

6 December 2013

Mr Lyndon Rowe
Chair, Economic Regulation Authority
Inquiry into Microeconomic Reform in Western Australia,
PO Box 8469,
Perth BC WA 6849.

Dear Mr Rowe,

Inquiry into Microeconomic Reform in Western Australia

Coles welcomes the inquiry by the Economic Regulation Authority into microeconomic reform in Western Australia and the opportunity to outline the benefits associated with further easing of the State's retail-trading hour legislation.

Coles understands the intent of the inquiry is to improve the efficiency and performance of the Western Australian economy with a focus on areas of reform that have the potential to achieve:

- improved productivity and flexibility of the Western Australian economy;
- increased choice for consumers and business, leading to net economic benefits to Western Australia;
- increased opportunities for Western Australian businesses to effectively compete for national/international market share; and
- removal or streamlining of unnecessary regulation.

Coles acknowledges the State Governments work in relaxing the retail trading hours over the previous years and the implementation of extended trading hours for the metropolitan area for the 2013 Christmas season. However, as retailers and consumers have embraced Sunday trading in the metropolitan and some regional areas, Coles believes consideration needs to be given to further extensions across the State.

Regulation of trading hours, particularly restrictive trading days on public holidays, is inconsistent across State jurisdictions, causing added complexity and regulatory cost as well as lost income for retailers.

There are inconsistencies between States and Territories on:

- Extended weekday trading
- Sunday trading
- Public holiday trading
- Restricted trading days (which may or may not be a public holiday).

For each of these trading times, there may be an additional layer of restriction on the maximum number of employees staffed at any one time, the floor size of the shop, and the type of goods sold. Trading hour regulations prevent customers from shopping at a time best suited to their needs and limit store preparedness to trade immediately after a closed day. The impact of physical trading hour restrictions is increasingly frustrating given consumers can purchase products online at any time.

Evidence shows that the expansion in retail trading hours across Western Australia has significantly changed consumer behaviour. No longer regarded as a daytime activity, people feel reassured knowing that they have the benefit of extended trading hours at their disposal and can shop at more convenient times. As this demand for extra trading hours has been driven by consumers, Coles believes it is important to stay open at times that shoppers find most suitable.

However, the regulatory burden imposed by the *Retail Trading Act 1987* still restricts choice with some consumers switching to shopping for their groceries on-line where fewer restrictions exist. As an example, Coles offers an on-line service for customers to shop for groceries at any hour and have them delivered to their home. In the metropolitan area, deliveries generally occur between 6am and 9pm Monday to Saturday. This equates to an extra 10 hours during the week and an additional six hours on Saturday over and above the prescribed shopping hours for general retail shops.

In Western Australia, inconsistency exists across the State in relation to permissible trading hours. Although each regional local government can apply to the Minister to extend trading hours in their respective district, the variances in available trading times are significant. For example, in 1993 the Shire of Augusta-Margaret River proposed to deregulate trading hours for general retail stores which the Minister approved and subsequently Gazetted on 10 December 1993. This Shire now has 24 hour trading yet Busselton, less than 50 kilometres away, and Dunsborough only 55 kilometres away trade the following hours:

TRADING HOURS				
STORE LOCATION	MON, TUE, WED, FRI	THURSDAY	SATURDAY	SUNDAY
Augusta	24 hr trading	24 hr trading	24 hr trading	24 hr trading
Margaret River	24 hr trading	24 hr trading	24 hr trading	24 hr trading
Busselton	8am to 7pm	8am to 9pm	8am to 6pm	10am to 6pm
Dunsborough	8am to 9pm	8am to 9pm	8am to 9pm	8am to 9pm

These differences cause confusion to customers in these well-known tourist destinations. Added to the disparity of trading hours, general retail stores above the 26th parallel enjoy an unrestricted regime, presumably because of their isolation and focus on mining. Remarkably, Kalgoorlie also being isolated and well known for its large scale mining activities is restricted to the following hours:

TRADING HOURS				
STORE LOCATION	MON, TUE, WED, FRI	THURSDAY	SATURDAY	SUNDAY
Kalgoorlie	8am to 6pm	8am to 9pm	8am to 5pm	Closed

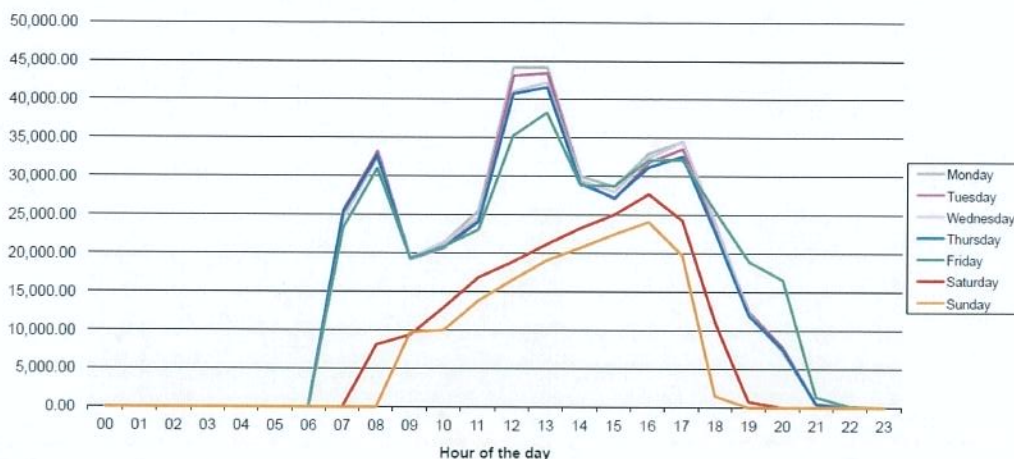
This major goldfields town does not allow general retail stores to open on a Sunday, despite many in the town working 24 hour shifts.

To further illustrate the need to deregulate trading hours, the great majority of stores across Australia trade extended hours with the typical trading day for most stores in New South Wales, Victoria, Tasmania and the ACT being from 6am to 10pm across all days of the week (with variations on Sunday trading).

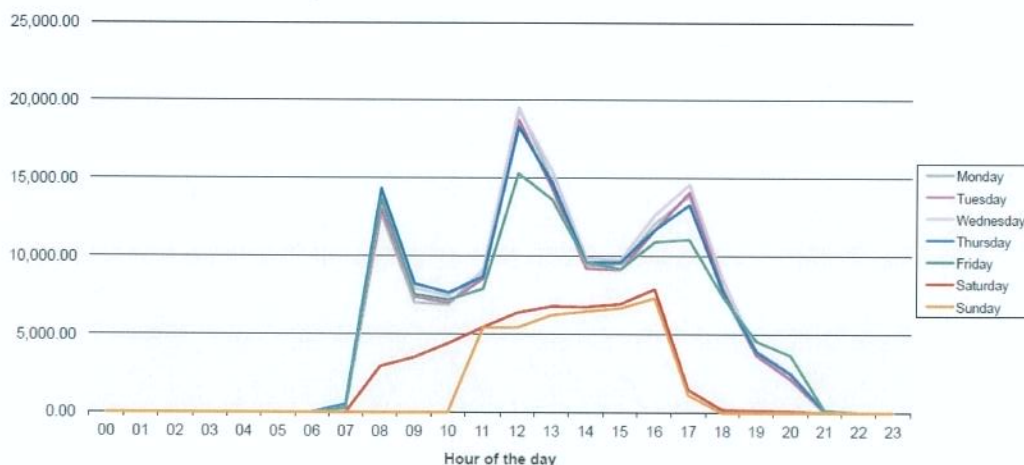
Benchmarking Western Australia's trading hours against Queensland, it is clear there is a demand for extended trading hours evidenced by consumers shopping 'out of normal hours'. For example, Coles Central store in the Brisbane currently trades the following hours:

TRADING HOURS			
STORE LOCATION	MONDAY TO FRIDAY	SATURDAY	SUNDAY
Coles Central - Brisbane	7am to 9pm	8am to 7pm	9am to 6pm

The average number of customers served in this store on each weekday between 7am and 8am is 476. The average number of customers served between 5.00pm and 7.00pm on Saturdays is 678. The following graph demonstrates the distribution of trade based on the annual number of transactions per hour across each day of the week for our Coles Central store in Brisbane:

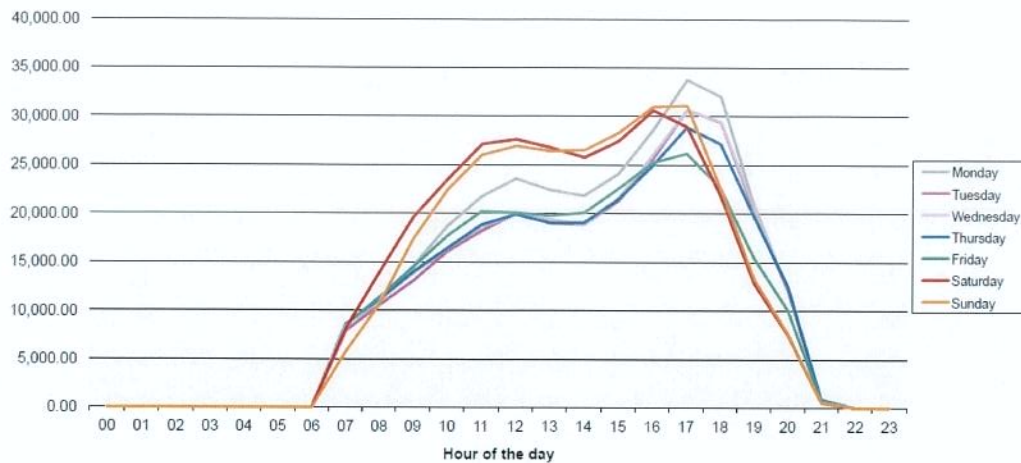


While particular circumstances relate to the trading activity of our Myer Coles Central store, we anticipate that the trading pattern for our Raine Square store in the Perth CBD will closely follow the Myer Coles Central store in terms of early morning trade between 7am and 8am on weekdays. Earlier opening times will assist commuters to access grocery and food items prior to commencing work. The current trading distribution patterns across each hour and day of trade in our Raine Square store is illustrated in the graph below:

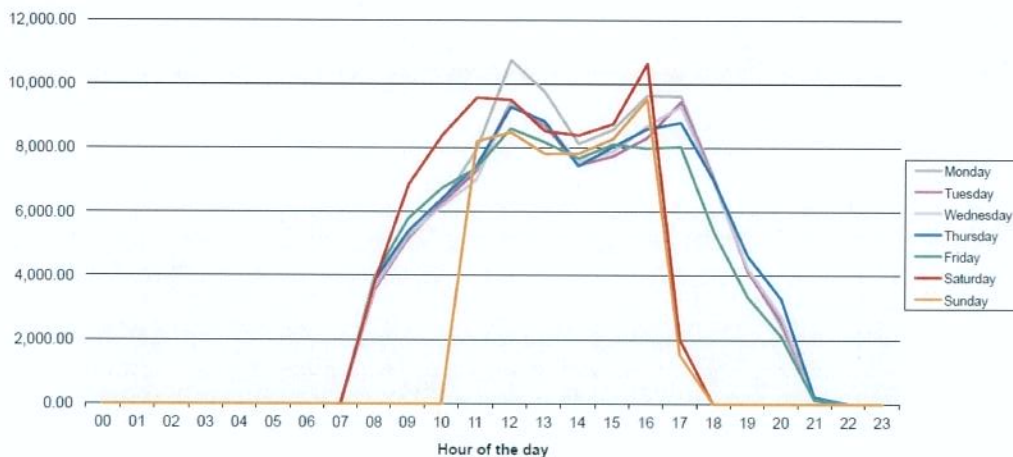


There is a spike in activity between 5pm and 6pm on weekdays to cater for commuter demand. This trading pattern follows a similar pattern to our Darwin CBD store, and stores in Geelong, Ballarat, Bendigo, Newcastle and Wollongong where there continues to be a high number of transactions, with an average of 14,000 nationally between 5pm and 7pm.

Similarly, trading in New Farm Queensland, 2.5 kilometres from the CBD, serves an average of 158 customers between 7am and 8am daily and an average of 1377 customers between 5pm and 9pm Saturdays and 1433 customers between 5pm and 9pm Sundays. The following graph demonstrates the distribution of trade based on the annual number of transactions per hour across each day of the week for our New Farm store in Brisbane:



Our Subiaco store, a similar distance from the CBD, has a similar trading pattern to New Farm in Queensland, except for Saturday and Sunday. The current trading distribution patterns across each hour and day of trade in our Subiaco store is illustrated in the graph below:



Consumer grocery shopping behaviour has changed considerably over recent years and shopping is no longer dominated by one major food shop per week. Today, consumers shop much more frequently for groceries with behaviour reflecting multiple smaller shops across the week. The preference for multiple shops is one of the reasons why a more flexible trading hour regime is strongly supported.

Coles acknowledges consumers are able to purchase grocery items from other food retailers and convenience stores that are permitted to trade, albeit with a more limited range. However, the ability for larger retailers to trade longer hours in states with a deregulated trading hours regime, such as Victoria and New South Wales, has not resulted in the extinction of small independent grocery retailers. This provides strong evidence that general retail stores and independent grocery retailers do co-exist and in fact thrive in a more liberal trading hour environment.

Extended or more relaxed trading hours would also serve to alleviate traffic congestion in the main traffic thoroughfares of the metropolitan area. Additionally, Coles expects further opportunities for employment to be offered to the community on a casual, part-time and permanent basis.

Surveys conducted in Ipswich Queensland during the month of July 2013 regarding extended trading hours obtained the following statistics:

- 64% of respondents believed it would be more convenient to be able to shop until 7pm on Saturdays.
- Supporters indicated that they would most likely use the extended hours on Saturdays (80%), followed by weekdays between 7am and 8am (43%).
- The highest level of support exists in respondents with children with 85% supportive of extended trading hours.
- 78% of working people supported extended trading
- 69% of non-working participants supported extended trading

The following table cites the reasons given for supporting an extension to trading hours:

REASON	PERCENTAGE SUPPORT
Suits my working hours better	31%
Suits my lifestyle/commitments	25%
Convenience	21%
Able to purchase items when needed/run out of/emergencies	18%
Other	5%

The most cited reason provided by participants opposing the extension was “shops were already open long enough”. Of the 60% of respondents who provided this reason, 63% were in the 60 plus age category.

Coles believes the outcome of disallowing further reform in retail trading hours will:

- Result in efficiency losses;
- Inhibit return customer trade;
- Increase on-line sales;
- Inhibit passing trade to smaller retailers located next to general retail stores;
- Increase vehicle traffic on the roads during peak times;
- Force customers to travel further to do grocery shopping at convenient times;
- Increase footfall in stores creating congestion;
- Limit employment opportunities and restrict ‘work-life balance’ in available working hours;
- Provide less choice for when customers are able to shop;
- Provide less opportunity to find lower prices and choice in grocery items.

However, Coles has found that extended trading hours across other states offers the following benefits:

- More consumer choice;
- Less congestion, both on our roads and in stores as consumers can shop when it is convenient to them and not rushing because shops are closing;
- Retailers can compete with on-line sales providers and respond better to consumer demand;
- Greater access to an extensive product range of fresh foods, dairy products, condiments and other supplies at lower prices;
- More opportunities to open in response to particular social events e.g. festivals, parades, sporting events and fund raising activities;
- Increased employment opportunities;
- Greater access to convenient work times;
- Greater flexibility for leisure, sporting and social activities;
- Better work-life balance.

Coles considers extension of the State's retail trading hours will have significant benefits to consumers, retailers and employees and help improve the economic environment in Western Australia. As a national retailer, we firmly believe trading hour uniformity would significantly reduce business cost at several levels – operational, administrative and logistical – and most importantly, would benefit customers.

Yours sincerely

Bernadine Tucker
State Regulatory Affairs Manager
Western Australia