366	4.4	886 278	909 171	2.6
North West Rural Woolworths Stores	3 564	3 580	0.4	624 588	627 216	0.4
South Rural Woolworths Stores	4 842	4 782	-1.2	1 159 368	1 145 002	-1.2
<b>Total</b>	<b>12 585</b>	<b>12 728</b>	<b>1.1</b>	<b>2 670 235</b>	<b>2 681 389</b>	<b>0.4</b>

This decline is due to the fact that a small number of households stated that they would transfer a substantial amount of their grocery shopping to urban major stores if the trading hours of these stores are deregulated. Such a change may, for example, allow households to do a large shop after their work in Hobart in a nearby Coles or Woolworths store, or when they anticipate being in Hobart on Sundays.

Across the State, the increase in total grocery spending by rural households is fully captured by the Coles and Woolworths stores.

Table 5.3 below shows that, for the independent stores, there is a decline in expected sales in all three rural regions, with the largest proportionate decline being estimated at 10.1 per cent in the North. In the North West the decline is also quite marked at 9.3 per cent, compared with only 5.4 per cent in the South. For the State as a whole, the decline in turnover of rural independents is estimated at 8.2 per cent.

The Review Group considers that a decline in the turnover of the rural independent stores of the level suggested by the above analysis would not result in the widespread closure of these stores. While there will be some impact on profitability, the overall viability of the vast majority of these store should not be at risk. As discussed below, to the extent that they are able to improve their offerings to customers, the stores will be able to reduce the loss of revenue arising from the removal of shop trading hours restrictions.

<sup>8</sup> Myriad Report - Table iv and Table xi. Total (weighted) figures calculated using respondent distributions on page 6 of Myriad Report.

**Table 5.3 Expected weekly grocery turnover in rural independent grocery stores if the restrictions on shop trading hours are removed<sup>9</sup> (\$/week)**

	Sample Data			Total (weighted)		
	Current	Forecast	% Change	Current	Forecast	% Change
North Rural Stores	5 375	4 880	-9.2	1 033 680	929 494	-10.1
North West Rural Stores	5 473	4 979	-9.0	986 405	894 936	-9.3
South Rural Stores	4 297	4 067	-5.4	1 028 874	973 802	-5.4
<b>Total</b>	<b>15 145</b>	<b>13 926</b>	<b>-8.1</b>	<b>3 048 959</b>	<b>2 798 233</b>	<b>-8.2</b>

Therefore, the Review Group does not accept the assertions from TIW and the Retail Traders Association of Tasmania that the removal of the restrictions will lead to widespread closure of independent grocery stores in rural Tasmania.

### ***5.5.3 The impact of employment in rural areas as a result of removal of the trading hours restrictions***

The changes in turnover in the rural major and independent grocery stores arising from the shopping decisions of Tasmanian households are expected to impact on employment levels.

As with the non-grocery sector, a significant proportion of employees in the large urban grocery stores restricted by the legislation live in rural areas. For example, for one retailer, 20.9 per cent of employees in the Northern urban stores live in rural areas. The aggregate proportion of employees from rural areas in the urban major stores has also been applied to urban independent stores. Therefore, the Review Group's assessment of the impact on rural communities of changes in employment in urban and rural stores has taken into account where these employees live, rather than just where they work.

In the North, turnover in the rural major grocery stores is estimated to increase by \$22,893 per week. Using the guide of one FTE per \$145,000 of turnover per year, this is expected to lead to around 8 FTEs. The decline in the turnover of \$104,186 per week for the independent grocery stores is expected to lead to a decline in employment of 47 FTEs, using the guide of one FTE per \$115,000 for the independent stores. The net impact in the North, for the rural grocery sector alone, is therefore a decline in rural employment of around 39 FTEs. However, an additional

<sup>9</sup> Myriad Report - Table iv and Table xi. Total (weighted) figures calculated using respondent distributions on page 6 of Myriad Report.



13 people from Northern rural households would be employed in urban grocery stores as a result of deregulation, such that the net effect is a decline in employment of 26 persons.

In the North West, turnover in the major grocery stores is estimated to increase by only \$2,628 per week, resulting in only one additional FTE. Turnover falls for the independent grocery stores by \$91,469 which reduces employment in rural grocery stores by 41 FTEs. With an additional 4 people from rural households that would be employed in urban grocery stores as a result of deregulation, the net effect is a decline in employment of 36 persons in the grocery sector.

For the South, the major grocery stores are expected to face a reduction in revenue by \$14,366 per week, which reduces employment by 5 FTEs. The independent grocery stores face a reduction in turnover of \$55,071 which reduces employment in rural grocery stores by 25 FTEs. The net loss in the South is 26 FTEs.

This information is shown in Table 5.4 below. In total, the removal of the restrictions is estimated by this analysis to reduce employment by around 88 FTEs in the grocery sector, with a gain of 64 FTEs in the non-grocery sector. This results in a decline of around 24 FTEs.

**Table 5.4 Expected Changes in Rural Full Time Equivalent Jobs**

	Rural grocery majors	Other rural grocery stores	Urban grocery stores	Net grocery	Non-grocery sector	Total
North	8	-47	13	-26	28	2
North West	1	-41	4	-36	16	-20
South	-5	-25	4	-26	20	-6
<b>Total Tasmania</b>	<b>4</b>	<b>-113</b>	<b>21</b>	<b>-88</b>	<b>64</b>	<b>-24</b>

The Review Group considers that the extent of the changes in grocery expenditure is not likely to be as large as that calculated from the market research data. The reasons why this analysis is likely to overstate the actual changes are set out below.

1. Households gave their response on the basis of the range of goods, prices and quality of service currently offered by the major and independent grocery stores. However, in the case of the non-major stores, it is likely that a significant number will be successful in winning back some turnover by diversification, improving their customer service or other strategies. This was the experience following the removal of the restriction on Saturday trading in 1995. Some independent grocery store operators stated in 1999 that they were able to recover around half the turnover that they had initially lost when Woolworths and Coles were allowed to trade on Saturday afternoon.
2. The estimates of changes in turnover were made by increasing the weekly information by a factor of 52, to obtain an annual estimate. However, this does not allow for the fact that for some Sundays every year, such as those around Christmas and when a large cruise ship arrives, the major grocery

stores are allowed to open. A proportion of the current turnover of the grocery majors is from Sunday trading, in competition with the non-majors. Therefore, the actual reduction in turnover annually that would be faced by the independent stores would be less than the amount extrapolated from the weekly data obtained from the survey.

Rather than scale down the expected changes to reflect the above factors, the Review Group has agreed to remain with the estimates calculated from the market research but to present these estimates as upper limits of the changes that would occur as a result of the removal of the restrictions.

Therefore, it is not expected that employment in the rural sector will decline to the extent suggested by the analysis presented above and that employment in the rural sector will be largely unaffected by the removal of the restrictions on trading hours. However, it is expected to lead to some shift in employment from rural independent grocery stores to urban non-grocery stores.

On the basis of the above discussion, the claim by TIW of losses of around 155 to 170 FTEs in the rural regions appear to exaggerate the likely outcome, especially as it only applies to TIW members and not all independent grocery stores.

## **6 Term of Reference 3 – The impact of deregulation on the urban grocery sector**

### **6.1 Term of Reference**

- Consider the impact of the deregulation of shop trading hours on the independent grocery sector in urban areas.

### **6.2 Initial review findings**

The restrictions do improve the viability of some independent stores, especially in the grocery sector. While the Review Group does not envisage widespread closure of shops if the restrictions were removed, it was acknowledged that their removal would lead to the closure of some marginally viable stores, changes in employment arrangements and diversification of products and services to adjust to a new trading environment.

On the strength of the information presented by a number of independent store operators, the Review Group considered that, in areas where major chain supermarkets compete with unrestricted convenience stores and smaller supermarkets, the latter derive a significant benefit as a result of the restrictions. The relaxation of the restrictions on trading is likely to have an adverse impact on the profitability of convenience stores and smaller supermarkets, particularly in the short term. This was an observed outcome of the 1995 reforms.

However, the Review Group found that the 1995 reforms did not result in widespread shop closures, in contrast to the assertions made at that time. It was found that, in response to Saturday afternoon trading, many shops developed other competitive advantages including changing the range of goods offered, improving customer service and the quality of product, competitive pricing and service diversification.

The Review Group found that those retail outlets potentially at risk by the removal of the restrictions are generally not likely to be sustainable in the longer run, even if the restrictions were retained. This is either because they were poor investments and/or are not effectively run or because the general trends in retailing have been unfavourable to these outlets. Therefore, the Review Group has found that the removal of the restrictions is likely to accelerate the closure of some of these retailers but is generally not expected to lead to the closure of otherwise profitable and sustainable retail businesses.

### **6.3 Key issues arising from new Term of Reference**

In addressing this Term of Reference, the Review Group ensured that the market research would provide information on:

- grocery shopping patterns by rural and urban households, including the extent to which they currently purchase groceries from grocery majors;
- the extent to which retail spending on groceries in urban areas would be affected (in particular the scale of any transfer of retail spending from urban independent grocery stores to urban major grocery stores; and
- the likely implications for the viability of, and employment in, urban independent grocery stores.

### **6.4 Additional evidence**

As discussed in Section 5, Myriad Consultancy surveyed 600 households in November 2001 and a set of survey questions was asked to obtain information on the issues identified above. The results of the survey, as reported by Myriad Consultancy, are provided in Appendix C. Analysis of the results as they affect the urban sector is presented below.

The Review Group also obtained some evidence from one of the major grocery businesses about the impact on weekly turnover for the weeks that included the two Sundays in December 2001 (16 December 2001 and 23 December 2001) when the restrictions on shop trading hours were removed. This business reported that for the Hobart stores the net increase in turnover, taking into account revenue that would have been received on other days of the week from the same shoppers, was 0.5 per cent for 16 December 2001 and 1.2 per cent for 23 December 2001.

Coles Myer states in its submission that if Coles supermarkets were allowed to trade on Sundays it would provide approximate 60 new jobs, and a further 21 jobs would be created if they were allowed to trade until 9:00pm every weeknight. Coles Myer does not support claims that Sunday trading would force small businesses out of business, citing ABS data which show that since Saturday afternoon trading was introduced in Tasmania in 1995 there has been a 20 per cent increase in retail employment and a 12 per cent increase in the number of retail businesses.

Tasmanian Independent Wholesalers has asserted in its submission that retail turnover of the grocery stores it supplies is likely to decrease by \$25 million per year as a result of removing the restrictions on shop trading hours, a reduction in revenue of around 14 per cent. TIW also estimates that the loss in employment is likely to be between 220 and 240 FTEs. The supermarkets in this category include Four Square Stores, Sam's Cut Price Stores, Value Plus, Rite-way, Fabulous Food Stores, Festival, IGA, Family Fare, Quick-n-Thrifty and Family World.

The submission also states that almost 30 per cent of the grocery sales are in the four major cities of Burnie, Devonport, Launceston and Hobart. By applying this percentage to the claimed decline in sales, the expected reduction in turnover of these urban stores, as claimed by TIW, is around \$7.3 million per year, with employment losses of between 64 and 70 FTEs for the TIW stores. The submission also estimates

that the effect of deregulation would be a loss of 744 jobs in the independent supermarkets, with an additional number in the smaller stores that do not have a supermarket structure.

A submission was also received from Mr Wayne Cobbing, operator of an independent supermarket in Burnie. Mr Cobbing stated that Sunday trading currently accounted for 26.5 per cent of his turnover. Based on trading patterns at his store on previous Sundays when grocery majors had been allowed to open, such as Christmas Eve and New Year's Eve, Mr Cobbing believes that the deregulation of shop trading hours would result in a significant downturn in turnover at his store and other smaller supermarkets. Mr Cobbing also noted that when full 6 day trading was introduced he immediately lost 21 per cent of turnover, although by diversifying he was able to reclaim 12 per cent of this lost turnover.

## **6.5 Findings and conclusion**

The survey revealed a substantial amount of data on household grocery spending and how this might change if shop trading hours were deregulated. As with the rural sector, these data can be analysed for the urban sector across three different dimensions:

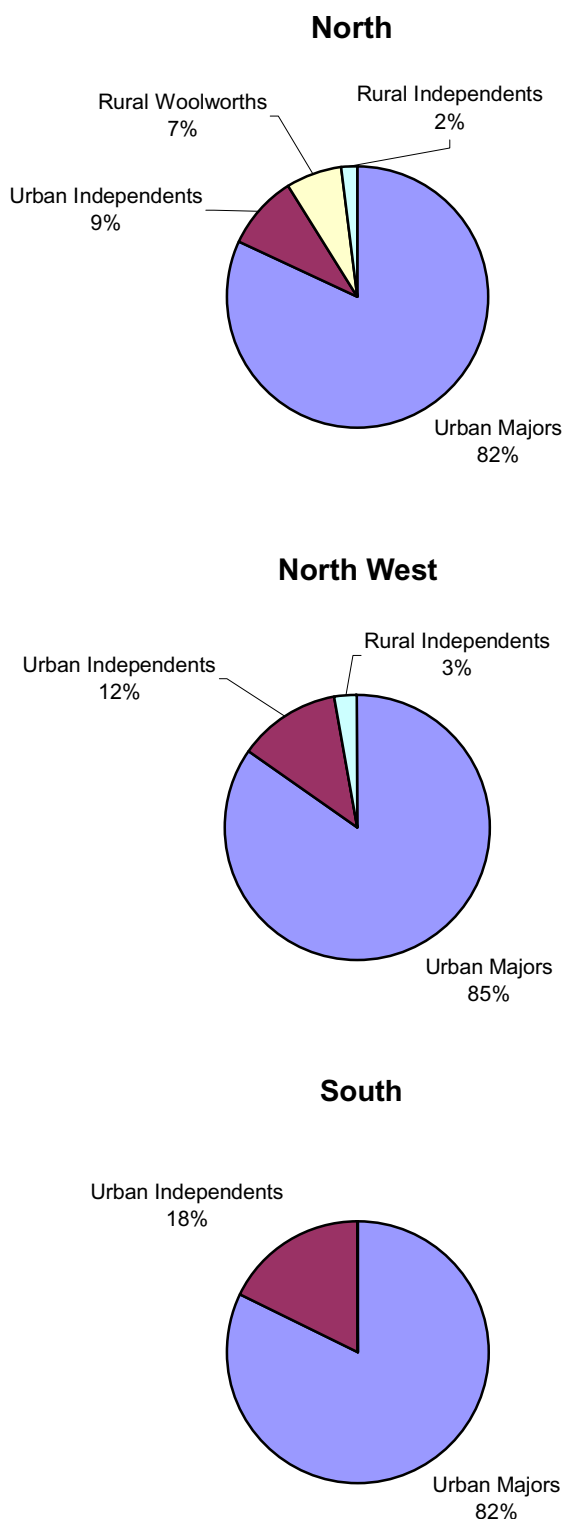
- the current and future behaviour of urban households, in terms of the level of spending on groceries, where they make their purchases, and how these urban households will change their behaviour if the restrictions are removed;
- the current level of grocery retail trade in the urban regions and how this would change following deregulation; and
- the share of grocery spending at Woolworths and Coles stores in the urban areas, compared with the share at the independent stores.

### **6.5.1 *Urban household behaviour***

The survey found that, according to the responses, average spending by urban households on groceries was \$132.50 per week. Spending averaged \$130.30 per week in the North, \$133.50 in the North West and \$127.30 per week in the South.

According to the survey, almost all households purchased groceries at urban major or independent stores, rather than stores in rural areas. This accounted for 91 per cent of all expenditure by the sampled urban households in the North, 97 per cent in the North West and 100 per cent in the South.

**Figure 6.1 – The allocation of household grocery spending of urban households**



The allocation of current household spending is shown in Figure 6.1 above. By value, 82 per cent of all grocery spending by urban households sampled in the North was at urban Woolworths or Coles stores, compared with 9 per cent of grocery shopping at urban independent stores, 7 per cent spent at rural Woolworths stores and 2 per cent in the rural independent stores.

For the North West, spending in the urban Woolworths or Coles stores was a little higher at 85 per cent, with 12 per cent in the urban independent stores, and 3 per cent

in the rural independent stores. For the Southern households sampled, spending in the urban Woolworths or Coles was 82 per cent of total grocery spending, with the remaining 18 per cent at urban independent stores.

In response to the question on whether these households would change their grocery shopping pattern if the trading hours restrictions were removed, including when they would make their purchases, 29 per cent of urban households in the North said that they are very likely, or quite likely, to change. This compares with 28 per cent in the North West and 33 per cent in the South. For the North and the North West these proportions are similar to those rural households but not in the South, where only 21 per cent stated that they expected to change.

Once again, however, when asked specific questions on the amount they expected to spend, in all three areas a very large proportion of urban respondents did not expect to change the amount that they would purchase. This accounted for 89 per cent of Northern urban households, 94 per cent of North West households and 93 per cent of Southern households.

This is consistent with the results for rural households, suggesting that a significant number of urban households would change the hours or days when they would purchase their groceries but not, to a great extent, where they would purchase them. This reflects the inconvenience of the current hours for these households.

The results suggest that there would be a marginal increase in the average amount spent on groceries by urban households. Table 6.1 below shows that expenditure was expected to rise to an average of \$136.40 per week in the North (an increase of 2.2 per cent), to rise to \$133.9 per week in the North West (a marginal increase of 0.3 per cent) and to fall slightly to \$126.80 per week in the South (a fall of 0.4 per cent). The average increase across all urban households is 0.7 per cent, a smaller increase compared with rural households.

Grocery expenditure by Northern urban households at independent grocery stores was expected to decline from 11 per cent to 9 per cent of total urban household expenditure. For the North West, the decline is from 15 per cent to 14 per cent and for the South, the decline is from 18 per cent to 16 per cent.

As with the rural households, there is no evidence that the removal of restrictions on shop trading hours would lead to widespread changes in the purchasing habits of urban households. Most urban households currently purchase some or all of their groceries at urban Woolworths and Coles stores and no appreciable increase in expenditure is expected.

**Table 6.1 Average weekly grocery spending per urban household if restrictions on shop trading hours are removed<sup>10</sup>****(\$/household/week)**

	Grocery Majors			Independent Grocery Stores			Total		
	Current	Fore-cast	% Change	Current	Fore-cast	% Change	Current	Fore-cast	% Change
North Urban Households	118.50	123.80	4.5	14.90	12.60	-15.4	133.40	136.40	2.2
North West Urban Households	113.10	115.00	1.7	20.40	18.90	-7.4	133.50	133.90	0.3
South Urban Households	104.80	107.00	2.1	22.50	19.90	-11.6	127.30	126.80	-0.4
<b>Total State Urban Households</b>	<b>112.20</b>	<b>115.30</b>	<b>2.8</b>	<b>19.30</b>	<b>17.10</b>	<b>-11.0</b>	<b>131.50</b>	<b>132.40</b>	<b>0.7</b>

### 6.5.2 *The level of grocery trade in the urban regions*

The impact of the removal of trading hours on urban stores will be the combined impact of how rural and urban households respond. Section 5 showed that, according to the responses, some increase in grocery expenditure by rural households will occur and there will be a reduction in turnover in rural independent stores and also a slight decline in turnover of the rural grocery majors in the South of the State. The response of some rural households is therefore to increase grocery consumption in the urban majors, in some cases at the expense of the rural majors.

For urban households the increase in expenditure is virtually all in major urban grocery stores, at the expense, principally, of urban independent stores. As noted above, there is very little expenditure by these households in rural stores.

Table 6.2 below shows that household spending in the majors is estimated to increase by an average of 4.1 per cent across the State. The most pronounced change is in the North, where the increase is almost 6 per cent, substantially higher than the increase in the North West of 2.7 per cent and the South at 3.8 per cent. Part of this change is explained by the fact that, for urban households, overall grocery spending increases proportionately more in the North than in the other regions. The decline in spending in rural independent groceries by rural households is also greatest in the North.

<sup>10</sup> Myriad Report – Table ii and Table ix, averaged using respondent distribution on page 6 of Myriad Report.



**Table 6.2 Expected weekly grocery turnover in urban stores owned by grocery majors if the restrictions on shop trading hours are removed<sup>11</sup>**

(\$/week)

	Sample Data			Total (weighted)		
	Current	Forecast	% Change	Current	Forecast	% Change
North Urban Stores	15 749	16 671	5.8	4 180 272	4 424 034	5.8
North West Urban Stores	16 609	17 108	3.0	3 744 097	3 845 071	2.7
South Urban Stores	14 452	15 283	5.8	7 268 373	7 546 147	3.8
<b>Total</b>	<b>46 810</b>	<b>49 062</b>	<b>4.8</b>	<b>15 192 742</b>	<b>15 815 251</b>	<b>4.1</b>

For the urban independent stores, there is a decline in turnover of 8.9 per cent in the North and 11.1 per cent in the South. By contrast, sales are estimated to decline by only 0.7 per cent in the North West. The overall decline of 8.7 per cent is a little greater than the 8.2 decline anticipated in the rural independent stores.

<sup>11</sup> Myriad Report - Table iv and Table xi. Total (weighted) figures calculated using respondent distributions on page 6 of Myriad Report.

**Table 6.3 Expected weekly grocery turnover in the independent urban stores if the restrictions on shop trading hours are removed<sup>12</sup>**

(\$/week)

	Sample Data			Total (weighted)		
	Current	Forecast	% Change	Current	Forecast	% Change
North Urban Stores	1 449	1 329	-8.3	410 599	374 157	-8.9
North West Urban Stores	1 842	1 862	1.0	445 519	442 570	-0.7
South Urban Stores	2 553	2 292	-10.2	1 429 118	1 270 612	-11.1
<b>Total</b>	<b>5 844</b>	<b>5 483</b>	<b>-6.2</b>	<b>2 285 236</b>	<b>2 087 339</b>	<b>-8.7</b>

### 6.5.3 *The impact of employment in urban areas as a result of removal of the trading hours restrictions*

The changes in turnover in the urban major and independent grocery stores arising from the shopping decisions of Tasmanian households flow through to changes in employment in the stores in these categories.

The Northern major stores are expected to increase employment by 87 FTEs, reflecting the strong growth in turnover. The growth is estimated to be 36 FTEs for the North West, and 100 for the South. Total employment for the major grocery stores is forecast to rise by 223 FTEs.

For the urban independent stores, employment declines by 16 FTEs in the North, by only 1 FTE in the North West and by 72 FTEs in the South. Across the State the decline in employment in urban independent stores is 89 FTEs.

As discussed in Section 5, the change in employment in urban and rural areas will not be the same as the change in employment in these stores as some employees in urban stores (both major and independent) live in rural areas. Allowing for this, employment in grocery stores in the urban North is, therefore, projected to increase by 58 additional jobs, compared with an increase of 31 jobs in the North West and 24 in the South.

This information is shown in Table 6.4 below. In total, the removal of the restrictions is estimated to increase employment in urban areas by around 113 FTEs.

<sup>12</sup> Myriad Report - Table iv and Table xi. Total (weighted) figures calculated using respondent distributions on page 6 of Myriad Report.

**Table 6.4 Expected employment changes in urban areas as a result of removing the shop trading hours restrictions**

	<b>Grocery majors</b>	<b>Independent stores</b>	<b>Total</b>
North	71	-13	58
North West	32	-1	31
South	85	-61	24
<b>Total Tasmania</b>	<b>188</b>	<b>-75</b>	<b>113</b>

For the grocery sector as a whole, including the rural sector, the net change is estimated to be 25 FTEs only. As noted above, this is likely to be an upper estimate of the change as it does not allow for any improvement in offerings from the independent grocery sector. The Review Group therefore considers that the net effect is likely to be virtually no change in employment in Tasmania's grocery sector.

These results are quite inconsistent with the claims in the TIW submission that TIW members would employ 220 to 240 fewer workers and that across Tasmania 744 jobs would be lost from the independent supermarkets, with an additional amount lost from the smaller independent stores.

The Review Group considers that as 92 per cent of respondents (552 out of 600) stated that they did not expect to change their grocery spending following deregulation, the level of employment losses claimed by TIW are not sustainable.

## **7 Term of Reference 4 – Impact of deregulation on Tasmania’s warehousing and distribution services to the independent grocery sector**

### **7.1 Term of Reference**

- Assess the impact of removing trading hours restrictions on warehousing and distribution services to the independent grocery sector and consider, in particular, the impact of any consequent decline in the volume of these services on the price and range of these services.

### **7.2 Initial review findings**

The Review Group found that wholesale services to the independent sector would not be materially affected by removal of the restrictions on shop trading hours.

The wholesale grocery business on which a significant proportion of the independent grocery retailers rely, namely Tasmanian Independent Wholesalers (TIW), claimed that any leakage in patronage to the major supermarket chains would lead to a reduction in the volume of product sold by TIW members to the extent that it would impact on TIW’s viability. This, in turn, it was argued, would further undermine the viability of the independent supermarkets in their competition with the major supermarket chains.

The Review Group expected that the removal of the shop trading hours restrictions would lead to a reduction in the market share of the independent supermarkets, which would, in turn, impact on TIW. However, the Review Group did not expect that the reduction would be so large as to threaten the viability of TIW or to prevent it from continuing to negotiate “below the line” deals with manufacturers and suppliers.

It was noted that Statewide Independent Wholesalers (SIW), which is jointly owned by TIW and Woolworths and provides warehousing and distribution services to these businesses, would be insulated, in large part, from the impact of volume loss from the independent grocery sector. This is because SIW also provides wholesale services to the Woolworths group (which accounts for around 65 per cent of the SIW turnover), whose retail sales would increase if the restrictions were removed.

It was also pointed out that there are other wholesale suppliers for the Tasmanian grocery sector, such as David’s which operates across Australia and is used by a number of independents supermarkets and at least one bannered independent supermarket chain.

### **7.3 Key issues arising from the new Term of Reference**

The two key issues that arise from this Term of Reference are:

- the extent to which turnover of wholesale and distribution businesses will decline if the restrictions on shop trading hours were removed; and
- whether the impact of this change is likely to significantly affect the viability of these businesses, including, in the case of TIW, its capacity to secure “below the line” discounts to its members.

### **7.4 Additional evidence**

The most reliable estimate of the impact of the removal of shop trading hours legislation is discussed in Sections 5 and 6 of this report. In summary, the results of the market research suggest that the turnover of the non-major grocery stores is expected to decline by a maximum of around 8.4 per cent. As discussed in Section 5 above, this is likely to be an upper estimate of the outcome because:

- many non-major grocery stores are likely to win back some turnover by diversification, improving their customer service or other strategies; and
- the estimates of reduced turnover do not allow for the fact that, for a considerable number of days each year, the major grocery stores are allowed to open because of events such as the arrival of a large cruise ship.

To get a better understanding of the operations of Tasmania’s warehousing and distribution services to the non-major grocery sector, the Review Group obtained information from SIW and TIW, including some commercial-in-confidence information. The Review Group had sought additional information that relates to the financial performance of TIW but this was not supplied.

The Review Group also visited the SIW main warehouse at Prospect and its frozen food warehouse at Breadalbane. The Review Group met with Mr Graham Nott, the General Manager of SIW at the Prospect warehouse and with Mr Peter Wise and Mr Sam Richardson of TIW.

In its submission, TIW estimated that revenue of TIW members would decline by around 13.8 per cent if shop trading hours were deregulated. This is higher than the 8.4 per cent decline estimated from the Myriad market research.

### **7.5 Findings and conclusion**

Statewide Independent Wholesalers (SIW) has its main warehouse at Prospect and its frozen food warehouse at Breadalbane. SIW also operates four Cash and Carry outlets (Devonport, Cooeee, Moonah and Prospect) and two food service divisions. These Cash and Carry outlets focus on sales of smaller lots (three carton minimum as compared to a 50 carton minimum for the main warehouse). SIW maintains its own fleet of vehicles.

TIW, under its original name of Northern Wholesalers Co-operative Society Ltd, was formed 53 years ago to improve the buying power of its members and to improve services and prices to customers. As a cooperative, TIW provides these services to several retail banner stores that are its members, such as Four Square Stores, Sam's Cut Price Stores, Value Plus, Rite-way, Fabulous Food Stores Festival, Family Fare Quick-n-Thrifty and Family World.

Together with Woolworths, TIW is an owner of SIW. Despite having a 40 per cent ownership of SIW, TIW only accounts for 35 per cent of the turnover at the Prospect warehouse and 18 per cent of the turnover of the Breadalbane frozen food store.

In terms of direct participation, TIW operates its own fresh fruit and vegetable business for its stores (Island Fresh Produce). TIW also secures "below the line" rebates, based on volume, on behalf of its members from manufacturers or suppliers. TIW uses the funds generated to pay for marketing programs for its members (principally advertising and shop displays), provide advice to members and pass on some of the revenue directly to its members. TIW also uses the funds to lobby for the commercial interests of its members in relation to matters such as legislation on shop trading hours and taxation matters.

Some of the rebates are national rebates that TIW is able to access, as being part of a national buying group. There would be no impact on these national rebates if TIW's turnover in Tasmania were reduced as Tasmania accounts for a very small percentage of the national sales of almost all grocery lines.

In relation to its capacity to secure "below the line" deals with manufacturers, TIW estimates that currently Woolworths is able to obtain product at around 4–6 per cent lower than TIW is currently able to obtain.

The wholesale price of product from SIW to Woolworths and TIW is the same. The Review Group understands that SIW's current distribution pricing policy of 1.3 per cent of wholesale value tends to favour TIW members as it does not reflect the bulk cost advantages of supplying to Woolworths supermarkets, in terms of greater quantity of product on each pallet. Under these arrangements, the per unit cost of distribution would not be adversely affected if there were some reduction in turnover.

There is also a tiered service fee arrangement charged by SIW on top of the product cost which ranges from 1.95 per cent to 5 per cent of the wholesale purchase order, depending on the volume purchased and delivered to the specific outlets. The 5 per cent fee applies for an order up to \$1,400 and as the order increases the fee declines to 1.95 per cent for an order of more than \$90,000. Currently, only Woolworths is able to secure the minimum service fee. There would be some impact here if the decline in turnover resulted in stores being placed in a higher fee category.

There are currently around 12,000 lines that are carried at SIW, which the Review Group understands is significantly above the optimal number for SIW to carry, given the capacity of its Prospect warehouse. For around 4,000 lines, only one box is sold per day. By contrast, 46 per cent of turnover is accounted for by only 600 lines. SIW currently operates, therefore, with a very large number of lines that reduce the operational efficiency of the warehouse, resulting in stock becoming out of date and high operating costs.

From the information provided, the Review Group considered that if the turnover of independent grocery stores were to decline by a maximum of around 8.4 per cent, as estimated from the market research data, this would have a negligible impact on the warehousing and distribution services provided by SIW. As noted in the original review, SIW is insulated to a large extent from any reduced turnover by TIW members as the bulk of its product is purchased, stored and delivered to Woolworths stores.

Woolworths accounts for around twice as much dry goods sales as Coles in Tasmania. Therefore, it is reasonable to assume that for every \$3 worth of sales lost from the independent grocery sector and transferred to the grocery majors following deregulation, turnover would increase by \$2 at the Woolworths stores. As TIW does not represent all the independent grocery stores, it is even conceivable that the decline in the turnover of TIW stores could be exceeded by the additional turnover in the Woolworths stores. This could lead to more product being distributed through SIW and not less, though the share to be distributed to TIW members would decline.

The Review Group has found that the reduction in revenue of TIW members as suggested by the market research would not have a material impact on SIW's warehouse operations or use of vehicle fleet. In coming to this finding, the Review Group has taken into account some loss of product to the Coles stores, and the fact that some dry goods for Woolworths stores in the South do not pass through the Prospect warehouse and so do not involve SIW.

The impact of removing the restrictions on shop trading hours might be to reduce the range of lines that are provided by SIW. However, the current range is not likely to be sustainable in the longer term and so the outcome is likely to be an increase in the efficiency of the SIW operations, which will benefit both Woolworths and TIW members.

The current turnover of wholesale product purchased for sale to TIW members is around \$135 million per year. TIW has argued that it requires around \$175 million a year to be fully viable and allow its members to compete effectively with Woolworths and Coles. However, the warehousing and distribution activities needed for TIW members do not appear to require this level of turnover, given the shared arrangements with Woolworths at SIW.

On the basis of the information received, the Review Group found that, following deregulation, some 'second round' effects would be likely to occur for TIW members. This is because the value of their average purchase orders is likely to decline (which will increase their service fees) and some rebates may be reduced. The Review Group noted that some of the discounts would not be affected as they are negotiated nationally.

The Review Group agreed that if the retail turnover of TIW members is reduced, this has the potential to reduce some of the "below the line" rebates that TIW obtains from suppliers. Any reduction in these rebates will affect TIW members, through less advertising, in-store point of sale material or fewer retail store counsellors, and smaller rebates passed through directly. Such an impact may well be only marginal for these stores. However, it would have a proportionately greater impact for TIW as this is the only source of TIW's revenue.

Removing the trading hours restrictions would lead to some decline in turnover and therefore the capacity of Tasmanian Independent Wholesalers (TIW) to negotiate rebates with suppliers. However, having regard to the results of the market research, the Review Group did not consider that the scale of the reduction would result in an appreciable decline in rebates, especially as some are negotiated nationally.



## **8 Term of Reference 5 – Revision of the original recommendations**

### **8.1 Term of Reference**

- In the light of the Review Group's findings on the above issues, review and, where appropriate, revise the recommendations in the Final Report on the basis of the public benefit.

The recommendations of the Review Group in the Final Report are listed below:

**On the basis of the Review Group's evaluation of the cost and benefits of the restrictions, the Group concludes that the restrictions cannot be justified as being in the public interest. The private benefits to selected stakeholders, principally the independent grocery retailers, are assessed as being less than the costs imposed on the Tasmanian community as a whole, particularly consumers, the restricted supermarket chains and the total retail sector.**

**The Review Group recommends that the Tasmanian Government remove all restrictions on shop trading hours in the *Shop Trading Hours Act 1984*. If the Government chooses to restrict shop trading on days that it considers to be of special significance, which might include Christmas Day, Good Friday and ANZAC Day, the Review Group recommends that these restrictions should apply as much as possible, to all retailers on a non-discriminatory basis**

The Review Group also has a number of other recommendations, as noted below.

- 1 That legislation be introduced to Parliament to remove the restrictions on competition as a priority issue. However, the Review Group considers that all retailers, though principally the independent supermarkets and convenience stores, will require a reasonable amount of time to prepare for an unrestricted trading environment. Therefore, if this legislation is passed in the Spring Session of 2000, unrestricted retail trading in Tasmania should take effect from 1 January 2002. If the legislation is delayed until the Autumn Session 2001, the restrictions should be removed at a correspondingly later time.**
- 2 That appropriate legislative measures be introduced to prevent a landlord from requiring tenant retailers to trade at prescribed times.**
- 3 That the Government further consider issues associated with the market power of the major supermarket chains, in the light of the recommendations of the Joint Select Committee report, as this is an important issue to Tasmania. The Review Group has found there are mechanisms available to respond to claims of misuse of market power,**

**but there are factors that may impact on the extent to which these mechanisms may be effective.**

- 4 That the Government review the provisions in the Act that are not related to shop trading hours, in the light of the recent developments in industrial agreements and the amendments to the *Industrial Relations Act 1984* to determine whether they remain relevant, regardless of whether the shop trading hours provisions are retained or repealed.**
- 5 That if Government adopts the principal recommendation, there should be no provision that allows restrictions on shop trading hours to be reimposed at the local level, such as at the level of the municipal council. However, in the event that the Government decides that local communities should be able to choose whether or not shop trading hours restrictions may be imposed, a properly conducted poll should be held to ensure views of the local community are the determining factor.**

## **8.2 Assessment of original recommendations**

The Review Group reviewed the original findings and recommendations in the light of the most recent evidence obtained through this additional review. The Review Group has found that the conclusions that it reached in the initial review have been supported by the evidence produced as part of this review.

In the initial review, the Review Group concluded that the decline in turnover of the independent grocery stores would not be so great as to result in widespread closures; this has been confirmed by the results of the most recent survey. Indeed, the absolute decline of only 8.4 per cent derived from the market research data was less than the Review Group had initially estimated.

In relation to consumers, the first market research study found that 63.5 per cent of the Tasmanian households sampled supported some or total deregulation of shop trading hours. In a very similar poll commissioned by the *Mercury* newspaper in December 2001 and conducted by Associate Professor Richard Herr of the University of Tasmania, a comparable result was obtained (55 per cent).

The results of the most recent survey also confirm the initial findings of the Review Group that a significant proportion of consumers are disadvantaged by the current restrictions, in terms of when they shop and, for a smaller number, how much they would choose to spend in the different stores.

Most importantly, the key findings in the first review that the restrictions significantly constrain employment in the non-grocery retail sector and do not protect employment in the grocery sector have been confirmed.

For these reasons, the Review Group has not revised the key recommendation as set out above, namely that, in the public benefit, Tasmania's shop trading hours should be deregulated.

The Review Group initially recommended that the commencement of the legislation to amend or repeal the *Shop Trading Hours Act 1984* be deferred for around 15 months to give retailers, especially the smaller retailers, the opportunity to prepare for an unrestricted trading environment and to allow for the disruption and costs associated with the introduction of the GST. As the GST is now in place and the impact of deregulation on the independent stores is likely to be less than the Review Group initially anticipated, the Review Group considers that there are no public interest reasons for delaying the introduction of legislation to amend or repeal the Act.

It should be noted that deregulation is taken to mean the removal of restrictions on trading hours that apply to some retail stores but not to all. The Review Group considers that a quite separate matter is whether on days of special significance such as Christmas day or ANZAC day, most or all retail stores should not be permitted to trade.

This involves a set of issues and balancing of values that the Review Group does not consider that it is the appropriate body to make a recommendation on. However, consistent with its earlier findings, the Review Group recommends that any prohibition on retail stores from trading due to religious or other reasons should apply to as many retail stores as is feasible.

## **9 Alternative models of reform of the shop trading hours legislation**

### **9.1 Introduction**

Notwithstanding the conclusions reached by the Review Group on the public benefit of retaining the restrictions on competition in the Act, the Review Group considered that it would assist the Government if the report included an assessment of the likely impacts of some alternatives to full deregulation, drawing on the information obtained from the review.

The Review Group has examined the following options:

Option 1 - deregulation of the non-grocery sector only.

Option 2 - deregulation of the urban grocery sector only.

Option 3 - deregulation of the rural grocery sector only.

Option 4 - deregulation of the non-grocery sector and the urban grocery sector (Options 1 and 2 combined).

Option 5 - full deregulation of shop trading hours.

### **9.2 Option 1 - Deregulation of the non-grocery sector only**

The Review Group has presented its findings in Section 4, which are that there are very strong public interest reasons for the deregulation of this sector.

The legislation has intended discriminatory effects and limits turnover and employment in this sector. It constrains this sector from competing with other consumer products (such as entertainment) on Sundays and public holidays and therefore places these stores at a competitive disadvantage.

Removal of the restrictions was estimated to result in an increase in turnover of 16 per cent which would lead to an additional employment of 320 FTEs solely from the redistribution of expenditure from Tasmania households to the non-grocery majors. In addition, these households would probably also increase their expenditure in other non-grocery stores that would open when the majors choose to open, such as those in the State's CBDs.

In addition to making this sector more attractive to some Tasmanian consumers, the Review Group found that such a change would lead to increased retail revenue from tourists and other visitors. There is increasing evidence that shopping is becoming a major activity for tourists within Australia and so removing the restrictions would also improve the attractiveness, and therefore the competitiveness, of Tasmania as a tourist destination.

The restrictions also place a cost on consumers as they prevented from shopping at times, or in stores, of their choice.

Restricting the deregulation to solely the non-grocery sector has several problems. Firstly, it does not address the net costs to the community arising from the restriction of trading hours for grocery stores.

Secondly, some major retailers that are not classed as grocery stores may find it commercially very attractive to offer some grocery lines, but not enough to be reclassified as a grocery store, which they can sell at times when the major grocery stores are not permitted to trade. Alternatively, grocery stores may seek to sell sufficient non-grocery products to be reclassified as non-grocery stores.

This would undermine the effect of the restrictions. In addition, it would not result in an efficient grocery sector as the stores would be responding to artificial incentives, rather than underlying market forces, in determining their product range.

### **9.3 Option 2 - Deregulation of the urban grocery sector only**

Under this option, the legislation would identify areas, either by postcode or municipality, as ‘urban’ and ‘rural’ and retain the current restrictions on shop trading hours for the Woolworths and Coles stores, and any new major grocery stores, in rural areas.

The rationale behind such a policy would be to seek to preserve the viability of, and employment in, rural grocery stores that are not currently affected by the legislation. This would rely on such a policy being able to insulate the rural sector from any changes to be made to shop trading hours in the urban sector.

Such a measure would require rural consumers to purchase the bulk of their groceries from rural stores (whether restricted or not by the legislation) and for these consumers to not be attracted to purchase from Woolworths or Coles in urban areas in response to the deregulation in these areas.

As Section 5 points out, the research revealed that a large percentage of rural households (as defined by Myriad) currently purchase some groceries at either Woolworths or Coles stores which are located in urban areas (48 per cent in the North, 44 per cent in the North West and 45 per cent in the South).

As discussed in Section 5, from the market research:

- in the North, 37 per cent of all grocery spending by rural households is at urban Woolworths or Coles stores. This compares with 24 per cent of grocery shopping being spent at rural Woolworths stores;
- in the North West, 37 per cent of all grocery spending by rural households is also at urban Woolworths or Coles stores, compared with 25 per cent of grocery shopping being spent at rural Woolworths stores; and
- in the South, 32 per cent of all grocery spending by rural households is at urban Woolworths or Coles stores, compared with 35 per cent of all grocery shopping being at rural Woolworths stores.

On the basis of the results of the market survey, it is estimated that the change in households' spending pattern would lead to an additional 223 FTEs in urban Woolworths and Coles stores and only 4 additional FTEs in rural Woolworths stores. For the independent grocery stores, it is estimated that urban stores would decrease employment by 88 FTEs and rural stores by 113 FTEs. The net effect is therefore an increase in employment of 25 FTEs across the State.

It is important to note that the increase in employment in rural Woolworths stores following deregulation is not as high as might have been expected. The explanation is that some households that currently purchase in these stores stated that they would transfer their purchases to urban Woolworths and Coles stores following deregulation. This component of the change in turnover is estimated to account for around 33 FTEs.

If only the urban Coles and Woolworths stores were deregulated, employment would still increase by at least 223 FTEs as under full deregulation. Of this increase, around 94 FTEs would be accounted for by the increased retail turnover from rural households who purchase in the deregulated urban stores.

However, households (mostly rural) will not increase their spending in the rural Woolworths stores as they are still caught by the restrictions. The 37 FTEs that would have been created by the increased spending in these grocery stores will therefore be lost.

There is no reason why household spending in the urban independent grocery stores would be any higher following deregulation, as these stores do not become more attractive to rural or urban consumers and have never been subject to the restrictions. It therefore follows that the additional turnover that would have gone to the rural Woolworths stores under full deregulation will, under this option, be shared between the independent rural grocery stores and the deregulated urban Coles and Woolworths stores.

As respondents were not asked how they expected to adjust their shopping under a partial deregulation model, no projections of the outcome are possible. While some spending would be retained by the rural independent stores, some would also go to the urban majors. If any more than 20 per cent of this spending is allocated to the urban majors, it is estimated that there will be a net decrease in rural employment<sup>13</sup>.

In the case of the North West, the results of Section 5 show that there would be little transfer to rural major grocery stores and the additional employment is only one FTE. For the North, the additional spending, and extra employment of 26 FTEs, in rural grocery major stores would not arise if only the urban stores were deregulated. In the case of the South, potential additional spending, and extra employment of 10 FTEs, that would occur under full deregulation is lost and would therefore be shared between rural independent grocery stores and urban majors in the event of partial deregulation.

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<sup>13</sup> The 20 per cent figure arises as major grocery stores are assumed to operate on a ratio of one FTE per \$145 000 of turnover, while independent stores operate at one FTE per \$115 000 of turnover and so will have approximately 20 per cent more FTEs than the major stores for a given turnover.

In summary, the Review Group considers that it is reasonable to assume that more than 20 per cent of the revenue that would have gone to the rural majors under full deregulation is spent in the urban majors under the partial deregulation model. Therefore, the model of partial deregulation is likely to result in fewer jobs in the rural areas, compared with full deregulation.

Such a policy could distort the location decisions for Woolworths and Coles. They would be tempted to locate any new urban stores very close to the rural/urban borders, to compete for rural household demand. There would be some misallocation of resources as the location of grocery stores adjusts to the different shop trading hours requirements in rural and urban areas rather than the underlying demand and supply. Ultimately, the effect of this distortion would be less efficiency in operations, higher costs to consumers and lower returns to the businesses.

Such a policy would also make the rural Woolworths stores less competitive. If, at some future time, Woolworths was looking to reduce its operations in the State, these stores might be adversely affected. This policy is unlikely, therefore, to be in the interests of the rural sector as a whole and could well serve to boost employment in the urban regions at the expense of the rural regions.

### ***9.3.1 Metropolitan and non-metropolitan regions***

One issue here is the definition of rural and urban areas. For example, if only Launceston and the major Southern municipalities of Hobart, Clarence, Kingborough and Glenorchy were classified as urban (or metropolitan), the entire North West would be classified as rural (non-metropolitan).

In this case, if only the trading hours of metropolitan stores were deregulated, the current grocery shopping patterns and employment in the North West would continue as the entire region would be classified as non-metropolitan. The impact in the North and South would be different as some stores that were classified as urban stores in the Myriad report would be reclassified as non-metropolitan stores. For example, the Woolworths stores at Sorell and Prospect, and the Coles store at Bridgewater would be classed as non-metropolitan stores.

The Review Group has re-analysed the 600 respondents by using the definition of metropolitan and non-metropolitan as set out above. The results, for the metropolitan and non-metropolitan areas of the North, North West and South are presented in Tables 9.1 and 9.2 below.

**Table 9.1 Estimated weekly grocery turnover in the metropolitan grocery stores if the restrictions on shop trading hours are removed**

(\$/week)						
	Major grocery stores			Independent grocery stores		
	Current	Forecast	% Change	Current	Forecast	% Change
North	3 808 731	4 041 864	6.1	358 272	336 197	-6.2
North West	1 818 065	1 818 065	0.0	228 870	228 870	0.0
South	6 878 933	7 160 517	4.1	1 429 118	1 258 173	-12.0
<b>Total</b>	<b>12 505 729</b>	<b>13 020 446</b>	<b>4.1</b>	<b>2 016 260</b>	<b>1 823 239</b>	<b>-9.6</b>

**Table 9.2 Estimated weekly grocery turnover in the non-metropolitan grocery stores if the restrictions on shop trading hours are removed**

(\$/week)						
	Major grocery stores			Independent grocery stores		
	Current	Forecast	% Change	Current	Forecast	% Change
North	1 257 819	1 291 341	2.7	1 104 986	986 434	-10.7
North West	2 550 620	2 654 222	4.1	1 188 163	1 093 744	-7.9
South	1 557 788	1 539 611	-1.2	1 028 874	986 242	-4.1
<b>Total</b>	<b>5 366 227</b>	<b>5 485 173</b>	<b>2.2</b>	<b>3 322 023</b>	<b>3 066 420</b>	<b>-7.7</b>

The net impact on employment is shown in Tables 9.3 and 9.4 below.



**Table 9.3 Estimated impact on employment in the grocery sector in metropolitan areas if the restrictions on shop trading hours are removed**

<b>Full-time equivalents</b>			
	<b>Metropolitan areas</b>		
	Majors	Non-majors	Net Change
North	68	-8	60
North West	0	0	0
South	87	-67	20
<b>Total</b>	<b>155</b>	<b>-75</b>	<b>80</b>

**Table 9.4 Estimated impact on employment in the grocery sector in non-metropolitan areas if the restrictions on shop trading hours are removed**

<b>Non-metropolitan areas</b>				
	Non-metro majors	Non-metro non-majors	Metro stores	Net Change
North	12	-54	14	-28
North West	38	-43	0	-5
South	-7	-19	4	-22
<b>Total</b>	<b>43</b>	<b>-116</b>	<b>18</b>	<b>-55</b>

On the basis of the research findings, around 55 FTEs would be lost in the non-metropolitan areas as a result of the change in grocery shopping patterns. This is more than offset by an additional 80 FTEs in the metropolitan areas. (As the scenario examined is the same as in the earlier Sections of this report, namely full deregulation, the net results for the regions, and of 25 FTEs across the State, are the same as those reported in these earlier Sections.)

This alternative analysis of the data has been done to provide some information on the effect of deregulating shop trading hours solely in the metropolitan areas. Employment in the major metropolitan stores would still increase by at least 155 FTEs as before. Of this increase, around 77 FTEs would be accounted for by the increased retail turnover from rural households who purchase in the deregulated metropolitan stores.

However, as discussed above, households (mostly rural) will not increase their spending in the non-metropolitan Coles and Woolworths stores and the 42 FTEs that would have been created by the increased spending in these grocery stores under full deregulation would therefore be lost.

The additional turnover that would have gone to the non-metropolitan Coles and Woolworths stores under full deregulation would be shared between the independent grocery stores in the non-metropolitan areas, and the metropolitan Coles and Woolworths stores.

In the case of the North West the outcome is straightforward as there is no metropolitan area under the definition used above. Therefore, the additional spending, and extra employment of 37 FTEs, that would have occurred in the North West majors under full deregulation would not arise, and the loss of revenue and of employment of 43 FTEs in the North West independent stores would also not occur.

In the case of the South and North, there would be no additional turnover or employment in the non-metropolitan majors that would have arisen under full deregulation (estimated at generating an additional 59 FTEs in total). Instead, part of this revenue would be retained by the non-metropolitan independent grocery stores, and part would be additional revenue, and therefore employment, in the metropolitan majors.

In fact, the turnover of the majors in the non-metropolitan areas would decline as some of their customers have indicated that they will purchase in metropolitan majors instead.

In summary, the model of deregulating shop trading hours in metropolitan areas only is likely to lead to less employment in some non-metropolitan areas, relative to full deregulation.

One complication with this policy is that it may not always be clear what constitutes a ‘grocery’ store. If, for example, the restrictions were removed for non-grocery stores but not for grocery stores this might lead to disputes over the nature of particular stores, with its associated costs of litigation.

Similar to the first option, the current grocery majors might sell more non-grocery lines as they are able to trade when the major non-grocery stores are not, and the non-grocery stores might be encouraged to have a supermarket section in an attempt to be reclassified. Again, these changes might appear commercially attractive in a given legislative environment but would lead to a less efficient retail sector as many of the products offered by these stores would not reflect the underlying supply and demand conditions.

Finally, such a policy would benefit urban consumers as they generally shop in urban major stores and would benefit from the greater convenience, generally lower prices and wider range of products in the grocery majors. It would also give them greater flexibility as to when they do their shopping. However, it would not provide these benefits to rural consumers to the same extent, as most do not shop in urban stores.

### **9.4 Option 3 - Deregulation of the rural grocery sector only**

This option would allow the Woolworths stores in rural areas to be exempt from the trading hours restrictions, while retaining these restrictions for the Woolworths and Coles urban stores.

One possible objective of this measure might be to encourage urban households to purchase groceries in rural Woolworths stores to boost employment in rural areas.

Such a policy is most unlikely to succeed. The market research found that current purchases by urban households in rural stores is very low. For example, of the 105 Southern urban households surveyed, there was no expenditure at all reported in rural stores (whether Woolworths stores or independent stores). In the North West, the urban households reported purchasing only 2.5 per cent of all their groceries at rural stores (all of which were at independent stores that can trade when they choose). For the Northern urban households, grocery purchases in rural stores accounted for 10 per cent, of which one fifth was at independent stores.

The Review Group noted the high proportion of grocery expenditure by rural households in urban stores and considered that this is likely to be, in part, due to the fact that many rural households travel into the urban areas for other shopping, work, entertainment or to deliver children to and from school. Some households are likely to increase this expenditure, following deregulation, as they will be in urban areas at the relevant times. By comparison, there is not the equivalent set of reasons why urban households are likely to be in rural areas, and so attracted to increase their shopping in these areas.

Therefore, it is highly unlikely that urban households would travel to the current rural Woolworths stores in response to the shop trading hours arrangements.

Again, such a policy would also distort the location decisions for Woolworths and Coles, by tempting them to locate any new stores in rural areas very close to the rural/urban borders, to compete for urban household demand, leading to resource misallocation and higher costs to consumers and lower returns to the businesses.

If the definition of ‘rural’ and ‘urban’ were the same, or similar, to that used in the Myriad research, this policy would favour Woolworths, at the expense of Coles, as there are only Woolworths stores in these rural areas. Even if a different definition were used, the outcome could be to give one grocery major a substantial advantage over the other.

Both pieces of market research have revealed that consumers are inconvenienced by the current shop trading hours legislation. This option would partly remove that inconvenience for some rural households but would not provide any advantages for the majority of households, which are in urban areas.

## **9.5 Option 4 - Deregulation of the non-grocery sector and the urban grocery sector**

This option will prevent some, but not all, of the problems identified in Options 1 and 2 from occurring.

For example, there would not be any artificial incentives encouraging non-grocery stores in urban areas to sell grocery products (and *vice versa*) merely to circumvent the legislation. However, there may be resource misallocation in the rural areas, and in relation to the location of grocery stores as there will be different trading hours in rural and urban areas for the major grocery stores.

Such a measure is still likely to result in lower employment in rural areas, relative to full deregulation, as the problem of the rural grocery majors not attracting additional business has not been solved. The results reported in Option 2 in relation to employment changes in the grocery sector would still occur.

In addition, the rural consumers who cannot access urban major stores but would choose to shop in a rural Woolworths store if deregulated will be worse off than under the full deregulation option.

## **9.6 Option 5 - Full deregulation of shop trading hours**

From the point of view of consumers, this provides the greatest increase in choice and convenience and allows them to do their shopping at times that are most convenient in the shops of their choice.

This option is expected to bring about the greatest increase in employment in the retail sector as a whole as it becomes more competitive in seeking consumers' patronage. It also maximises the prospects for securing additional turnover from tourists and other visitors to the State.

An important advantage of full deregulation is that it does not create any artificial incentives to alter either the mix of product lines offered or the location of stores in an attempt to secure greater market share. Of all the options examined, together with the status quo, it is therefore likely to lead to the most efficient retail sector, as business decisions in retailing will be driven by underlying supply and demand conditions, rather than any attempts to circumvent legislative restrictions.

However, it is acknowledged that the impacts of deregulation will not be equally shared across the State. While consumers will benefit across the state, there will be some decline in turnover of the independent grocery stores and some loss of employment in some rural areas.

The net effect is an increase in employment in grocery retailing of around 25 FTEs on the basis of the market research, but this comprises an increase of 113 FTEs in urban areas and a decline of 88 in rural areas (as classified by Myriad). The results also suggested an increase in employment by the non-grocery majors of around 320 FTEs, mostly in the urban areas, with part of this expected to be offset by job losses

elsewhere. Finally the increase in retail turnover and employment from increased tourism and other visitor spending is also likely to be focussed in urban areas.

For reasons set out above, the Review Group is concerned that partial reform may result in some resource distortions and a greater disadvantage than intended to those for whom the partial measures are designed to protect.

This assessment of the options confirms the findings of the Review Group that full deregulation provides the greatest public benefit. Such an assessment relies on assessing the advantages of total employment growth and the benefits to consumers against the disadvantages to some groups, principally the owners of independent grocery stores.

## **Appendix A: Terms of Reference**

The Review Group will conduct a further review into the potential impacts of deregulation of shop trading hours in Tasmania.

The review will:

1. examine and make specific recommendations concerning the impact of removing trading hours restrictions on the non-grocery retail sector;
2. commission market research to investigate shopping patterns in rural/remote areas and to assess and quantify the impact on those areas if the trading restrictions that currently apply to the grocery sector are removed;
3. consider the impact of the deregulation of shop trading hours on the independent grocery sector in urban areas;
4. assess the impact of removing trading hours restrictions on warehousing and distribution services to the independent grocery sector and consider, in particular the impact of any consequent decline in the volume of these services on the price and range of these services; and
5. in the light of the Review Group's findings on the above issues, review and, where appropriate, revise the recommendations in the Final Report on the basis of the public benefit.

In reviewing the recommendations in the Final Report, the Review Group will take into account policy considerations of the Tasmanian Government including, but not limited to:

- government legislation and policies relating to ecologically sustainable development;
- social welfare and equity considerations, including community service obligations;
- government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- economic and regional development, including employment and investment growth;
- the interests of consumers generally or a class of consumers;
- the competitiveness of Australian businesses; and
- the efficient allocation of resources.

The Review Group is not obliged to undertake a formal public consultation process but is to take into account relevant submissions received in response to the Discussion Paper and Regulatory Impact Statement.

### **Reporting Requirements**

The Review Group must produce a report that contains:

- its findings in relation to the matters listed above, including the results of the market research; and
- revisions, where appropriate, to recommendations in the Review Group's Final Report, including a clear demonstration of the benefit to the public of these revisions.

### **The Date of Completion**

The Review Group will provide a copy of the report for the consideration of the Government by 30 November 2001<sup>14</sup>.

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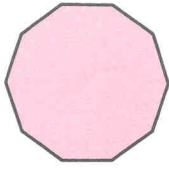
<sup>14</sup> The date of completion was extended.

## **Appendix B: Submissions Received**

- 1 Local Government Association of Tasmania
- 2 Tas Everyday Shorewell (Wayne Cobbing)
- 3 Alderman Ian Routley (personal view)
- 4 Coles Myer
- 5 Tasmanian Chamber of Commerce and Industry
- 6 Property Council of Australia, Tasmanian Division
- 7 Tasmanian Independent Wholesalers
- 8 Retail Traders Association
- 9 National Institute of Accountants
- 10 Jeff Rumbold, Jenerick (East)
- 11 Tourism Tasmania



## **Appendix C: Myriad Report and Survey**



# Myriad Consultancy

*'the Market Research people'*

## *Research Report*

Client: *Shop Trading Hours Review Group*

Project: *Community Survey II*

Date: *4 February, 2002.*

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4. Research Findings	7

*Appendix A* – Survey questionnaire

*Appendix B* – Rural respondents shopping at  
urban locations

## ***Executive Summary.***

The research was a follow-up to the Householder Survey conducted by Myriad in March 2000 ... to ascertain likely changes to household spending patterns for groceries and other items if shop trading hours were to be deregulated.

The Review Group was particularly interested in possible spending shifts from unrestricted to restricted stores in the grocery sector and from rural to urban areas.

The research took the form of a telephone survey of a randomly selected sample of 600 Tasmanian householders (main shopper aged 18 years plus), conducted by the Myriad Research field team in November 2001.

### **Main research findings.**

#### **A. Current shopping patterns - groceries**

Most respondents reported that they did at least some of their grocery shopping in the major supermarkets (restricted stores) – 87% of total respondents. Shopping for household groceries in other stores (unrestricted stores) was also prevalent – 71% of total respondents.

Total weekly reported spending by respondents at restricted stores was \$59,399 (*\$61,175 after post weighting*), compared with \$20,990 (*\$18,267*) in unrestricted stores. This equates to an average weekly spend at restricted stores of \$99 (*\$102*) per household and \$35 (*\$30.50*) at unrestricted stores – \$134 (*\$132.50*) per week per household.

#### **B. Likely future shopping patterns - groceries**

Respondents were asked how likely they would be to change their shopping patterns for household groceries if shop trading hours were deregulated, ie. Woolworths and Coles being able to open on Sundays, public holidays and for late night trading.

Most respondents (73% of total) advised that they would not be likely to change their shopping patterns for household groceries.

Around one in four respondents (26.5%) indicated they would be likely to change their shopping patterns – either when, where they shop or the amount spent. Of this group, 55 respondents (9.2% of total) indicated they would be likely to increase the amount they spent at restricted stores.

Respondents reported that they would be likely to spend a weekly total of \$61,788 (*\$63,514*) in restricted stores compared with \$19,408 (*\$16,730*) in unrestricted stores ... equating to an average weekly spend at restricted stores of \$103 (*\$106*) per household and \$32 (*\$28*) at unrestricted stores – \$135 (*\$134*) per week per household.

Comparing the spending figures reported – current and likely future – gives an increased spending of \$2389 (\$2339) at restricted stores on household groceries [4.0% (3.8%) increase], and a decreased spending of \$1582 (\$1537) at unrestricted stores [7.5% (8.3%) decrease].

Spending at restricted stores is likely to increase from 73.9% (77.0%) of total spend to 76.1% (79.1%) of total spend, whereas spending at unrestricted stores is likely to decrease from 26.1% (23.0%) to 23.9% (20.9%) of total spend.

### **C. Rural/urban spending patterns – household groceries**

A significant number of rural householders (45% of total rural sample) already shop for at least some of their groceries at urban locations (defined as Greater Hobart and Launceston and the urban ‘strip’ between Burnie and Devonport). This translates to a total of \$15,671 currently spent by rural respondents at urban locations of a total spend by rural respondents of \$41,877, ie. 37% of total.

A very small number of rural respondents (20 of total sample of 307) indicated they would be likely to spend more on groceries at urban locations if shop trading hours were to be deregulated ... equating to a total reduction in rural spending of \$1,060.

*(Note: Results for this section not post weighted)*

### **D. Dry goods – proportion of increased grocery spend**

Respondents who indicated an anticipated increased spending at restricted stores were asked what proportion would be spent on fresh and/or frozen goods.

Most from this group (84%) indicated that at least half of this increased spending would be on fresh and/or frozen goods, which translates to a total spending of \$1505 for the group, or 59% of total increased spend. Hence approximately 41% of the increased spend is expected to be on ‘dry’ goods – ie. \$1029 for the total group.

### **E. Current shopping patterns – non grocery stores (restricted)**

Respondents were asked for their total spend on non grocery items (clothing, furniture, electrical, white goods) at restricted stores ... Myer, Harris Scarfe, Katies, Millers, Chickenfeed, Target, Kmart and Dick Smith.

Most respondents (98% of total) do at least some shopping at the nominated stores, with a total weekly spend of \$19,452 (\$18,956) for the group. This equates to an average spend of \$32.42 (\$31.59) per household.

**F. Likely future spending – non grocery stores (restricted)**

Around one in five respondents (21%) indicated that they would be likely to spend more at the nominated stores if shop trading hours were deregulated. Total extra spending equated to \$3215 (\$3040) – a 16.5% (16.0%) increase on current spending.

**Notes:**

1. The predicted changes to spending patterns are *expectations* based upon feedback from respondents, having regard to their current and possible future circumstances, and hence must be taken as qualified estimates only. Whilst the only accurate measure is ‘after the event’, the methodology employed for this research is regarded as a realistic way to obtain the relevant estimates from the householder population.
2. The survey sample includes higher numbers of rural and regional (North, NW) respondents than the population distribution for the state ... and conversely lower numbers of Southern and urban respondents. Post weighting of the research results has corrected the sampling skews to provide an accurate statewide picture.
3. Our calculations have been based on reported household expenditure on grocery and non grocery items from respondents interviewed for the research.

Brian and Ros Correy  
Myriad Consultancy.

4 February 2002.

## **1. Background.**

The Regulatory Impact Statement (RIS) concerning the Shop Trading Hours Act 1984 was submitted as part of the final Report by the State Government established Review Group in July 2000.

The RIS included the findings of an independent survey of Tasmanian householders conducted for the Review Group by Myriad Consultancy in March 2000.

The Review Group has been reconvened by the State Government with new Terms of Reference, to consider specific issues including the impact of deregulation of shop trading hours at a rural/regional level, especially in the grocery sector.

This research is a follow-up to the March 2000 survey to address the new Terms of Reference.

## **2. Research Objectives.**

- 2.1 To ascertain likely changes to household grocery shopping patterns if deregulation were to occur, in particular
  - spending shift from unrestricted to currently restricted stores\*;
  - spending shift from rural to urban areas;
  - increase in purchase of dry goods at currently restricted stores.
- 2.2 To ascertain likely changes to household shopping patterns for other items (retail, non grocery).
- 2.3 To identify regional differences for the various estimates of spending shift – urban/rural and North/Northwest/South of the state.

\* stores with trading hour restrictions currently imposed by the Shop Trading Hours Act 1984.

### 3. *Methodology.*

A telephone survey was conducted statewide in November 2001 with a randomly selected sample of Tasmanian householders – main shopper aged 18 years plus.

Respondents were sourced from the relevant Telstra White Pages listing for each region of the state. The survey sample of 600 respondents was distributed as follows

	<b>South</b>	<b>North</b>	<b>Northwest</b>	<b>Total</b>
Urban	95	97	101	293
Rural	105	105	97	307
	200	202	198	600

**Notes:**

- 1. The survey sample was quota controlled to ensure statistically adequate numbers for each sub group, with subsequent post weighting to provide accurate statewide results.*
- 2. Urban respondents were defined as those living in the Greater Hobart and Launceston area, and within the urban 'strip' of the NW coast between Burnie and Devonport.*
- 3. The total sample of 600 provides an estimated sampling error of less than plus or minus 6% at the 95% confidence level.*

Interviewing was conducted by the Myriad Research field team in accordance with the relevant quality assurance guidelines for market research telephone interviewing (*IQCA - Interviewer Quality Control Australia*), via a structured survey questionnaire developed in consultation with our client – refer to *Appendix A* – survey questionnaire.

Data input of hard copy questionnaires and subsequent analysis has been completed by the consultants, with the following research findings ...



Survey results have been grouped with the relevant survey question – refer to *Appendix A*.

**Note:** Restricted stores are those shops with trading hour restrictions currently imposed by the Shop Trading Hours Act 1984.

The survey asked ...

- 1a. Where do you currently buy your household groceries, including everyday items such as bread and milk?**  
**1b. Whereabouts? Anywhere else – even just for a few things?**  
**1c. And when do you normally do that shopping?**  
**1d. And approximately how much would you spend per week?**

Results for spending estimates are summarised in the following tables.

<i>Table i</i>	Total spend (\$)	Average household weekly spend (group)	Average household weekly spend (total sample)
Total spend - restricted stores	59,399	114.01	99.00
Total spend - unrestricted stores	20,990	49.16	34.98
Total spend	80,389	163.17	133.98

**Note:** 521 respondents reported that they did at least some of their shopping for household groceries in restricted stores. 427 respondents reported that they did at least some of their shopping for household groceries in unrestricted stores.

<b>Table i (pw)</b>	<b>Total spend (\$)</b>	<b>Average household weekly spend (group)</b>	<b>Average household weekly spend (total sample)</b>
Total spend - restricted stores	61,175	117.42	101.96
Total spend - unrestricted stores	18,267	35.06	30.45
Total spend	79,442	152.48	132.40

The following tables (*ii and iii*) summarise the current spend results in terms of region of the state and urban/rural *respondents*.

<b>Table ii</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	11490	8440	11425	8750	9955	9339
Total spend - unrestricted stores	1447	5377	2057	5259	2138	4712

<b>Table ii (pw)</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	11950	5402	9711	5250	21204	7658
Total spend - unrestricted stores	1505	3441	1748	3155	4554	3864

<b>Table iii</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>
Total spend - restricted stores	123.55	108.21	116.58	119.86	107.04	108.59
Total spend - unrestricted stores	28.94	62.52	32.65	73.04	30.99	54.16

Tables *ii* and *iii* relate to the following respondent distribution.

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Restricted stores	93	78	98	73	93	86
Unrestricted stores	50	86	63	72	69	87

The following tables (*iv and v*) summarise the current spend results in terms of region of the state and urban/rural *location of stores*.

<b>Table iv</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	15749	4179	16609	3564	14452	4842
Total spend - unrestricted stores	1449	5375	1842	5473	2553	4297

<b>Table v</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>
Total spend - restricted stores	115.80	122.91	117.79	108.00	105.49	100.88
Total spend - unrestricted stores	26.83	63.24	31.22	66.74	34.04	52.40

Tables *iv* and *v* relate to the following respondent distribution.

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Restricted stores	136	34	141	33	137	48
Unrestricted stores	54	85	59	82	75	82

The survey continued ...

**As you may be aware, the Government is reviewing shop trading hours in Tasmania which could result in major retailers, including Woolworths and Coles being able to open on Sundays, public holidays and late night trading (after 6 pm).**

**2a. If this happened, how likely are you to *change* your shopping pattern, that is when and where you shop, for household groceries? Would you be very likely, quite likely, not very likely, not at all?**

The following tables (*vi* and *vii*) summarise the likely changes to shopping pattern for the total sample and for key sub groups.

	<b>Freq.</b>	<b>%</b>
very likely	69	11.5
quite likely	90	15.0
not very likely	53	8.8
not at all	386	64.3
don't know	2	0.3
	600	100.0

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
very likely	14.4	8.6	12.9	10.3	14.7	8.6
quite likely	14.4	14.3	14.9	16.5	17.9	12.4
not very likely	10.3	3.8	6.9	9.3	12.6	10.3
not at all	59.8	73.3	65.3	63.9	53.7	68.0
don't know	1.0	0.0	0.0	0.0	1.1	0.0
	100.0	100.0	100.0	100.0	100.0	100.0

**2b. How would you change? (Would you change where you shop? Would you change when you shop?)**  
**2c. And would the amount you spend at each store change?**

Table *viii* summarises the expected changed spending patterns for the total sample.

<b>Table viii</b>			
		<b>Average weekly spend per h'hold</b>	<b>Average weekly spend per sample</b>
	<b>Freq.</b>		
Total spend - restricted stores	61788	117.02	102.98
Total spend - unrestricted stores	19408	45.45	32.35
Total spend	81211		135.35

<b>Table viii (pw)</b>			
		<b>Average weekly spend per h'hold</b>	<b>Average weekly spend per sample</b>
	<b>Freq.</b>		
Total spend - restricted stores	63514	120.29	105.86
Total spend - unrestricted stores	16730	39.18	27.88
Total spend	80257		133.77

Tables *ix* and *x* summarise expected spend patterns in terms of region of the state and urban/rural *respondents*.

<b>Table ix</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	12005	9030	11613	9075	10161	9904
Total spend - unrestricted stores	1227	4982	1906	4934	1887	4472

<b>Table ix (pw)</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	12485	5779	9871	5445	21643	8121
Total spend - unrestricted stores	1276	3188	1620	2960	4019	3667

<b>Table x</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>
Total spend - restricted stores	129.09	115.77	118.50	124.32	109.26	115.16
Total spend - unrestricted stores	24.54	57.93	30.25	68.53	27.35	51.40

Tables ix and x relate to the following respondent distribution.

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Restricted stores	93	78	98	73	93	86
Unrestricted stores	50	86	63	72	69	87

There were a significant number of rural householders who currently shop for their groceries at urban locations (restricted and unrestricted stores).

A total of 140 rural respondents (45.6% of total) do some or all of their grocery shopping at an urban location.

The relevant regional totals are North 50 respondents (47.6%), NW 43 respondents (44.3%) and South 47 respondents (44.8%).

*Appendix B* provides the residents/shopping location details for this group.



Tables *xi* and *xii* summarise the expected spend patterns in terms of region of the state and urban/rural *location of stores*.

<b>Table xi</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>	<b>Total \$</b>
Total spend - restricted stores	16671	4366	17108	3580	15283	4782
Total spend - unrestricted stores	1329	4880	1862	4979	2292	4067
<b>Table xii</b>	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>	<b>\$ per h'hold</b>
Total spend - restricted stores	119.08	109.15	120.48	108.48	109.95	99.63
Total spend - unrestricted stores	24.61	57.41	30.03	63.83	30.56	49.60

Tables *xi* and *xii* relate to the following respondent distribution.

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Restricted stores	140	40	142	33	139	48
Unrestricted stores	54	85	62	78	75	82

### Transfer of spending from rural to urban areas

A total of 15 respondents (from total sample of 600) indicated they would spend more on groceries at an urban location (and conversely less at a rural location) if trading hours were deregulated. The total reduction in rural spending has been calculated at \$1,080 or \$72 per respondent. The total increase in urban spending has been calculated at \$1,315 or \$88 per respondent.

Respondents who had indicated they would be likely to increase spending at restricted stores (following deregulation) were then asked

**2d. And for the extra \$... you expect to spend at Coles/Woolworths, how much of that is likely to be fresh and/or frozen goods – things like fruit, vegetables, meat, dairy, bread, frozen items? Would it be**

	<b>Freq.</b>	<b>%</b>
all	11	20.0
about three quarters	11	20.0
about half	24	43.6
around a quarter	5	9.1
hardly any/none	4	7.3
	55	100.0

This computes to a total spend on fresh/frozen goods of \$1505.20 ... out of the total extra spend of \$2534 for this group (tables *i* and *viii*). ie. 59.4% on 'wet' goods, hence 40.6% on 'dry' goods.

Respondents were then asked about their current and expected future shopping pattern in relation to non grocery items ...

**3a. Now thinking about other items for your household, such as clothing, furniture, electrical items, white goods - do you currently shop at any of the following stores? (Myer, Harris Scarfe, Katies, Millers, Chickenfeed, Target, Kmart, Dick Smith)**

**3b. And about how much would you spend in a typical week at these stores in total?**

The following tables summarise current spending at restricted stores for the total group (588 respondents) and for urban and rural respondents.

<b>Table xiv</b>	<b>Total weekly spend</b>
Total \$ spend	19452
\$ per h'hold	33.08
\$ per sample	32.42

<b>Table xiv (pw)</b>	<b>Total weekly spend</b>
Total \$ spend	18956
\$ per h'hold	32.24
\$ per sample	31.59

<b>Table xv</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Total \$ spend	3147	3887	3453	3466	2802	2698
\$ per h'hold	33.12	37.38	34.53	36.10	30.45	26.71
\$ per sample	32.44	37.02	34.18	35.73	29.49	25.70

Tables xv relates to the following respondent distribution.

	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Respondents	95	104	100	96	92	101

<b>Table xv (pw)</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Total \$ spend	3273	2488	2935	2080	5968	2212

**3c. Now, if these stores were able to open on Sundays, public holidays and after 6 pm, how likely would you be to spend more at these stores?**

<b>Table xvi</b>		
	<b>Freq.</b>	<b>%</b>
very likely	46	7.7
quite likely	79	13.2
not very likely	37	6.2
not at all	435	72.5
don't know	3	0.5
	600	100.0

**3d. About how much more would you expect to spend in a typical week at (Myer, Harris Scarfe, Katies, Millers, Chickenfeed, Target, Kmart, Dick Smith)**

<b>Table xvii</b>	<b>Total extra weekly spend</b>
Total extra \$ spend	3215
Extra \$ per h'hold	5.47
Extra \$ per sample	5.36

<b>Table xvii (pw)</b>	<b>Total extra weekly spend</b>
Extra \$ spend	3040
Extra \$ per h'hold	5.17
Extra \$ per sample	5.07

<b>Table xviii</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Extra \$ spend	784	804	369	550	371	337
Extra \$ per h'hold	8.25	7.73	3.69	5.73	4.03	3.34
Extra \$ per sample	8.08	7.65	3.66	5.67	3.90	3.21

<b>Table xviii (pw)</b>						
	<b>North</b>		<b>NW</b>		<b>South</b>	
	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>	<b>Urban</b>	<b>Rural</b>
Extra \$ spend	815	515	314	330	790	276

### **Comments against extended shop trading hours**

- *against multi national companies, support small business*
- *Devonport doesn't have the people to resource shift work*
- *do not agree with Sunday trading, there is no need for change. Families should be together during those times. Have experienced all day trading (in Victoria) - it's dangerous for staff and for shoppers, especially for women going into dark car parks, the supermarkets are being greedy*
- *do not approve of Sunday trading*
- *do not believe in Sunday trading*
- *don't like shopping, so would not change my shopping pattern*
- *don't want a change to shop trading hours - small shops need the benefit*
- *it's a moral issue – I do not condone out of hours trading*
- *people should be able to do their shopping on 6 days of the week, shops shouldn't need to open 7 days for business*
- *please, no seven day trading for the larger stores - the little shops need the business*
- *rather not see it go ahead*
- *shop trading hours should not be extended*
- *shops are open enough now as it is*
- *unnecessary for a place like Tassie, greedy and detrimental to the smaller shops, don't know how they will manage, will make it harder as they have to pay penalty rates to stay alive, don't need it*
- *very against extended trading - big stores have enough of the market as it is*

### **Comments for extended trading hours**

- *happy to have Sunday trading, I'm from Sydney and miss all hour trading, an impulse buyer*
- *I do agree - shops should be able to utilise their premises to it's maximum capacity*
- *I'm in agreement with longer opening hours, don't know why Tasmania has to be behind everyone else, when in Qld it was good to be able to go out shopping just to browse whenever you wanted*
- *it would be more convenient to be able to shop on the weekends but would not spend any more money*
- *used to live in Sydney - think the shops should be allowed to open with longer hours*
- *lived on Gold Coast for 18 years, used to going when I like, better for tourism, all shops should be open slather*
- *the dollar amount I would spend would not change, but I would browse more often*

- *the government should not worry about the big city shops opening for longer - they should worry about getting greater competition in the country areas so the country people can get better food at a good price*
- *there should be longer trading hours mainly for tourists, as interstate people are used to 24 hour trading - also for shift workers*
- *tourists should have the shops open - after all, we are a tourist state, so we should cater for them. Also, although I probably wouldn't spend more in the shops I would like them to be open - so I can buy things when it is convenient for me - not the shop owners*
- *weekend trading an asset to those with a family so they can go shopping together, but it doesn't affect me*
- *would be good for people who work*
- *would not spend more if trading hours changed, but would be much more convenient as we are 2 hours away from the city*
- *would prefer Sunday trading, would not change pattern if only extra hours during the week*
- *would shop for hardware items on a Sunday*

**Other comments**

- *live in the country, would not change my shopping patterns*
- *live too far away from these shops to spend more*
- *want to know why the important question 'do you support extended shop trading hours?' is not being asked*
- *Woolies is not as good as Roelf Vos - specials not as good*
- *would change when I would shop for clothes, whitegoods, etc, but not for groceries - would shop more on weekends*
- *would change when we'd shop for household items, but not how much we'd spend*



## Respondent demographics

The final series of questions obtained relevant respondent demographics.

### Your age range

	<b>Freq.</b>	<b>%</b>
18 - 24	27	4.5
25 - 39	140	23.3
40 - 54	189	31.5
55 plus	241	40.2
refused	3	0.5
	600	100.0

### Your combined household income

	<b>Freq.</b>	<b>%</b>
less than \$20,000	211	35.2
\$20 - \$40,000	202	33.7
\$40 - \$60,000	88	14.7
\$60 - \$80,000	47	7.8
over \$80,000	37	6.2
don't know/unsure	8	1.3
refused	7	1.2
	600	100.0

### Gender

	<b>Freq.</b>	<b>%</b>
Male	128	21.3
Female	472	78.7
	600	100.0

## Community Survey – Shop Trading Hours Review2

**Good morning/afternoon/evening. My name is ... from Myriad Research. We are conducting a survey as part of the Government’s Shop Trading Hours Review (and would appreciate your feedback).**

**May I speak to the person who does most of the shopping for your household?**  
*(arrange a call back time if not available) (repeat intro if necessary)*

**Is now a convenient time to ask you a few questions? Thankyou.**

**Start time:** .....

**1a. Where do you currently buy your household groceries, including everyday items such as bread and milk? (record on table)**

**1b. Whereabouts? (probe for store group and location)**  
**Anywhere else – even for just a few things?**

**1c. When do you normally do that shopping?**

**1d. And approximately how much would you spend per week? (totals for each group)**

	Store location/s (town/suburb)	When	\$ week
Coles/ Woolies		Mon to Fri - 8 – 6 [ ]	\$.....
		Thurs/Fri - 6 – 9 [ ]	
		Saturday - 8 – 6 [ ]	
other stores		Mon to Fri - 8 – 6 [ ]	\$.....
		Thurs/Fri - 6 – 9 [ ]	
		Saturday - 8 – 6 [ ]	
		other .....	
	.....		

**As you may be aware, the Government is reviewing shop trading hours in Tasmania which could result in major retailers, including Woolworths and Coles being able to open on Sundays, public holidays and late night trading (after 6 pm weeknights).**

**2a. If this happened, how likely are you to *change* your shopping pattern, that is when and where you shop, for household groceries? Would you be**

very likely	quite likely	not very likely	not at all	don't know
1	2	3	4	5

*(go to Q3a) (go to Q 3a)*

(for all except not at all)

**2b. How would you change? (Would you change where you shop? (store category and location) Would you change when you shop?)**

**2c. And would the amount you would spend at each store change?**

(go through answers for Q1 and record new shopping patterns)

	Store location/s (town/suburb)	When	\$ week	
Coles		Mon to Fri - 8 – 6 [ ] Mon to Wed 6 – 9 [ ]	\$.....	
Woolies		Thurs/Fri - 6 – 9 [ ] Saturday - 8 – 6 [ ] Sunday - 8 – 6 [ ]		
other stores		Mon to Fri - 8 – 6 [ ] Thurs/Fri - 6 – 9 [ ] Saturday - 8 – 6 [ ]		\$.....
		other .....		
		.....		
		.....		

(only for respondents expecting to increase their \$ spend at Coles/Woolworths)

**2d. And for the extra \$... you expect to spend at Coles/Woolies, how much of that is likely to be fresh and/or frozen goods – things like fruit, vegetables, meat, dairy, bread, frozen items? Would it be**

- |                             |      |                         |      |
|-----------------------------|------|-------------------------|------|
| <b>all</b>                  | [ ]1 | <b>around a quarter</b> | [ ]4 |
| <b>about three quarters</b> | [ ]2 | <b>hardly any/none</b>  | [ ]5 |
| <b>about half</b>           | [ ]3 | <b>unsure</b>           | [ ]6 |

**3a. Now thinking about other items for your household, such as clothing, furniture, electrical items, white goods – do you currently shop at any of the following stores? (refer to table below)**

**3b. (for yes) And about how much would you spend in a typical month (or week /fortnight / year) at these stores in total? (or \$ spend at individual stores)**

	Y or N	\$	wk/ft/mth/yr
Myer			
Harris Scarfe			
Katies			
Millers			
Chickenfeed			
Target			
Kmart			
Dick Smith			
total \$			

**3c. Now, if these stores were able to open on Sundays, public holidays and after 6 pm on weeknights, how likely would you be to spend more at these stores?**

<b>very likely</b>	<b>quite likely</b>	<b>not very likely</b>	<b>not at all</b>	<b>don't know</b>
1	2	3	4	5
			(go to Q4)	(go to Q4)

(for all except not at all, don't know)

**3d. About how much more would you expect to spend in a typical month (week / fortnight / year) at ... (refer to table below)**

	\$	wk/ft/mth/yr
Myer		
Harris Scarfe		
Katies		
Millers		
Chickenfeed		
Target		
Kmart		
Dick Smith		
total extra \$		

**Now, just to finish, a few quick questions to make sure we get a good cross section of people in our survey. May I have ...**

- 4. Your age range**
- |         |      |         |      |
|---------|------|---------|------|
| 18 – 24 | [ ]1 | 40 – 54 | [ ]3 |
| 25 – 39 | [ ]2 | 55 plus | [ ]4 |
|         |      | refused | [ ]5 |
- 5. Your household income – is it**
- |                             |      |
|-----------------------------|------|
| less than \$20,000          | [ ]1 |
| between \$20,000 - \$40,000 | [ ]2 |
| between \$41,000 - \$60,000 | [ ]3 |
| between \$61,000 - \$80,000 | [ ]4 |
| over \$81,000               | [ ]5 |
| refused                     | [ ]6 |



	<b>Live at</b>	<b>Shop at</b>		<b>Shop at</b>	
<b>region</b>	<b>town/suburb</b>	<b>restricted stores at</b>		<b>unrestricted stores at</b>	
North	Ross	Launceston		Ross	
North	Longford	Kings Meadows		Longford	
North	Deloraine	Launceston		Deloraine	
North	Longford	Kings Meadows		Longford	
North	Targa	Kings Meadows		Nunamara	
North	Hillwood	Georgetown	Kings Meadows	Hillwood	
North	Beauty Point	Launceston		Beauty Point	Beaconsfield
North	Carrick	Launceston			
North	Perth	Kings Meadows		Launceston	
North	Campbell Town	Kings Meadows		Campbell Town	
North	Evandale	Kings Meadows		Evandale	
North	Glengarry	Legana	Riverside	Exeter	
North	Longford	Prospect		Longford	
North	Devon Hills	Kings Meadows			
North	Georgetown	Launceston	Georgetown		
North	Beauty Point	Legana	Launceston	Beaconsfield	
North	Longford	Kings Meadows		Longford	
North	Perth	Kings Meadows			
North	Hillwood	Launceston		Hillwood	
North	Perth	Kings Meadows		Kings Meadows	
North	Blackstone Heights	Prospect		Prospect	
North	Frankford	Kings Meadows	Legana	Exeter	
North	Carrick	Prospect		Carrick	
North	St Helens	Launceston		St Helens	
North	Perth	Kings Meadows		Perth	
North	Perth	Kings Meadows		Perth	
North	Fingal	Kings Meadows		Fingal	St Helens
North	Evandale	Kings Meadows	Launceston	Launceston	
North	Beauty Point			Launceston	Beaconsfield
North	Longford	Launceston			
North	Georgetown	Launceston		Georgetown	
North	Blackstone Heights	Prospect Vale			
North	Tamar	Mowbray	Launceston		
North	Deloraine	Devonport		Deloraine	
North	Fingal	Launceston		Fingal	St Marys
North	Scottsdale	Scottdale			
North	Devon Hills	Kings Meadows		Perth	
North	Longford	Kings Meadows		Longford	

	<b>Live at</b>	<b>Shop at</b>		<b>Shop at</b>	
<b>region</b>	<b>town/suburb</b>	<b>restricted stores at</b>		<b>unrestricted stores at</b>	
North	Westbury	Launceston		Westbury	
North	Evandale	Kings Meadows		Perth	
North	Westbury	Kings Meadows		Westbury	
North	Longford	Prospect		Longford	
North	St Marys	Rosny	Kings Meadows	St Marys	
North	Evandale	Kings Meadows		Evandale	
North	St Marys	Launceston		St Marys	
North	Cressy	Kings Meadows		Cressy	
North	Longford	Prospect		Prospect	
North	Whitemore	Prospect		Launceston	Westbury
North	Longford	Prospect		Launceston	Longford
North	Targa	Newstead			
NW	Yolla	Wynyard	Burnie	Somerset	Yolla
NW	Shearwater	Devonport		Shearwater	Devonport
NW	Shearwater	Devonport		Shearwater	
NW	Somerset	Burnie	Wynyard		
NW	Wilmot	Ulverstone	Devonport		
NW	Latrobe	Devonport			
NW	Elliott	Burnie		Somerset	
NW	Ridgley	Burnie			
NW	Sprent	Ulverstone		Ulverstone	Gawler
NW	Ridgley	Burnie			
NW	Somerset	Burnie			
NW	Somerset	Burnie	Upper Burnie		
NW	Stowport	Upper Burnie			
NW	Ridgley	Upper Burnie			
NW	Queenstown	Burnie		Queenstown	
NW	Ridgley	Burnie		Ridgley	
NW	Stowport	Upper Burnie			
NW	Latrobe	Devonport			
NW	Port Sorell	Devonport		Port Sorell	
NW	Somerset	Burnie		Somerset	
NW	Shearwater	Devonport		Shearwater	
NW	Wynyard	Burnie		Yolla	
NW	Sheffield	Devonport		Sheffield	
NW	Shearwater	Devonport		Shearwater	
NW	Ridgley	Upper Burnie		Ridgley	
NW	Queenstown	Upper Burnie		Queenstown	
NW	Westbury	Launceston		Westbury	

	<b>Live at</b>	<b>Shop at</b>		<b>Shop at</b>	
<b>region</b>	<b>town/suburb</b>	<b>restricted stores at</b>		<b>unrestricted stores at</b>	
NW	Latrobe	Devonport		Latrobe	
NW	Latrobe	Devonport		Latrobe	
NW	Somerset	Burnie		Camdale	
NW	Railton	Devonport			
NW	Queenstown	Burnie	Launceston	Queenstown	
NW	South Riana	Burnie		South Riana	
NW	Rosebury	Burnie		Rosebury	
NW	Latrobe	Devonport		Latrobe	
NW	Port Sorell	Devonport		Shearwater	Devonport
NW	Wesley Vale	Devonport		Devonport	Latrobe
NW	Port Sorell	Devonport		Port Sorell	
NW	Somerset	Wynyard	Burnie	Somerset	
NW	Somerset	Upper Burnie		Somerset	
NW	Polerna	Devonport			
NW	Rosebury	Burnie		Rosebury	
NW	Latrobe	Ulverstone	Devonport	Latrobe	
NW	Barrington	Devonport		Devonport	
NW	Latrobe	Devonport		Latrobe	
South	Nubeena	Rosny Park	Sorell	Nubeena	
South	Dunalley	Sorell			
South	New Norfolk	Sandy Bay		Salamanca	
South	Swansea	Launceston		Swansea	
South	Primrose Sands	Sorell		Primrose Sands	
South	Woodbridge	Kingston	Hobart		
South	Franklin	Kingston		Huonville	
South	Nubeena	Rosny Park		Nubeena	
South	Woodbridge	Kingston		Woodbridge	
South	Nubeena	Sorell		Nubeena	
South	Orford	Sorell		Orford	
South	Cygnets			Cygnets	West Hobart
South	New Norfolk	New Norfolk	Glenorchy	New Norfolk	
South	Cygnets	Kingston	Huonville	Cygnets	
South	Snug	Kingston		Snug	
South	Allan's Rivulet	Kingston			
South	Woodbridge	Kingston		Woodbridge	
South	Woodsdale	Sorell		Oatlands	
South	Brighton	Bridgewater		Brighton	
South	Triabunna	Sorell		Triabunna	
South	Miena	Burnie	Deloraine	Burnie	



	<b>Live at</b>	<b>Shop at</b>		<b>Shop at</b>	
<b>region</b>	<b>town/suburb</b>	<b>restricted stores at</b>		<b>unrestricted stores at</b>	
South	Kettering	Kingston		Margate	
South	Orielton	Sorell			
South	Kellevie	Sorell		Copping	
South	Elderslie	Newtown			
South	Allen's Rivulet	Kingston		Kingston	
South	Copping	Sorell		Copping	
South	Bothwell	Bridgewater	Rosny Park	Bothwell	
South	Great Bay			Kingston	
South	Nubeena			Sorell	
South	Nubeena	Rosny Park		Nubeena	
South	Murdunna	Sorell		Dunalley	
South	Brighton	Bridgewater		Brighton	
South	Dunalley	Sorell		Dunalley	
South	Orford	Sandy Bay		Orford	
South	New Norfolk	Bridgewater		New Norfolk	
South	New Norfolk	Bridgewater			
South	Little Swanport	Sorell			
South	Oatlands	Bridgewater		Oatlands	
South	Allen's Rivulet	Kingston			
South	Kettering	Rosny Park		Kettering	
South	Bruny Island	Kingston		Bruny Island	
South	Bushy Park	Glenorchy	New Norfolk	Gretna	
South	Buckland	Sorell		Buckland	Orford
South	Triabunna	Sorell		Triabunna	
South	New Norfolk	Bridgewater	New Norfolk	New Norfolk	
South	New Norfolk	Glenorchy	New Norfolk		