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TRADING HOURS RESTRICTIONS:

A SIGNIFICANT RED TAPE BURDEN ON QUEENSLAND

Michael Husek

Researcher - Institute of Public Affairs

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The Institute of Public Affairs ('IPA') is an independent, non-profit public policy think tank, dedicated to preserving and strengthening the foundations of economic and political freedom. The IPA supports the free market of ideas, the free flow of capital, a limited and efficient government, evidence-based public policy, the rule of law, and representative democracy. Throughout human history, these ideas have proven themselves to be the most dynamic, liberating and exciting. Our researchers apply these ideas to the public policy questions which matter today.

Trading hours restrictions are a significant red tape burden on Queensland business and should be eliminated.

IPA research has shown that red tape costs Australia \$176 billion a year.¹ This means that if red tape was considered an industry it would be the largest industry in Australia, making up 11 per cent of GDP. This is bigger than our agriculture and mining industries combined (9 per cent), and nearly double manufacturing (6 per cent).²

There are currently more than 100,000 pages of Commonwealth legislation in effect, with 6,453 pages passed in last year alone. Regulations which obstruct economic activity without any clear benefit act as a barrier to growth, innovation and prosperity.

Restrictions on trading hours have been an enduring part of Australian society, in some states even predated federation.³ Between the mid-1990s and early 2000s, many states completely repealed or significantly reduced their trading hours laws.⁴ However, considerable restrictions are still enforced in Western Australia, South Australia and Queensland.⁵

The deregulation of trading hours laws is often regarded as beneficial for enhancing the capacity of businesses to meet consumer demand, and this is reflected in the consistent public support for the liberalisation of trading hours.⁶

1 Novak, M 2016, "The \$176 billion tax on our prosperity: Red tape research report no. 1", Institute of Public Affairs, <http://www.ipacutredtape.org.au/wp-content/uploads/2016/05/The-176-Billion-Tax-On-Our-Prosperity.pdf> p. 2

2 *ibid*

3 "Economic structure and performance of the Australian retail industry: Productivity Commission inquiry report" 2011, Productivity Commission, no. 56, <http://www.pc.gov.au/inquiries/completed/retail-industry/report/retail-industry.pdf> p. 276

4 *Ibid* p. 281

5 *Ibid* p. 285

6 *Ibid* pp. 283, 292

Trading hours restrictions are contrary to the interests of the Queensland public

The current system of trading restrictions reflects outdated conventions that are no longer relevant to modern society, and undermines the capacity of workers and consumers to make choices which suit their interests.

As noted in the Issues Paper, there has been a substantial increase in the number of people employed in part-time work, which has risen “from 15 per cent in 1978-79 to 30.4 per cent in 2015-16.”⁷ Reasons for this include university enrolments increasing from 31,000 in 1978 to over 1.4 million in 2015,⁸ with students being far more likely to be employed in part-time work. In addition, an increasing number of people are seeking greater flexibility in the workplace for the purpose of achieving better work-life balance, and therefore favour part-time employment.⁹ By restricting business hours, this in turn impedes the ability of individuals to work hours which suit their lifestyle.

The current system is also contrary to the interests of consumers. Traditional conventions, such as once a week shopping, are no longer practiced, with nearly two thirds of Australians grocery shopping more than twice a week.¹⁰ The Issues Paper identifies that in 1992, 31 per cent of people in Sydney shopped on Thursdays, but this rapidly dropped to 22 per cent following the legalisation of Sunday trading in 1993.¹¹ Similarly, following the repeal of trading restrictions in Victoria, supermarket franchise Coles reported “that Sunday turnover as a proportion of weekly turnover increased from 1 per cent in 1996 to 12 per cent in 1998”.¹²

These examples illustrate that there is consumer demand for longer trading hours, and that restrictions on trading prevent this demand from being met. As such, it is clear that trading hours laws have a distortionary effect on consumer choice, and that the repeal of these laws is in the public interest.

7 “Queensland trading hours review 2016: Issues paper”, <https://www.treasury.qld.gov.au/fair-safe-work/industrial-relations-policy-regulation/trading-hours-review/documents/th-review-issues-paper.pdf> p. 12

8 “Higher education statistics: Student data”, Department of Education and Training, <https://education.gov.au/student-data>

9 Abhayaratna, J., Andrews, L., Nuch, H. and Podbury, T. 2008, Part Time Employment: the Australian Experience, Staff Working Paper, Productivity Commission, <http://www.pc.gov.au/research/supporting/part-time-employment/part-time-employment.pdf> p. xxvii
Muldowney, S 2016, “The rise of part time work- what it means for employers, Seek: Insights and Resources, <http://insightsresources.seek.com.au/rise-part-time-work-means-employers>

10 “The ‘weekly’ shop is dead”, 2015, AUSVEG, <http://www.ausveg.com.au/media-release/the-weekly-shop-is-dead?A=SearchResult&SearchID=96555611&ObjectID=3238386&ObjectType=35>

11 “Queensland trading hours review 2016: Issues paper”, <https://www.treasury.qld.gov.au/fair-safe-work/industrial-relations-policy-regulation/trading-hours-review/documents/th-review-issues-paper.pdf> p. 13

12 “Prioritisation of regulatory reforms: Final report” 2012, The Centre For International Economics, <http://www.qca.org.au/getattachment/7ec28607-7090-4246-a351-ee72d3bd9a56/CIE-Report-Prioritisation-of-Regulatory-Reforms.aspx> p. 12

The removal of trading hours restrictions would substantially benefit the Queensland economy

Trading restrictions place artificial limits on the profits businesses can generate, reducing economic growth and job creation.

A Centre For International Economics report estimated that the repeal of the laws would make Queensland's economy at least \$200 million better off a year.¹³ This finding is supported in the Issues Paper, which references an IPA article illustrating that the number of small retail businesses in Victoria increased by 30 per cent over the decade following the abolition of trading restrictions. In comparison, in Western Australia, where trading restrictions remained in place, the number of small retail businesses grew by only 2 per cent.¹⁴

In addition, with the rise of online shopping, trading restrictions unfairly disadvantage conventional shops. They prevent traditional 'bricks and mortar' retailers from competing against the around-the-clock availability of e-shopping, giving consumers no option but to shop online if they wish to make a purchase outside of permitted trading hours.

Regarding employment growth, the Productivity Commission has previously cited evidence that deregulating trading hours increased employment in retail by an average of 2 per cent.¹⁵ Using industry statistics, this suggests that in retail alone an additional 4,300 jobs would be created in Queensland if the restrictions were abolished.¹⁶

In these ways, a deregulated model would lead to economic growth and job creation, thus considerably strengthening Queensland's economy.

¹³ Ibid p. 13

¹⁴ "Queensland trading hours review 2016: Issues paper", <https://www.treasury.qld.gov.au/fair-safe-work/industrial-relations-policy-regulation/trading-hours-review/documents/th-review-issues-paper.pdf> p. 18

¹⁵ "Economic structure and performance of the Australian retail industry: Productivity Commission inquiry report" 2011, Productivity Commission, no. 56, <http://www.pc.gov.au/inquiries/completed/retail-industry/report/retail-industry.pdf> p. 298

¹⁶ "Queensland: Industry sector of employment", Community Profile, <http://profile.id.com.au/australia/industries?WebID=120>

Conclusion

Trading restrictions are a remnant of Australia's past, and are in contradiction with the modern demands of consumers. Eliminating these laws would have a significantly positive effect, allowing businesses to generate more profit, giving workers more job opportunities and more flexible work hours, and enhancing the ability of consumers to shop in a manner that is convenient with their lifestyles. Trading restrictions place limits on commercial activity without any coherent economic justification, making them contributors to the \$176 billion the Australian economy loses to red tape every year. The IPA recommends the implementation of a 'deregulated model', with the complete abolition of all trading hours laws.

