



EDUCATION, EMPLOYMENT AND TRAINING COMMITTEE

Members present:

Ms KE Richards MP—Chair
Mr MA Boothman MP
Mr N Dametto MP
Mr JP Lister MP
Mr BL O'Rourke MP
Mr JA Sullivan MP

Staff present:

Mr R Hansen—Committee Secretary
Ms R Duncan—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE TRADING (ALLOWABLE HOURS) AND OTHER LEGISLATION AMENDMENT BILL 2022

TRANSCRIPT OF PROCEEDINGS

MONDAY, 20 JUNE 2022

Brisbane

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The committee met at 9. 01 am.

CHAIR: Good morning. I declare open this public hearing for the Education, Employment and Training Committee's inquiry into the Trading (Allowable Hours) and Other Legislation Amendment Bill 2022. I am Kim Richards, the member for Redlands and chair of the committee. I acknowledge that we are meeting on custodial land of the oldest living civilisation in the world and I pay my respects to the Jagera and Turrbal people and their elders past, present and emerging. With me from the committee are James Lister, the member for Southern Downs and our deputy chair; Mr Mark Boothman, the member for Theodore; Mr Nick Dametto, the member for Hinchinbrook; Mr Jimmy Sullivan, the member for Stafford; and Mr Barry O'Rourke, the member for Rockhampton.

On 25 May 2022 the Hon. Grace Grace, Minister for Education and Minister for Industrial Relations and Minister for Racing, introduced the Trading (Allowable Hours) and Other Legislation Amendment Bill 2022 into the Queensland parliament. The parliament subsequently referred the bill to this committee for detailed consideration, with a reporting date of 22 July 2022. The bill's primary objective is to implement this committee's recommendations following its recent inquiry into the operation of the Trading (Allowable Hours) Act 1990. The bill also amends the Education (General Provisions) Act 2006 and the Education (Queensland College of Teachers) Act 2005 to make permanent the temporary arrangements for meetings and other business arrangements put in place during the COVID-19 public health emergency. This includes making it possible for P&C associations to meet on the phone or via Zoom.

The purpose of the hearing today is to hear evidence from stakeholders who made submissions as part of this inquiry into the bill. The committee has this morning authorised the publication of written advice received from the Department of Education in response to the issues raised by submitters. This advice is available from the inquiry webpage under 'Related Publications'.

The committee's proceedings are proceedings of the Queensland parliament and subject to its standing rules and orders. In this regard I remind members of the public that, under the standing orders, the public may be admitted to or excluded from the hearing at the discretion of the committee. Only the committee and invited witnesses may participate in these proceedings. Witnesses are not required to give evidence under oath, but I remind everyone that intentionally misleading the committee is a serious offence. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Those present today should note that it is possible you may be filmed or photographed by the media and images of you may appear on the parliament's website or social media pages. The media rules are endorsed by the committee and are available from the committee staff if required. I ask everyone present to turn mobile phones off or onto silent mode.

BROWN, Ms Lisa, Policy Manager, Australian Retailers Association (via videoconference)

MORTIMER, Professor Gary, Queensland University of Technology Business School; Chair, Consumer Research Advisory Committee, Australian Retailers Association (via videoconference)

ZAHRA, Mr Paul, Chief Executive Officer, Australian Retailers Association (via videoconference)

CHAIR: I welcome our first witnesses. I understand, Paul and Gary, you would both like to make brief opening statements before we have our questions for you.

Mr Zahra: Thank you very much and good morning everyone. Thank you, Chair and committee members, for the opportunity to appear at this morning's hearing. The ARA is the oldest, largest and most diverse national retail body, representing a \$360 billion sector which employs 1.3 million Australians. The industry is the largest private sector employer in the country. As Australia's peak retail body, representing more than 100,000 retail shopfronts and online stores, the ARA informs, advocates, educates and unifies our independent national and international retail community. We have around 1,000 small- and medium-sized independent members in Queensland in addition to our Brisbane

large national members who operate extensive store networks across the state. I would like to make a few remarks and then allow Professor Mortimer to make some comments and then we will endeavour to answer any questions you may have.

Whilst we support the partial deregulation as contained in the bill subject to the recommendations made in our submission, the ARA's position remains consistent that complete deregulation of trading hours is desperately needed across Queensland. Deregulation will boost Queensland's post-pandemic economic recovery by creating jobs and supporting local retail trade in the community. In 2016, when trading hours were reviewed previously, the Mickel report found that, on balance, there was a case for greater liberalisation and standardisation of allowable trading hours across Queensland. Reducing complexity and removing the heavy hand of government regulation will enable Queensland businesses to determine how best to grow and service customer demand. The Mickel review also found that the current patchwork of trading hours across the state is unnecessarily complex to navigate, causes confusion for retailers and consumers, does not adequately reflect contemporary shopping and leisure preferences, and detracts from Queensland's appeal as a tourist destination.

Queensland's approach to retail trading hours to date has resulted in a lack of uniformity and uncertainty between locations and across the different trading hours for different types of retailers. The current approach only creates complexity and confusion for consumers. Deregulation will give consumers greater choice about when, where and how they shop and it will reduce the risk of price gouging that thrives when monopolies are given the regulatory protection to flourish. Deregulation will enhance competition, not decrease it as other stakeholders claim. Increased competition will ultimately result in better pricing outcomes for customers. It also provides additional hours and wages for existing employees which will boost economic activity in the local community as well as potentially increase employment opportunities.

Retailing is now a global industry and consumers can shop 24/7 online, including at offshore retailers. Deregulation will help keep that local spending power in the local community and in regional centres. To facilitate click-and-collect models, the physical storefronts need to be open for customers.

We firmly believe that Queensland retailers should have the flexibility to decide when they open their doors. This need is driven by changing consumer demand and behaviour, which Professor Mortimer will expand on. Our experience in other jurisdictions and in parts of Queensland that have already been deregulated is that retailers do not trade 24 hours a day because they are able to do so. However, it allows them to open when customers want to shop. As we emerge out of COVID-19 it is important that any restrictions on trade in physical stores be removed so that retailers can start to rebuild their businesses on a level playing field.

We do not see this as a trade-off between large national retailers and smaller local retailers. Around 95 per cent of our membership are small- and medium-sized retailers so we are sensitive to the views of small business. Taking a holistic view of the sector, we know that foot traffic in shopping centres is stronger where you have a larger retailer anchoring the centre. This increased traffic is good for all retailers, small and large. Contrary to the narrative that larger national retailers are not connected to local communities, the pandemic and recent floods have shown the critical role that retailers play in supporting the local community. I will now hand over Professor Mortimer.

Prof. Mortimer: Thank you, Chair and committee, for allowing me this opportunity to present at this morning's hearing. I will make a brief statement and then I will open for questions for clarity. Between 2014 and 2016, QUT conducted intercept surveys with residents living in Dalby, Mount Isa, Warwick, Stanthorpe and Pittsworth in relation to potential changes to non-exempt retail trading hours. The research was undertaken specifically to hear the voices of consumers and residents within those towns and cities. Over 1,200 shoppers were surveyed, with 96.4 per cent indicating they were residents of those towns and cities.

On average across the five towns and cities we surveyed, 69 per cent supported changes to existing trading hours which meant all retail businesses would be available to trade on Sundays and some public holidays. The highest level of support was found in Warwick, with 75 per cent of residents indicating a change was required. Twenty-six per cent of residents were opposed to any changes to existing trading hours. Those residents who supported changes indicated that, firstly, it would suit their lifestyles better; secondly, it would be more convenient; thirdly, it would provide more jobs and more hours; fourth, it would increase trade for smaller retail businesses within the towns and cities—a 'rising tide lifts all boats' philosophy; it would reduce queues and congestion, particularly on Saturday afternoons around shopping centres and in stores; and it would also offer access to lower priced groceries that were available at the larger supermarkets at the time.

Residents who were opposed to changes indicated that there was a belief that smaller incumbent retail businesses would be negatively impacted, so a loss of sales; sufficient trading hours were already in place; workers would be forced to work on Sunday; and Sunday was a day of rest or a religious day and therefore businesses should not be open on that particular day.

Demographically, those residents who were in support of changes to trading hours tend to be working full-time, busy working couples, couples with children, families. Eighty-seven per cent of those who supported changes to existing trading hours were working full-time. Demographically, those who were opposed to changes tended to describe themselves as retired, unemployed or currently not working.

All residents indicated that they shopped across multiple retail brands and supermarkets on a regular and weekly basis. Eighty-two per cent of residents indicated no change of where they shopped if changes were made to existing trading hours. For food and grocery shopping that percentage was much higher—88 per cent—which indicates I guess the habitual nature of food and grocery shopping.

We also conducted qualitative surveys with members. Through thematic analysis we have identified three clear themes. Firstly, there was a question of the logic behind the different trading hours across Queensland towns and cities, regional towns and cities; confusion from nonresidents, visitors and particularly tourists; and also perceptions of fairness. There was confusion around why one brand of business was open in one town but closed in another town.

There were specific examples of regional towns that were brought up during the surveys. For example, in Moranbah in Queensland, with a population of about 8,700, non-exempt retailers do trade on a Sunday but in places like Ayr with a similar population, 8,700, non-exempt retailers are closed on a Sunday. In Roma, with a population of 8,000, non-exempt retailers closed on a Sunday. In Emerald, a slightly larger regional town with a population of 14,000, non-exempt retailers trade on a Sunday. In Charters Towers, with a population of 12,000, non-exempt retailers are closed on a Sunday. In Kingaroy, with a population of 11,000, non-exempt retailers also closed on a Sunday. In those larger regional towns, in Maryborough, with a population of 27,000, non-exempt retailers trade on a Sunday, while in Mount Isa, with a population of 22,000, non-exempt retailers are closed on a Sunday. You can see the level of confusion that was taking place with residents and particularly visitors to those towns and cities. Thank you for listening this morning. I am very happy to take questions as well.

Mr LISTER: Thank you very much, everyone, for joining us this morning. Mr Zahra, I note that you state that NRA represents small business as well as large. Can I ask you for your view as to why it is that the operators of independent supermarkets that we encountered in the course of our travels around the state were overwhelmingly against opening up on Sunday to the large retailers?

Mr Zahra: Just for correction, we are the Australian Retailers Association, not the National Retail Association.

Mr LISTER: Forgive me.

Mr Zahra: No problem. It is a mistake that many make. The simple response is that it is protectionism. If you open up and make sure that everybody gets an even playing field then I guess the biggest opportunity is that deregulation will create jobs and increase the hours available for existing employees. We know from all the reports that have been done that it does allow additional trade by everybody opening because, of course, we have such restricted trade that some can and some cannot and it does not fulfil a full shopping experience. Deregulated trading hours will not stifle business. In fact, it will only allow for business to have more flexibility to choose when they want to trade. We cannot change when consumers want to shop so, ultimately, if they do not need the trading times they will go online or shop elsewhere. Deregulation is what we are really looking for.

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Mr BOOTHMAN: My question is more to do with the advent of the internet and shopping online, which is giving people the ability to shop whenever they want, 24 hours a day. What are your comments about that and how it will impact?

Mr Zahra: The fact of the matter is that retail is no longer available just from physical stores; it is a global entity. It is no longer just local or even national; it is international. Yes, it is easy to shop online but hard to receive. Australia Post reports challenges in facilitating deliveries over the pandemic, and this was even more evident in regional evidence. Physical stores now play a really important part and an active role in fulfilment. Click and collect has the biggest trajectory, where people shop online but collect in store. The majority of consumers still want to shop in store but they want the convenience of being able to pick up the product in a physical location that suits them.

Mr DAMETTO: My question relates to what you were saying earlier about deregulation creating more jobs. It is creating more jobs for whom? Most of my smaller retailers right now are complaining of a lack of employees and their inability to source employees. In this post-pandemic time, when everyone seems to be busy, if we are to create those jobs where do we find the staff?

Mr Zahra: That is an industry issue and, to be honest with you, a national issue that is not limited to the retail industry.

Mr DAMETTO: Correct.

Mr Zahra: It is across the board. We have all sorts of strategies. Labour shortages are a problem for the whole nation and are not specific to the retail industry. The issue right now is not being able to open when customers want to shop. They value Sunday trading particularly and on public holidays. What you are missing out on is the tourist who is travelling and may want to shop during that period. That is the big issue right now.

Mr SULLIVAN: Professor Mortimer, towards the end of your contribution you spoke about various regional areas of similar size. I think you said that it can be confusing when you consider those cities or towns of similar size having very different regimes. Do you not accept that in a state as diverse, decentralised and large as Queensland it is quite acceptable and appropriate to have regimes that can reflect different communities? I do not think it will be confusing. Someone is unlikely to visit Warwick, Moranbah and Ayr on the same day, in terms of not knowing where they were and what the local rules are. People know their local community, right?

Prof. Mortimer: I agree, and thank you for that question. I guess when I visited every one of those towns and cities I mentioned, with a team of people, there were two clear messages that came out. One was this notion of fairness. I would talk to people in Mount Isa and they could not understand why they could not shop at their local shopping centre, which has a Coles or a refurbished Coles or a refurbished Kmart, but down at Moranbah you could do some shopping on a Sunday. The same thing took place in places such as Warwick, where they said, 'We have to drive to Toowoomba to do shopping on a Sunday.' For the residents themselves, there is this notion of fairness.

The question of confusion actually took place when I started to talk to grey nomads and visitors to those regional towns and cities. I remember specifically speaking to a couple who had driven into Mount Isa on a Sunday morning and said, 'I am surprised that the big shopping centres are not open.' While I accept that towns and cities will respond to consumers through putting in place trading hours that best meet the needs of the community, we were looking at data from 2014 to 2016 that clearly showed an appetite for change.

CHAIR: Thank you very much. I am really sorry but we are out of time. I note that no questions were taken on notice. Thank you very much for your contributions today. We are very grateful.

NARDI, Mr Angus, Executive Director, Shopping Centre Council of Australia (via videoconference)

NEWTON, Mr James, Manager, Policy and Regulatory Affairs, Shopping Centre Council of Australia (via videoconference)

CHAIR: Welcome. Would you like to make a brief opening statement before we start our questions, keeping in mind that we are running on a really tight time frame? To be able to have some questions, please keep the opening statement brief.

Mr Nardi: I will defer to James, our head of policy, to make a very brief opening statement. Thank you for having us.

Mr Newton: Chair and committee, thank you again for hearing from the Shopping Centre Council of Australia. As you have seen in our submission, we were broadly supportive of the bill in terms of the streamlining and simplifying of non-exempt shops in terms of trading area orders, special event declarations and the voluntary work protections for employees. What we would like to focus on is the rationale that has been introduced by some stakeholders and also, I think, supported by the committee in terms of extending the moratorium for 12 months. That is something that our submission and our previous evidence have questioned the merits of.

We go back to the original intent of the moratorium, which was to provide certainty with respect to new trading hours arrangements and not with respect to broader retail trends. In some of the evidence that has been put forward, our concern is that the initial intent and purpose of the moratorium is being overlooked, so we question the merits and arguments for extending the moratorium for a further 12 months.

What we would note is that the grocery sector has done very well during COVID. Some of the arguments for extending the moratorium, unfortunately, have become dominated by a focus on this sector and this sector alone. Our evidence and our submission have looked at drawing the committee's attention to the benefits of casting a wider net. Our concern is that, ultimately, a focus on the grocery sector alone overlooks the benefit that otherwise would flow to a broader number of shops in shopping centres. Focusing on certain players ignores the benefit that would extend to others. We might stop there. Essentially, we look to answer questions on the moratorium specifically.

Mr SULLIVAN: In your submission you speak about your support for sections 36BA, 36A and 36AA, which are, broadly speaking, about the protection for employees in relation to working extended hours. Why do you think that is important? As someone who started as a teenager in retail, I can speak about the imbalance, perhaps, in the casualisation in the retail sector. Is that where your organisation is coming from in that regard?

Mr Nardi: When we looked at those sections and what the act introduced, we were mindful of the evidence presented in a past public hearing by the National Retail Association, which essentially was that there does not seem to be, at least from our perspective—whilst there might be a tension there, there are not any ongoing disputes. Ultimately, from what we can see in those clauses, yes, we do support them and it is our expectation that employees can and do freely elect to work extended hours.

Mr DAMETTO: My question is around employment and trying to find staff during the labour shortage that we find across multiple sectors right now. Do you believe that extending the trading hours may put pressure on some of your retailers to, basically, find the staff to man a store that opens up in an area where perhaps the moratorium protected them from opening up in the first place on, say, a Sunday?

Mr Nardi: I think that is probably one for National Retail. We have been working closely with them in developing our submissions. We know that they are broadly consistent arguments. Those are not concerns that they have put forward.

CHAIR: Thank you very much for your submissions, which, by and large, support all of the recommendations of the original inquiry. Thank you very much for your time today. We are very grateful. I note that no questions were taken on notice.

LAMB, Ms Dominique, Chief Executive Officer, National Retail Association

STOUT, Mr David, Director, Policy, National Retail Association

CHAIR: Welcome. Would you like to make a brief opening statement?

Ms Lamb: Thank you for your time today. I am sure that you have all heard the passion and how very polarising this topic can be across our state.

CHAIR: Indeed.

Ms Lamb: The National Retail Association has always owned all of its own property in Queensland. We are incredibly passionate about the ecosystem that is Queensland, including all of our regions as well as South-East Queensland. To start off, we are very satisfied with the draft that has currently been provided. We think it strikes a good balance between small, medium and large business. We think it has the interests of workers at heart.

Part of all of our trading hours submissions, throughout all of the time that we have been one of the very few organisations that have run these in the Queensland Industrial Relations Commission, has always had clauses protecting workers' rights and their rights to choose when they work. There is absolutely no doubt in our minds that within our regions they want the opportunity to be treated in a more similar way that is right size for their location and to be allowed to open more days or more hours. We think this particular drafting gives them that right, especially with how long this has been going on.

Of course, we supported the Mickel review. We were very much in favour of that. We saw the recommendations of that watered down but we think that, after all of this time and all of the debates, this is really the right balance, especially coming out of what has been quite difficult in terms of COVID with travel, migration—all of those kinds of things. All of this really does weigh into our views on that.

We are not supportive of having an additional 12 months on the moratorium. However, in saying that, based on the drafting that we have seen, we can absolutely and will absolutely support it in its current form. If we were to see lots of other changes we would probably have to reconsider our position, but at this time we think this committee has really found the right and measured approach when it comes to trading hours. That is my only opening statement for today.

CHAIR: Thank you very much. David, did you want to add anything?

Mr Stout: Nothing further, thank you.

Mr DAMETTO: David and Dominique, thank you very much for coming in person today to give your evidence to the committee. It is quite a treat these days, with COVID and all the things that are going on throughout Queensland. Could you expand a little further on why you do not believe the 12-month extension of the moratorium is necessary, especially at a time that I think is very chaotic in the retail sector right now, whether it is sourcing staff or sourcing product to sell? There are opportunities still for different regulations or trading restraints being brought in, even with COVID. Can you give us a bit of an understanding of why you do not support that?

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Ms Lamb: We have always supported the independent umpire's ability to make these decisions. Whilst, as you have said, it has been chaotic, I think the key word is 'opportunity'. There are lots of different verticals to retail who want lots of different opportunities. I think allowing them to have those opportunities, where decisions are made or people are allowed to open on certain days, has to be the right sized for those communities. The best organisation to do that is the independent body. That is what we truly believe and have said the entire time.

Mr DAMETTO: From my perspective, what the committee noticed when we went everywhere from Mossman through to Townsville was that most communities were saying, 'We're happy to leave it as it is for now, while we are trying to find our feet again.' I guess that is why the committee has supported the 12-month extension.

CHAIR: I would add that the intent of extending the moratorium by 12 months—the existing moratoriums expire in nine weeks time—is to allow an independent umpire to position itself to do its job properly. It requires providing stability and some time for them to work through what those changes look like. That is the intent.

Mr Stout: Yes, there is a lot of turmoil. We saw through COVID, with a lot of the recent closures and cross-border problems, that food supply and essential services are significant in this country. We have had a lot of cross-border problems. Especially when you are looking at regional food supply, we do not want to limit the potential outputs; we want to increase the potential amount of access to food and supplies.

I think COVID has really taught us how subtle and fragile our supply chain is. Queensland is heavily reliant on one or two major supply routes. You can see through a lot of natural disasters that if they are jeopardised for any particular reason then you are heavily reliant on particular sectors. For me, that drives work. The supply chain even attracts particular movement. People are decentralising at the moment—moving out of cities and considering taking up some of these regional places as their homes. They are making decisions on what they see now, so the quicker they can get there the quicker they can make decisions and the quicker they can get new work and service that community.

CHAIR: The committee heard throughout its inquiry process an appreciation for retail workers in all sectors. They are what really got us through and provided stability to us in the pandemic, so we are very grateful for all of the work of retailers and their workers.

Mr O'ROURKE: In your submission you talk about having a standard mechanism included to allow trading hours in each of the four trading area zones to be renewed and business trading conditions changed without a requirement to go to parliament. Could you expand on that?

Mr Stout: The current recommendations provide four particular types, types 1 through to 4. Those four particular types are set, from what I understand. My observation is that those four current sets of hours are probably consistent with the needs of the consumer right now, so we are moving from a particular type—from type 4 through to type 1, for example. If we are in a situation where we need to expand the type 1 trading hours, there is no mechanism to do that. What we are suggesting is that the commission is probably the best organisation to review those categories in line with future expectations.

Mr DAMETTO: We have heard other submitters this morning talk about a complete deregulation of the retail sector when it comes to allowable trading hours. Is that something you support?

Ms Lamb: We do not support deregulation.

CHAIR: Thank you very much for your appearance here today. We are very grateful. Again, thank you for everything the retail sector does in Queensland to support our communities.

ASCHMAN, Mr Andrew, Private capacity

CHAIR: Thank you for appearing before us. Would you like to make a brief opening statement?

Mr Aschman: I am appearing today to support my submission regarding the bill. From my understanding of the bill, there has not been further deregulation in South-East Queensland and that was not really addressed in the inquiry. There was a real focus on the regional areas and other areas. From what I have witnessed over the last few years and currently, within the city there is a lack of trading hours, especially in the evenings and on Sundays. There seem to be issues with regard to trading hours.

CHAIR: Did you have anything further to add?

Mr Aschman: As I said in my submission, I have witnessed over the years in West End—I used to live around that area; now I live in Fortitude Valley—people turning up at Aldi on Sundays at 10 past six or quarter past six and having nowhere to go and being lost for words as to why the store was closed.

CHAIR: Were they locals or visitors to the area?

Mr Aschman: I am not sure. I did not speak to them, but they seemed like locals. They could have been from another suburb. It was primarily on a Sunday that it occurred.

Mr LISTER: It is refreshing to see an individual come and speak for themselves at our committee hearings. We usually deal with peak bodies and it is great to have you here with us here today.

Mr BOOTHMAN: Thank you for taking the time to put some ideas forward. I note that previously you supported full deregulation and now you support partial deregulation. Can you elaborate on why you have changed your mind?

Mr Aschman: I have not really changed my mind. When deregulation does occur—this is from my experiences in Sydney and Melbourne; I have lived in Sydney and Melbourne—stores do not actually open 24/7 or to midnight. You would probably find that stores are open from seven to 10, from six to 10 or from seven to 11. The proposal in the bill is quite accommodating. It is a kind of partial deregulation anyway. The type 1 zone in this bill is a partial deregulation. That is why I support type 1 deregulation.

Mr BOOTHMAN: You feel that Brisbane should be on par with places like Sydney and Melbourne?

Mr Aschman: Yes, definitely. There are a lot of tourists in town, especially in our postcode, and a lot of students. Especially down at MacArthur Chambers, with the student population and also with visitors, I have noticed people getting turned around, especially on Sundays. The security guards at the bottom of the escalators turn everyone around to go back up the escalators.

CHAIR: In terms of the confusion experienced by potential customers heading to Aldi at quarter past six, in the deregulated situation in Sydney and Melbourne, where some open and some do not, would you agree that that provides potential confusion, too? There is not consistency and certainty around hours. They can open but they might not open.

Mr Aschman: From my experience, Aldi in Sydney and Melbourne usually open from eight to eight, seven days a week. That provides certainty for people. These people could have been from out of town, considering that down south they are open from eight to eight. I understand that from your point of view that may cause some confusion, but how the bill currently stands—there are going to be changes in geographical locations in the future that the QIRC can make orders for—you are going to have different trading hours anyway.

CHAIR: No. The categories and the time frames stay the same. The only mechanism available to the QIRC is to move a locale from one type to the other. Those hours will stay consistent; they are not changeable by the QIRC.

Mr Aschman: So the hours will not change.

CHAIR: No.

Mr Aschman: I understand that, but you are going to have different geographical areas going to different trading types. Do you know what I mean?

CHAIR: The intent is that that provides stability in the types in terms of the trading hours that are allowable. It allows a region—for example Warwick—to make an application to the QIRC, should they wish to move.

Mr Aschman: That is what I understand as well. There would be different areas with different trading zones, so people will have to look up store trading hours individually to see whether they are open or closed. I do not think it would cause too much confusion. Cairns has that trading zone and Gold Coast has a trading zone—they are in type 1. Brisbane is the biggest city in Queensland and we do not have that type 1 trading zone to cater for the tourists and the people who live here. I am not quite sure how much confusion there is in Cairns or on the Gold Coast. I do visit there and people seem to work things out okay in that respect.

Mr DAMETTO: Thank you for coming along this morning and giving us your perspective on the legislation before the committee. Do you have an understanding of why this protectionist style legislation has been put in place when it comes to protecting the smaller retailers against the bigger supermarket chains?

Mr Aschman: Basically, I understand that there is a mechanism to protect smaller businesses such as IGAs and maybe even the Asian supermarkets. The Asian supermarkets seem to work in harmony with the larger supermarkets. I have not seen a submission or a complaint from that sector, only from the IGA. Some IGAs are independently owned but some are not. Some are involved with complicated trusts, so they are run almost like a Coles or Woolworths. You have multiple stores everywhere that are run under complicated trusts that get around the rules.

Mr DAMETTO: You have talked about places like Cairns and Brisbane. Have you looked at how complete deregulation would affect regional and remote Queensland communities and smaller retailers?

Mr Aschman: Depending on what retail you are talking about, cafes and clothing shops rely on anchor tenants. That is my understanding. That is what I have experienced and what I have witnessed. When you go to a shopping centre, if Coles and Woolies are closed the other stores automatically close. Maybe the cafe stays open. They actually support the other retailers in opening. People do not go to these shopping strips or local shopping centres if they know Coles and Woolies are closed.

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CHAIR: It was interesting when we visited Mossman. It is deregulated, so every single store had the ability to trade 24 hours a day, seven days a week. We were there on a Saturday afternoon at two o'clock and I think the pub on the corner was open as well as one cafe. It was a very interesting experience where deregulation has been facilitated, in essence providing 24/7, and it just was not taken up in that regional town.

Mr Aschman: There is actually no need for them to open 24/7 up there.

CHAIR: Even at two o'clock in the afternoon on a Saturday?

Mr Aschman: Yes.

CHAIR: That is interesting.

Mr Aschman: They have cruise ships that come in. When the committee was visiting, were there cruise ships there?

CHAIR: No.

Mr Aschman: I guess it would be busier if a cruise ship was there on a Saturday afternoon.

CHAIR: You would imagine, though, that the chemist or the newsagency might have been open. There is a whole range of things that I imagine would service locals beyond a cruise ship capacity at two o'clock on a Saturday afternoon.

Mr Aschman: Especially in the CBD and around this area, if an anchor tenant is open usually a pharmacy might stay open a bit later than usual because there is more foot traffic. Pharmacies are quite expensive to run because you have to have a pharmacist inside and all those compliance measures, so they rely on that extra foot traffic to come in.

Mr DAMETTO: What is your background? I do not have your submission readily available in front of me.

Mr Aschman: I am a shiftworker at the moment. That is why I am advocating for longer trading hours, because it fits in with my lifestyle. I am currently transitioning into another sector: education. It is mainly because of the shiftwork.

Mr DAMETTO: You need accessibility to fresh produce on a Saturday or Sunday.

Mr Aschman: Exactly. Sunday evenings would be ideal. It is not just for myself; I talk to other people.

Mr DAMETTO: I completely understand where you are coming from.

CHAIR: What are your thoughts on the internet and retail, being able to click and collect and all of those options that are available to us now online?

Mr Aschman: That is really good. I shop at Amazon and all those places as well. However, with groceries, you only get a particular window for delivery or click and collect. If the stores are closed, they will not do the picking for you or load those lockers or anything like that. Having that three hours or an extra hour in the evening does give people that option.

CHAIR: Thank you very much for appearing before us. We are very grateful and it is lovely and refreshing to see somebody come in. As the deputy chair said, it is nice to hear from individuals. Thank you.

Mr Aschman: I do have a map to table if you would like to accept it to help you understand the trading area. It includes a couple of suburbs.

CHAIR: Leave is granted. That is so tabled.

Proceedings suspended from 9.47 am to 9.58 am.

de BRUIN, Mr Jos, Chief Executive Officer, Master Grocers Australia Limited (via videoconference)

SLAUGHTER, Mr Terry, Board Member, Master Grocers Australia Limited (via videoconference)

CHAIR: Welcome. Would you like to make a brief opening statement before we start our questions?

Mr de Bruin: Good morning and thank you. All the independently owned and operated food and grocery stores in Queensland are our members. They trade under brand names such as FoodWorks, SPAR, IGA, Drakes and so forth. We have 490 active members around Queensland, in South-East Queensland right through to the north and west. Our members are often the hubs of their communities, supporting and servicing their communities generally in a seven-day-a-week operation. Thank you for the opportunity to be with you today. Terry is one of our members. Terry can introduce himself and then give a brief summary.

Mr Slaughter: Thank you for having us today. I am an independent owner of a single store in South-East Queensland. The trading hours that I have experienced until now had quite a significant impact to my business, and that is South-East Queensland. Some years ago, when they were eight o'clock, it certainly had a downturn on my business. Having said that, we have pushed our way through. We certainly have adjusted accordingly. I speak for the over 2,000 retailers in Queensland and some 300 retailers in South-East Queensland, where we need to be robust enough to move forward. That is why we need each other.

As an independent small retail operation, which I am—I have 26 staff and my family is involved in the business—further degradation of those hours that we are allowed to trade without the chains coming at us restricts the leverage that those guys can allow us to be competitive as well. I am passionate about this. It is certainly close to my heart. I would like to see the status quo remain moving forward.

Mr LISTER: Thank you very much for appearing before us today. Mr Slaughter, when the larger shops are allowed to trade on a Sunday, where previously independent retailers such as yourself had that day to themselves, do you see there being an increase in overall employment or a decrease in employment resulting from that competition from the large players on the Sunday?

Mr Slaughter: When the chains came in I would certainly have increased my employment. We actually employ a higher rate than our majors do. Our model is different. When I was trading Sunday and the majors were not trading Sunday, I certainly had more sales and I certainly employed more, but I employed at a higher rate than our majors did.

CHAIR: Do you have the exact difference in rate? Have you been able to pinpoint what that rate looks like? How is your model different?

Mr Slaughter: I can tell you what my rate is. I engage my staff; I spend 10 per cent of my sales on the wage figure. However, our competitors—and I used to work for the competitors—would be around six per cent. With the evolving emergence of self-check-outs in our majors, the squeeze on that is certainly significant as well.

Mr de Bruin: Back when the Mickel review was being conducted, simultaneously the NRA had put forward an application to the QIRC to liberalise trading hours in South-East Queensland. This was happening simultaneously. There was no chance to stop that review in anticipation of the Mickel report coming out later on. We found a dramatic drop in business. I am talking about 10 per cent plus and in some cases a 20 per cent drop in sales within South-East Queensland when those trading hours came in, and an additional 13 trading hours were granted then. It meant that we lost on average \$16,000 per week in sales turnover. In some cases we had to drop eight staff per outlet.

I recall that Premier Palaszczuk was praising the liberalisation because she was encouraged by, I believe, some data that said that the liberalisation of trading hours would increase sales across the board and, as such, chains such as Coles, Woolworths and Aldi would increase their workforce. I would argue that the independent sector lost enormous ground. I do not think there would have been an extra person taken on by any of the chains during that time. Such was the damage done and so alarming was it that we took this to Minister Grace at the time. We showed her the data and I think she was quite shocked by it. At that point we were able to apply for a five-year moratorium with no additional changes to trading hours so as to allow all of our members to stabilise their business, to gather their resources and to understand how they could innovate and how they could invest in their Brisbane

business to then create a point of difference to compete with the chain stores. It was a real eye-opening moment for us to see that just 13 or 14 trading hours being liberalised would have such a dramatic effect on our businesses in South-East Queensland.

The five-year moratorium was extremely important to us because at the time we were working very closely—and we still do—with the government on such projects as the entrepreneurial pipeline project, which involved artisanal beverages and so forth to be stocked by our members. We have—as we all have—had a delay in going any further because of COVID. We lost 2½ years in trying to work with government, agencies and regulators to try to develop a point of difference so that if trading hours were liberalised down the track we could actually compete on a level playing field, which we cannot do right now.

CHAIR: We have had this conversation before, Jos, with regard to many of your members being able to diversify their model and become highly successful in their locales. I speak to the Jones group, which has done an incredible job across the Redlands. I think they own the majority of IGAs there. They are performing in a stellar way, which is an attractor to their businesses. I would suggest to you that the ability to pivot and look at business models has been successfully done by your members and is not necessarily contingent on other mechanisms. It is about thinking about how you retail and how you best sell to your communities.

Mr de Bruin: That is true. However, our members are diverse and we have many families that have access to various levels of resource. Our member in Winton or Cairns or any of those towns is very different to perhaps Mount Cotton.

CHAIR: It is interesting because it is not just Mount Cotton. When I talk about those IGAs, I am talking about one on Russell Island that has an absolutely fantastic offering. It has the same complexities as the one at Winton in terms of being able to provide retail products. I would suggest that there are very diverse regions they are covering that I have seen that have been able to absolutely pivot.

Mr de Bruin: We have 7½ per cent market share in Queensland. We are looking at a few of our really good operators and they are our model. There is absolutely no doubt. We need to give our other members the confidence to do the same.

CHAIR: Yes, absolutely.

Mr LISTER: Mr Slaughter talked about the differential between the larger retailers and the independents in the spend on workforce. He said that approximately 10 per cent of sales goes towards funding the workforce in his IGA as opposed to about six per cent where he previously worked in the large retail operations. Given a scenario, if I can put to you hypothetically, where there is a small IGA or a FoodWorks trading which has Sundays to itself, if that were to be changed and the Sundays were to have competition with a Coles or a Woolworths or an Aldi or something like that, would you imagine those numbers would show there would be an overall decrease in hours worked, paid employment, in retail sales on that Sunday compared to one where the independent has the place to themselves?

Mr de Bruin: The answer to your question is yes, unless we are able to invest in our businesses to create a point of difference that will attract our customers to our store every day. We need a point of difference. The answer to your question is demonstrably yes. Our members in their current state would lose out. It would be a supplantation of their business to the larger business. There is no doubt about it.

Mr LISTER: What you have said there contrasts with what we have heard from representatives of the big end of town, who have asserted that the rising tide floats all boats and that employment would actually grow. Given the context I just gave you, of a hypothetical small town with a FoodWorks and Coles suddenly being able to trade on a Sunday in competition with them, would you suggest that, other things being equal, there would be a reduction in employment?

Mr de Bruin: They would lose more than half their sales. There would be a dramatic reduction in sales, and I would offer that in the small- to medium-sized outlets the families themselves would have to roll up their sleeves and get involved and work a lot of hours.

Mr BOOTHMAN: My question is around one of your recommendations about the one-year extension to the moratorium and that you support the idea of having a five-year moratorium. Can you elaborate on the reasons you would like to see a five-year moratorium?

Mr de Bruin: It really is to take up from where we left off. Small business was granted a five-year moratorium to, dare I say it, get its act together so we could innovate and drive their businesses to create points of difference so that we could compete with the chains in the event of Brisbane

trading hours being liberalised. However, we have not been able to do that. We have not been able to prosecute that point of difference because of the entrepreneurial pipeline project or the artisanal project. We have not been able to bring it to life because we have experienced COVID for the last 2½ years. We were working with minister Kate Jones to try to help out the elderly to make sure they were well fed during COVID instead of working on artisanal products that we could ourselves stock and create a point of difference to grow our businesses in the face of competition. In fact, in our original submission we said, 'Could we please have a 10-year moratorium?' because if we look at our performance over the last five years, when we have found it very difficult to work with government for all the reasons we have just talked about, it looks like we will need even more time. That was the rationale behind the five years.

Mr BOOTHMAN: I have one other quick question which is to do with the Mossman-Port Douglas moratorium that the MGA strongly opposes. When we were there, the businesses that came to the committee were obviously quite in favour of it. I am curious to hear your argument for opposing it.

Mr de Bruin: It is five years since the changes were made and many small businesses have felt under increasing pressure because the larger guys are able to trade all the time. If you are a tourist, or even a local resident, you have very little choice now as to where you can shop in North Queensland. There are very few independently owned and family owned businesses there right now. We felt that if the hours could go back to where they were five years ago it would create some form of incentive for small businesses and family businesses to go back in and invest so they could be given a chance to trade. It is a bit unfortunate in North Queensland that large business has stolen the market and family businesses have very few opportunities when it comes to retail.

Mr DAMETTO: My question is asking for some more commentary around the extension of the five years. My understanding from running a small business myself at one point in my life is that it is about business momentum. What I took from what you just said about extending the five years is that you were not able to create that momentum on innovation or change within the small business model around the IGAs because of that interruption during COVID. We saw the largest supermarket chains innovate during that time with click and collect. They have the resources to do that sort of thing and the money and the funding behind them to do that. Most small businesses are just worrying about how they can pay the rent this week. Can you give us a bit more commentary around that and what may be in the pipeline for innovation if you had five years up your sleeve?

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Mr de Bruin: I have had a chat with Madam Chair about this—and I do not want to be controversial—but what is not a part of this inquiry is the ability for our members to stock locally produced wine, beer, spirits, ciders and so forth as per a Tasmanian model. I want to respect this panel by firstly saying that, but the five years would give us an enormous opportunity to work with the current government towards a similar model to Tasmania, where selected food and grocery outlets around Queensland would be able to stock locally produced wine, beer, spirits and ciders. To give you an idea, we had a meeting last Wednesday on the Sunshine Coast—

Mr SULLIVAN: Sorry, Chair. Can I just interrupt? This is outside—

CHAIR: This is outside the scope of the bill, and I think we have had that conversation, Jos.

Mr de Bruin: We have.

CHAIR: We have. I do not think this is an opportunity for you to prosecute that matter. As I said—I reiterate again—not all of your members have had the inability to innovate. It is probably detrimental to their market reputation to suggest otherwise, because I have seen some IGAs that have been very successful under this process, as I have said to you, and I think five years, in terms of being able to think about how your business pivots outside of the supply and sale of alcohol, has been done and achieved by many of your members. I might leave it there. We are absolutely out of time. Thank you very much for appearing again today. We are very grateful for your time and your contribution and we are very grateful for all of the work that your small businesses, families and retail workers provide to communities across Queensland.

Mr DAMETTO: Thank you, Terry and Jos, for the answer.

Mr de Bruin: Thank you.

Proceedings suspended from 10.17 am to 10.28 am.

COWPERTHWAITE, Ms Nadia, Chair, Mount Isa Tourism Association (via videoconference)

MURRAY, Mr Garry, Board Member, Mount Isa Tourism Association (via videoconference)

CHAIR: Welcome. Would you like to make a brief opening statement?

Ms Cowperthwaite: Good morning. We would like to acknowledge the Kalkadoon people of the country we are on this morning.

CHAIR: Did you want to make a brief opening statement with regard to the legislation?

Ms Cowperthwaite: We definitely understand that maybe throughout the entire year there is no need for seven-day trading, but we would like it to be considered that we move from type 4 to type 3 for four months during the busy season to lighten the load for locals and to try to keep tourists here for an extra few days. Anecdotally, we have noticed that the caravan parks and the service stations have people who come in on a Sunday morning, see that there is no shopping and keep going to Barkly homestead—or the opposite way to Julia Creek—and spend that night there rather than here. At the end of the day, all of our members promote people going down to the convenience store, grabbing a coffee and all of the local businesses. We will always happily help the local businesses, but we need those people to stay here in order for us to then promote local.

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CHAIR: Do you want to add anything further, Garry?

Mr Murray: No, I think that has covered everything in the submission we tendered. I do not think there is anything else, other than that tourists expect Mount Isa to have seven-day trading. It is one of the fundamentals of tourism. We are missing out as a destination because we do not have it.

CHAIR: This legislation proposes to extend the provision of the moratorium for 12 months and maintain stability, although we have recommended in our report streamlining the categories this legislation takes up. What it does provide for in 12 months time is the ability for an independent umpire and the QIRC to take applications from regions such as Mount Isa, and they may wish to look at the category change you suggested. Deputy Chair, the first question goes to you.

Mr LISTER: I do not have any questions. Thank you, Mr Murray and Ms Cowperthwaite, for coming in. It was good to see you in Mount Isa. Thank you for your participation in this process.

Mr DAMETTO: Thank you for coming along to give your evidence. You broadly support the legislation before the House; is that correct?

Ms Cowperthwaite: Correct.

Mr DAMETTO: Other than the suggested zoning change which would be available after 12 months through the QIRC, is there anything else you think the legislation is missing at the moment, or are you broadly happy with the direction it is going?

Ms Cowperthwaite: I think we are broadly happy with it. I had a quick look through it last week. The main thing I got stuck on was the types and where we were automatically put to No. 4 regional rather than a tourism destination.

Mr DAMETTO: If Mount Isa, for example, were to change categories and were allowed to have seven-day trading at some stage, is Mount Isa ready for that? Do retailers have the same problem we are having across the state at the moment with the labour shortage? Would they be able to happily ramp up if it were to happen in 12 months?

Ms Cowperthwaite: Yes, we are definitely having a labour shortage like the rest of Australia. There are also year 10, 11 and 12 students who would then have the opportunity to work on a weekend. At the moment they are only employing a certain amount of kids, and we would love to see that number grow. As I am sure you guys are all aware, there are issues with not enough money for lower socio-economic families, and we would love to see teenagers get the opportunity to work if it helps them assist their family.

Mr O'ROURKE: This is probably more of a statement. I used to live in Mount Isa and both of my boys were born out there. Particularly around the time of the Mount Isa rodeo, people flock to the town and it almost doubles in population. It does seem a bit odd sometimes that we do not have Sunday trading out there. I would really encourage you to get in touch with the QIRC particularly around that tourism time because the whole town just booms. It is unbelievable.

Ms Cowperthwaite: It is not just the town. All of the stations have staff that they need to feed, and they also come into town and the shopping centres are insane.

Mr O'ROURKE: I bet they are. Thank you for being available today.

Mr SULLIVAN: Thanks for being available today and for your very detailed submission. We appreciate that; it is very logical. As you know, we were out there. Thanks for coming to the hearing at the end of last year. While we were out there we took some time to go around and visit some of the exempt shops. We noticed quite a variety and standard in price and quality, I guess. We did a bit of a mini purchase which the chair organised. Do you want to give us a bit of a flavour of what your views are in that regard?

Ms Cowperthwaite: There are definitely different standards. Since you have all been here one has sold and it is closed, but I believe it is looking to open within the next couple of months. They are sort of refurbishing. I believe it is owned by locals now, which should be great. I have noticed that many of the stores have diversified during COVID. One is the place to go and get your sandwiches before you go to work. One is the best place to get lollies from all over the world. They are smart businesspeople. They are already looking at diversification and how to keep bringing money into their stores. I make the effort, as I am sure a lot of people do, to go grab something. If I only need one thing, I am going to go to the local store, no matter what day of the week it is.

CHAIR: As there are no further questions, thank you very much for your time today. We are very appreciative of your submission and the time you gave us in Mount Isa. We look forward to seeing how Mount Isa's retail sector evolves into the future.

ADSHEAD, Ms Maree, Queensland Small Business Commissioner

CHAIR: Thank you for your submission. Would you like to make an opening statement?

Ms Adshead: As you well know, I was appointed and my office established under the Small Business Commissioner Act 2022. That commenced very recently, on 3 May. We are already seeing some interesting trends and challenges coming through with businesses in that time and how the complexion of matters that are being raised with us has changed. The role was previously established over two years ago, so we have some history in the role I have been performing since late May 2020 under the COVID-19 Emergency Response Act.

The main objective of the Small Business Commissioner Act is in section 5. It basically has two key roles: firstly, to enhance the operating environment for small business in Queensland; and, secondly, to reduce the time and costs associated with resolving disputes involving small business. Allowable trading hours and the impact that has on small business operators falls clearly within the first of those; that is, the operating environment small businesses experience. The inquiries and disputes my office has received since May 2020 have been very helpful in informing the opinions that were conveyed in both my submission in October and the submission to the bill more recently.

Over the last couple of years that intelligence gathering has included the likes of: 735 outreach activities that my office and I have carried out; 8,066 direct contacts from business; and 1,024 commercial lease disputes submitted, of which 601 have resulted in mediation conferences we have convened. We have conducted 10 small business industry roundtable sessions, and that is often alongside Minister Di Farmer. There are about 35 industry body peak groups around the table, so they have been very good at giving me and my office information. The other area that we gather great intelligence from is our 33 small business friendly councils and working alongside those mayors, councillors and economic development teams. Let's not forget them, because they do a huge amount of work and they are excellent to deal with, as well as their local chambers of commerce and businesses.

Many other submitters have referenced the population and demographics of the business cohort in Queensland; however, I would like to say that there are approximately 452,000 small businesses in Queensland representing roughly 97 per cent—although some will say 98 per cent—of the business population in Queensland. It is widely known that that economic impact is significant. As a collective cohort their contribution as an employer is also significant, accounting for roughly 42 per cent of the private sector workforce. We all know as customers, family and friends of small business owners that the impact they make and their contribution is not just important economically but also important socially. Within our communities they bring vibrancy. They bring personality to our main streets and our suburban centres. They make all the difference—and are what often draws visitors and their wallets—to regional Queensland, our cities and our suburbs. They make our lives fun. They make our lives more beautiful, more tasty and more entertaining. I note the submission of the IGA Group that references the additional benefits brought by small and independent grocers through stocking their shelves with local artisan produce. I think that is also a contribution worth acknowledging because of the important flow-on effect that has.

The Australian Taxation Office shares data as part of the function it performs every year. It shares a report with its small business stewardship group. I am an observer of that small business stewardship group alongside all of the other state based small business commissioners, and we get access to some of the data they share in addition to what they might normally reveal. For the 2020-21 financial year their report to that group revealed that 83 per cent of businesses nationally that report annual income under \$10 million per year—that is the ATO's definition of a small business, and there are 4.3 million of those businesses nationally—do not employ, and 70 per cent of that same population report annual income under \$75,000. I think it is really important to bear that reality in mind when we are talking about the small business population. So many are on their own and they do not have the staff, let alone a compliance team, to help them navigate complex rules and regulations. They do not have a lot of cash resources to pay for that advice either. That is an important reality I always urge people to consider. When businesses speak about red tape, they speak about the burden of complexity and the associated inability to figure out how to comply. I think it is really good to bear those numbers in mind. They are often on their own and they are doing it with very few cash resources. Easing the conditions with which they must comply and operate under is always welcome and always a good thing.

My submission in October in relation to these matters advocated for greater simplicity and reduced complexity for improved productivity and flexibility while at the same time maintaining a real level of production for our small businesses. I acknowledge that many small business owners consider that trading during extended hours is an important opportunity in terms of what it represents

for exempt shops and the competitive landscape equalisation that represents. I reflected on the data that my office has collected from the many thousands of inquiries and disputes from small businesses during COVID and noted that approximately 60 per cent—and that is an approximation from the data we have seen coming through—of the commercial leasing disputes that have been submitted were from exempt shops, which we take to suggest that small and independent retailers have indeed been heavily impacted by COVID, experiencing declines in turnover and reduced profitability.

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I acknowledge that many other submitters have very well articulated the toll that COVID has taken on their various sectors, although, of course, there were some positives and I saw the increased demand that the caravan association spoke about. That said, they are also not immune from the impacts of COVID, experiencing, no doubt, delays in accessing products, services that are needed, trades, access to trades, the increased cost of supply and increased cost of just generally doing business. Even though their demand is extremely high, I think it is important to acknowledge these impacts all over the place.

The position I put to this committee in both my October submission and the more recent submission to the bill remains the same: any change to trading hours regulation should give consideration to how it may affect that competitive landscape experienced by small businesses and aid their recovery and adaptation to the new and evolved customer experience, expectations and those customer behaviours that, thanks to the accelerated disruption brought by COVID, have changed very possibly forever.

I want to express my respect for the work of this committee and acknowledge the effort that has gone into striving to achieve a balance. The diverse and passionately conveyed views that have been put forward by the various stakeholders in relation to this matter, from total deregulation and immediate expiration of the moratorium right through to the opposite end of the spectrum, and balancing those competing interests would have been a very difficult task and I do wish to acknowledge the effort that has clearly gone into that work that the committee has done in settling upon its recommendations.

One very consistent theme, however, from everyone was that reduced complexity and flexible consistency was favoured. I noted CCIQ's submission suggested that the focus should be on the overall compliance burden of the regulation and that impact on the economy and business and the extent to which growth is supported and constrained. I agree with that sentiment; however, my responsibility is small business and I do put a rider on that, and my qualification on that would be just to urge mindfulness of the importance of that competitive landscape—that it is not always equal and there is a need to consider the impacts of changing trading hours on those small operators.

Do I consider the bill achieves and reflects the recommendations of this committee? Yes, I do. The bill also generally addresses issues that I raised in my October submission, but, for the reasons that I have just talked about, I did suggest insertion of some minor additions. They relate to the QIRC's factors to take into consideration around trading area orders and special events; section 22(c) to better address the impact of an order not only on the core trading hours of non-exempt shops but also on all local shops and to avoid adverse impact. I have proposed a section there to be drafted: (c), the effect of the order on the shops in the area; section 22(f) likewise amended to address the interests of the local economy and consumers more specifically; and adding in a subsection (f), the interests of local community and their customers to be taken into account.

In relation to special events, section 31A(2) also requires that the declaration include the reasons for the decision in relation to the things that must be considered under section 31B. While section 31B is absolutely supported, (2) should include having regard to whether the event will have economic benefits for local business communities, not just the major retailers. I thought there may have been an inadvertent omission of Pacific Fair Shopping Centre in clause 9 which I also flagged in my submission. I advocated for streamlining special event declarations for reoccurring events as part of my statutory function to enhance the operating environment for small business. Where the administrative burden can be reduced, that is good for business and it is also really good for the regulator. I would like to encourage consideration of streamlining this process for reoccurring special events.

Lastly, I did not address specifically in either of my submissions recommendation No. 4 regarding the definition of an independent retail store. I note the submissions of IGA and MGA and I wish to convey my support for assertions that COVID-19 has added new challenges to business. Customer behaviours and expectations have definitely changed. The cost of doing business has certainly elevated significantly and, in order to innovate and respond to the changing expectations of customers, we have seen not just smaller independent grocers but many traders pivot and expand their product offering or expand their service offering, such as the examples that were provided in the Brisbane

submissions. Equally, I just heard from the Mount Isa tourism representatives that the same thing is happening there. I do think that is likely to have a corresponding increase on the number of staff that are needed on the floor at times in order to innovate and respond to those changing expectations of customers. I just wanted to acknowledge that trend and convey that my office does not oppose those assertions in relation to increasing the definition and staff numbers for independent retail stores if the committee were open to consideration of that at this stage of the consultation. Thank you.

Mr LISTER: Commissioner, thank you for coming in. You are a most impressive witness and very much across your brief. Can I put to you a proposition that the vibrancy you spoke of which small business contributes often comes from the degree of protection they may have available to them to maintain the business in the face of strong competition from the large operators. You mentioned stocking local artisan products and so forth, and I might extend that to being able to put on apprentice butchers and employ more staff than might be the case with the automated checkouts. Is it worthwhile—is it in our interests—to have a degree of protection, in whatever form that might take, to enable that to persist, or is it better, in the interests of small business generally, that there be open competition? Have you seen the submissions of the other groups and so forth and are able to speak in that context?

Ms Adshead: Yes, and thank you for the question. It is a complex space. That is the challenge we are dealing with right now. It is hard to speak specifically because there are so many different sectors involved here. The example you gave about the butcher employing more apprentices—

Mr LISTER: I was actually thinking of a retail store like an IGA.

Ms Adshead: Within the butchery, yes. I saw some of the examples, that there are even sushi bars, juice bars and things like that going into some of these independent grocers. When you think about convenience and what a convenience store is about, convenience is about those extended hours. That is their competitive advantage. I think that is something that comes through very strongly in the submissions I have seen by MGA and IGA. Is it worth protecting in terms of the broader economic balancing of competing interests? Well, given my remit is for small businesses and enhancing the conditions they operate under, I am all for advocating for a balanced approach to that competitive landscape and keeping that as level as it can possibly be. If their only competitive advantage, apart from the innovation and other things they are trying to do to increase the foot traffic through their door, regardless of whether there is a big retailer right beside them, is convenience then I think that is an important factor.

Mr BOOTHMAN: Thank you for your submissions and your passion for small business. We certainly agree with that. You briefly spoke about the number of employees. The MGA independent retailers were talking about from 30 to 40 at a shop at any given time and also from 100 to 200 employees when it comes to shops all across Queensland. When we were in Mount Isa there were quite a few vacancies available for employees. What are your thoughts on attracting people to these more rural areas, these regional towns, to cater for that desperate need for more workers?

Ms Adshead: It is a challenge right across Queensland and it is more pronounced in regional parts of Queensland, absolutely. Your example is exactly right, and thank you for the question. When you talk to businesses in Longreach or anywhere you go, there are very similar scenarios. In terms of how to attract those businesses to be able to fill the positions that are needed on the floor to do the innovative work they are trying to do to attract customers, I do not have the magic answer. The next thing you will say is that if you manage to successfully draw young families—everybody tells me they are looking for young families, because that is going to have the flow-on effect more broadly into the community—there is a housing shortage, and then people will ask how we address that because we have nowhere for them to live. The issue is, unfortunately, a really complex one.

Increasing definitions to allow that opportunity I do not think is going to present a challenge in respect of what we have right now. Things will eventually settle down as the numbers of international visitors come up. We know that there is a very renewed focus on migration from cities to regions and from Victoria and New South Wales into Queensland. What I am not sure on is how that is translating regionally. The Regional Australia Institute do their annual migration index with Commonwealth Bank data. It is fascinating stuff. I always like to see where people are moving from and where they are going to. Now they have added in their recent index what are their professions, what are the skills they have and how they are moving around. I think there is a lot of work to be done in understanding and unpacking those trends and then being able to work out how regional locations like Mount Isa can really take advantage of that passion for regional migration. The challenge will be housing. I do not know specifically if that is a massive issue in Mount Isa. I suspect it is, given that every other regional town I have been to raises that as the second issue out of their mouths, but I do not know that that should necessarily limit the opportunity to increase the definition.

Mr BOOTHMAN: On the Gold Coast my local cafes are struggling to find employees, whereas we have had a massive influx of professional individuals from Melbourne and Sydney. We are literally bursting at the seams in our area.

Ms Adshead: It is going to be really interesting times in Queensland over the next couple of years as it settles down, or if it settles down. These trends might continue. What Melbourne and Sydney look like in 10 years time, I do not know.

Mr DAMETTO: Commissioner, thank you very much for coming along and giving your evidence today and for your opening remarks. When I am speaking to small businesses I always ask what they need and what they want. The answers that come back are very diverse. The underlying theme is consistency. I think that is why most of the small businesses have come back and said, 'We want to extend the moratorium,' or 'We are happy for the 12 months but we would love five years.' If they know what they are working with on a daily basis, it is easy for them to future plan for their businesses. A changing landscape does not satisfy the bigger players in any market. They have the resources and the ability to pivot a lot quicker than a small- to medium-sized business. When you are talking to small business owners out there, is that the kind of feedback you are getting as well?

Ms Adshead: Yes, and thank you for the question. Consistency is really important. When you think about the profile of the business operator that we have just spoken about from the numbers that the ATO are generating, so many people are doing this with very small teams around them, if not by themselves.

Mr DAMETTO: And small budgets—sorry to interrupt.

Ms Adshead: Very small budgets, exactly. Look at how much change we have had to adapt to in every other part of our business lives and our personal lives. If there is one thing that we can try to contain a lot of change in then that probably would be welcome from that consistency point of view. You talk to businesses and they will say, 'I'm exhausted. I'm just exhausted,' and it is really just the keeping up with change.

Mr DAMETTO: And haven't we had a lot of change in regulation and what we can and cannot do over the last two years? I can understand why they are a little worn out.

Ms Adshead: Absolutely. Combine that with difficulty getting staff. I remember very vividly speaking to the BP service station owner on the way into Longreach and she said, 'We love that the Australian population has decided to get out west, but can they stop now, please, because I am working 5 am until 10 o'clock at night and I can't get anybody to help me in my servo?' Businesses are exhausted. We have a challenge in terms of access to staff, which means they are doing a lot more in their business on their own. If you are doing that, how do you keep up with change? Your head is down serving customers; you are doing everything you can to stay afloat.

Mr DAMETTO: It is easy for customers from the outside looking in to say, 'Why don't you just innovate,' but 'Hang on a sec, I'm just trying to get through the 16-hour day behind the counter.'

Ms Adshead: Yes. That is a good point.

CHAIR: How much of the interaction with you as the Small Business Commissioner and your office is retail oriented, do you know?

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Ms Adshead: I could tell you the numbers based on the data that is coming through our inquiries and our disputes. Anecdotally, between retail and hospitality, that would be the lion's share of the work that we do.

CHAIR: That is predominantly where most of the disputes are?

Ms Adshead: Retail and retail services, yes.

CHAIR: What have been some of the common themes around those disputes? Are you able to share that at all?

Ms Adshead: Yes, absolutely. Thank you for that question. I love any opportunity to talk about the things we are starting to see.

CHAIR: I think people would be fascinated to hear what comes through.

Ms Adshead: What is going on, yes. Bear in mind that the disputes we get are all commercial lease related. Particularly now, given we are operating under our new legislation, we are taking all of the retail shop lease disputes that would normally go through to QCAT first and we are doing the more general disputes around any type of commercial lease. The Retail Shop Leases Act introduces a lot of protection for small business lessees that you do not normally see when you are relying purely on your contract and some more loose provisions under the Property Law Act. We are seeing a couple of interesting trends. Firstly, a lot of tenants are not well versed in the provisions of their lease—

understandably, for all the reasons we have just talked about. Life is busy, you are not a lawyer, you get this contract and you are sold the sizzle by a very good agent or the centre manager at the centre. It is often the case that there is a complete misunderstanding of the fundamentals of what you have committed to.

What we are seeing is a lot of businesses wanting either to exit the business altogether—the exhaustion has gotten too much—or to exit their lease. There is a very big misunderstanding that the three years remaining on the lease you have signed up for is a commitment you have to negotiate out of; you cannot just leave the keys on the bench like you can in America, like we see on Netflix movies. You cannot just do that and walk away. We have a very different landscape here. Understanding those commitments and those obligations is leading to disputes around bond and an increased number of disputes around maintenance of the property. We saw that in the aftermath of the floods, where two years of landlords being expected to give rent relief—even though they did not give rent relief for the whole two years—opened the door to negotiations. A lot of negotiations happened post the response and an additional period at the end of 2020.

Finances are tight for landlords, too. Something has to give, right? That sometimes means that they are not financially capable of maintaining the premises as well as they might normally. We did see a real increase in disputes around who is responsible for what after the floods. The insurance layer on top of that has added complexity, too. It is a real challenge as to that operating environment—the cost of doing business and the pressures of having to keep up with the changing rules and so on for business. Hopefully things are starting to improve in terms of that changing landscape that was affecting businesses.

We are also seeing an increase in parties that have legal representation now. That is probably because of the Retail Shop Leases Act and QCAT. When you are on the door of court or a tribunal, you are in a very adversarial mindset already. Once each party to that dispute has legal representation, we are finding that the positions are a bit more dug in and our mediation success rate is going to take a bit of a dive, because they have moved way past the point of having a conversation.

There are just so many really interesting trends. We are very excited because in about a month we will be launching our brand new way of intaking our clients through more interactive forms. The patterns and the trends that we are going to be able to learn from that data will provide much more meaningful insights for fellows like yourselves.

CHAIR: Excellent. That is very exciting. In terms of what does come through your door, we have heard from various shopping centre organisations and some retailers inside shopping centres in terms of the mandating of operating hours when they are inside a shopping centre. Do you get many disputes in that respect? As you say, there may be a small business operating inside a big shopping centre and they cannot do Saturdays from nine until six; they want to be able to shut at three o'clock in the afternoon. Do you have any of those sorts of disputes coming through?

Ms Adshead: Yes, thank you for that question. We do. It is possibly slowing down now, although the cause for the need for the reduced hours is changing. Originally during COVID there was a moratorium on that. You were not able to get breached by your landlord if you did not trade at the full committed trading hours. That was because you were in lockdown or were unable to operate for all sorts of different reasons—you had staff with COVID, for example. That is becoming a bit of an issue with traders. My colleague was meant to be with me today, for example. She is not here; she has COVID. There are plenty of businesses that are unable to trade to the full hours because they just do not have the staff.

CHAIR: We see the stickers on the windows in our shops.

Ms Adshead: Yes. It is not just because they have COVID or the flu; it is because they cannot get staff. This is going to become a bit of an emerging area of argy-bargy between tenants and landlords. I can absolutely see that coming, too.

CHAIR: That is really interesting in terms of the flexibility of trading hours.

Mr SULLIVAN: Anecdotally, have you heard from small businesses—in my patch I represent Westfield Chermside, a huge centre, as well as Stafford City—that people's behaviour has changed because of COVID and the flu? A lot of older people do not like to go to smaller shops now. They might go to a Coles or a Woolies to get their food but they are not going to spend two hours walking around checking out the smaller gift shops, the smaller cafes or that sort of thing. Are you finding that sort of struggle?

Ms Adshead: Yes. That would be coming out anecdotally in the stories we are collecting as well. I guess that is why businesses are under pressure to do things differently. That is that change in customer expectation and behaviours that I was alluding to earlier. I do not think that is ever going

to get back to where it was before. On the weekend I was talking to my mother and father and they were reflecting on an experience they had had that Saturday night out for dinner. The fellow who owned the Fountain Court restaurant they had been going to—I know there is a bit of a *Kath & Kim* reference there!—had two other customers that night, but he was run off his feet with Uber Eats. He just said, 'When is this ever going to go back to normal?' I do not think it ever is. Yes, we saw customers changing the time they would spend in the shopping centre. People spoke to us about the January-February period of this year being like a lockdown for those reasons, particularly in areas where they had not had a lot of exposure to COVID. There was a real nervousness among the customers to go out at all, let alone to the shops. I think that is a factor that traders are going to have to adapt to. I do not think that is ever going to equalise back to pre-COVID conditions. We like our houses and our jammies too much, I think—because we can; it all comes to us now.

CHAIR: Thank you very much, Commissioner. We are really grateful for all of the feedback and information you have given us. Thank you for your submission. We are so very grateful. We will be looking into that CBA report, too. That is very interesting.

POWER, Mr Justin, Assistant Branch Secretary, Shop Distributive and Allied Employees Association (Queensland)

CHAIR: Would you like to make a brief opening statement? Then the committee will have some questions for you.

Mr Power: First, I thank the chair and the committee for the SDA's opportunity to address the committee again. I give apologies for the secretary, Chris Gazenbeek, who I know has spoken to the committee before. This is something that is very important to our members and therefore dear to Chris's heart, but, unfortunately, due to a timing conflict, he is unable to be here today. Therefore, I am obviously representing the SDA and Chris.

We are here today to express our strong support for the amendments put forward in the Trading (Allowable Hours) and Other Legislation Amendment Bill 2022. We acknowledge that the majority of the amendments reflect the proposed amendments by the SDA to the Education, Employment and Training Committee in October 2021 as part of its inquiry into the Trading (Allowable Hours) Act 1990. We commend the Queensland government for taking on board the matters the SDA had outlined and substantively implementing those recommendations.

We begin first by acknowledging the contribution of the retail workers in our state who, as essential workers during this pandemic, have worked tirelessly to support the needs of the community by providing safe access to food and other necessities. As you may be aware, the SDA is the largest union covering retail, fast food and warehousing. Our organisation has around 35,000 members. We have a strong understanding of our members' views on the matters being discussed. Over the last year we have sought to understand those views to a greater extent through a survey we conducted in October 2021 focusing on issues relevant to this bill which saw responses from over 1,370 retail workers.

The SDA submits that the amendments support the view of our members and reflect the balanced approach to the regulation of trading hours in Queensland under the act. It has always been the position of the SDA that subsection 5(1)(c) of the act contains significant deficiencies enabling the misuse of the current regime, the major deficiency being the inability of the Fair Work Commission when determining these matters to consider any factor other than the proposed significance of the relevant event. The applications have exposed a lack of clarity about whether the orders requested should be limited to the listed period of the event and what considerations are relevant to address in deciding an application. The absence of more robust considerations before approval can be given has resulted in only two of numerous occasions made by the National Retail Association being rejected to date, a rate of overwhelming approval which we have previously submitted should be addressed in light of the original intention of the section as noted in the recommendations of the Office of Industrial Relations review in 2016.

The SDA previously made submissions to the committee that if section 5 was to be retained then the minimum considerations were as follows: (a) the necessity of non-exempt shops to actually trade as exempt shops during a special event; (b) the impact such a declaration has on employees of shops affected by the granting of such a declaration and their immediate family; (c) the necessity to limit any retail hours during the special event period; (d) consideration of any food and drink available at the event or the event's promotion of local restaurants and businesses; (e) the correlation between the nature of the shop and the nature of the event; (f) how any previous declaration for the event was used by the affected non-exempt stores and the subsequent impacts; (g) other specific features of the event such as attendance numbers, size of the event, media coverage and any contribution to the state's international reputation; and (h) if section 5 is retained, it should be amended to include voluntary work and provide protections in line with those contained in section 36B of the Trading (Allowable Hours) Act 1990.

We submit that the proposed amendments address these issues as they appear to adopt the approach the SDA has presented, and we resoundingly support the approach taken in the amendments to the legislation. The SDA supports the introduction of a more robust examination process by the insertion of new part 5, division 3 in the act, allowing a better review of matters for consideration to determine such an application.

The SDA acknowledges the current legislation and its clear intention to protect voluntary work in the extended hours, as reflected in section 36B. Despite this intention, the commission recently determined that it did not have the jurisdiction to apply the protections found in 36B of the act—that is, voluntary work in the extended hours—to orders made pursuant to section 5, a decision which has created a risk of retail workers effectively being required to work in further unsociable hours. The

insertion of the new 36BA will enshrine the protections to employees that have to this point been based on non-enforceable handshake agreements between the employers and the union groups and are not able to be empowered by way of a formal order of the Queensland Industrial Commission.

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These changes will positively protect the working lives of Queensland retail workers. It is the SDA's strong position that the necessity for changing trading hours is limited when there are currently a wide range of available retail outlets providing customers an extensive period in which to shop, there is increasing access to online shopping and, where there are accurately identified significant events, those periods will be covered by the extended trading hours order amended by the bill herein. Accordingly, the SDA has promoted a more extensive moratorium—that is, requiring a further five years than the bill has introduced—but we welcome any limitation on the further erosion of trading hours which have significant social effects on retail workers.

In summary, the SDA reiterates our strong support of the proposed amendments and believes this change is necessary to ensure a balanced set of trading hours and protections for Queensland retail workers now and into the future. I again thank the chair for the opportunity to address the committee this morning.

Mr LISTER: You have answered all of the questions I was going to ask. Thank you very much for your appearance.

Mr BOOTHMAN: My question is to do with 36BA and the terminology 'freely elected'. Do you have any concerns with that definition when it comes to the rights of workers and how it would be implemented? As an example, say a larger store has a special event on a weekend and they are looking for additional workers to cater for positions. Do you have any concerns that there could be some potential harassment of workers to work those extended times?

Mr Power: That was one of our concerns: wherever there is any extension to trading hours on behalf of our members there can be coercion to try to fill those later hours where they cannot get volunteers, to get people to work them. Our view at this stage is that 36BA—that is, the definition of 'freely elect to work'—clearly outlines that 'freely elected' does not involve any form of coercion. We think that provides sufficient protection at this stage for our members.

Mr BOOTHMAN: Has your association received any complaints over the last two years where the employee feels trapped to work those additional hours?

Mr Power: Anecdotally, I would have to say that we have received plenty from the perspective that it could be a member who has identified that there has been an extension of hours that they are unable to work due to family, social or study commitments or the like, and in some cases the person may have been told point blank, especially if they are casual, 'If you cannot do this shift I am not sure I will have hours for you next week.' Of course, when that manifests, that effectively sends a message to the rest of the casual workforce and some of the part-timers who may be reliant upon what we might call flex-up or additional hours to make ends meet at the end of the week. For our members who are very vulnerable, the flow-on effect of that is if you are offered hours during extended trading later on down the track you take them because you saw what happened to the person last week who did not and they are not getting shifts.

Mr DAMETTO: Justin, thank you for coming along this morning to speak on behalf of your members. When speaking to your members in recent times and seeing the labour shortage in the workforce across Queensland—and I am sure across other states in Australia—what kind of feedback are you getting from your members when they are being asked to do extra shifts and the pressure is on them already without, of course, the extending of trading hours that may be considered into the future?

Mr Power: In the retail sector there have always been calls from our members that they find themselves regularly worked to their limits. Often we find ourselves engaging with employers around reasonable expectations of the amount of work that can be performed. Certainly I think that has been exacerbated in the last 12 months to two years due to lack of availability of other staff, whether it is due to having contracted COVID. More recently, some of the larger employers have run into the problem where, due to the introduction of a vaccine mandate, they have lost a low percentage but a critical percentage of employees which they need to be able to operate, and that work pressure then flows through to everybody else. I know it is not related to this particular committee but, for clarity, we also cover the distribution centres, and they have a similar problem, if not worse, to some of the retail establishments as far as filling gaps where they have lost people due to COVID or vaccine mandates.

Mr SULLIVAN: Thank you for your presentation today, Justin. For your information, I have previously put on the record my previous membership of the SDA when I worked in retail at Stafford City Shopping Centre.

Mr Power: Happy to have you, Jimmy.

Mr SULLIVAN: Thank you. I want to associate myself with the questions that the member for Hinchinbrook put in terms of the imbalance that people have when it comes to shift rostering for casuals and part-time in particular. You go through in some detail in your submission the variety of membership that you have in terms of people who are studying, people who are single parents and people who work retail so that they can look after their family and put food on the table. Thank you for that information. It has been put to us by other particularly business organisations that liberalisation of trading hours is great for jobs because people might actually prefer to work what you describe as unsociable hours. Can you talk across your industry experience of the opportunities in retail and other areas in the supply chain where there are already opportunities to work out of hours? There are shelf stockers and warehouse roles. If you choose to work unsociable hours, there is opportunity in retail already; is there not?

Mr Power: Yes. If I can backtrack a little bit, the first comment I would make is that the theory that an increase to trading hours, certainly with the majors or the non-exempt stores, would lead to an increase in employment and more jobs in different hours, in our experience, has never panned out. In fact, there was a study, which may be contained within our submission, when the last moratorium was introduced about six years ago. There was an extension to trading hours then and the theory was that that would lead to further employment. There has been a study subsequently done that showed that not only did that never eventuate; it actually reduced the level of full-time employment. Largely, we suspect that is because often with the majors—sorry, I should not use the term ‘majors’. With the non-exempt shops, an extension to trading hours means stretching out the people you already have, not putting on anybody else. The trade that the non-exempts then pick up comes at the expense of a small business or a mum-and-dad operation or a medium-sized business that cannot afford to employ as many people anymore because they just lost some of their trade to a non-exempt store. In relation to the specific question that you were asking about the ability to work strange hours, if I can put it that way—

Mr SULLIVAN: If that suits your lifestyle, yes.

Mr Power: As you suggest, that already exists. My first role working for the SDA was as a night-fill and dawn-fill organiser. There are night-fill teams that operate after the store closes. There are dawn-fill teams that operate before the store opens. They are full. I do not think this demographic will have changed: they are absolutely chock-full of university students who study during the day and then come in and do the night shift because they are the hours they are available; they are full of single parents who care for their children during the day and then one of their parents will come in and look after the children while they sleep, and then the mum or dad—the single parent—then goes and does night fill or does dawn fill in the morning or what have you. There is even a place for anybody who wants to work from midnight until very early in the morning because quite often a lot of stores will have somebody there to receive fresh produce loads and get the fresh produce ready before opening, and they can be working anywhere from midnight until midday. If our members have a lifestyle that requires them to work unsociable hours because it suits their needs, there are still plenty of those without having to extend trading hours further.

The risk with extending the trading hours is that the people who serve on the front and the people who serve on the floor are already vulnerable and their lifestyle, their home life, their work-life balance becomes increasingly unmanageable. For example, for a student who wants to work night fill there are really only six hours they can do that in so they know when they are going to be working, but a retail worker who is already, whether they like it or not, available for about 13 hours a day has the struggle where they might want to try to make plans for their kids to be at a football carnival or they might want to make plans to be at the school sports carnival but then they find out that their roster changes two weeks before and they are no longer available for that. Extending trading hours just makes their life even less manageable. They find out that previously they would be finished at nine o'clock so they could be home to do X, Y and Z, and now it turns out that they will not be home until 10 o'clock, 11 o'clock or midnight.

Mr SULLIVAN: This is probably more a comment rather than a question: in Chris's previous submissions we did put on the record as a committee our thanks for retail workers, particularly over the last couple of years, who kept the place running and kept food on the table for families. Without them rocking up every day going to work, when a lot of people were not, we would not have gotten through it. Can you pass that on to your membership?

Mr Power: Yes, I will. We appreciate that and I know that our members will appreciate that, thank you.

CHAIR: You beat me to it, member for Stafford. I was going to place on the record our very deep thanks to the members of the SDA and all retail workers for their contribution to Queensland in keeping us all going over the last few years. It has been extraordinarily complex times, so thank you.

Mr Power: Much appreciated, Chair.

CHAIR: Thank you for your time today.

SPANO, Mr Frank, Retail Chairman, IGA Queensland and Northern New South Wales Board

CHAIR: Welcome. If you would like to give a brief opening statement, that would be great.

Mr Spano: Thank you for your time, Chair and committee, for allowing me to speak on behalf of the IGA network that I represent across Queensland which encompasses 249 individual retail stores from Currumbin all the way up to Cape York, representative of our workforce. I would like to thank you for your report and your feedback. As you can see through our submission, we are supportive of the majority of the points that have been made and recommended from your committee. However, we have two concerns in relation to the definitions in section 6(1), which is recommendation 4. We would like to try to increase the head count from the 30 to 40 per store and 100 to 150 per business to enable the independent network to cater to new consumer needs, increasing the appetite to provide more services within the footprints, related to coffee shops, sushi stores, butcheries—all the things that consumers are looking for today—that you see across south-east Brisbane, whether it be IGA Mount Cotton, which represents us very well, but we do not have that across the state yet. We need to give that accessibility to the rest of the network to enable us to do that. COVID has obviously had a considerable impact in allowing us to reinvigorate the network. We thought we would have achieved more over the last five years, but COVID has had considerable impacts around that.

The next point is around the extension to the moratorium. We would like to see the extension from 23 August pushed back another five years from today, please. That will enable us to work with our colleagues to protect the sustainability of our network. COVID has had a real impact around sustainability from increased costs, whether it be labour shortages—some of us have had up to 30 per cent absenteeism in the last two years—electricity costs, rent costs, the erosion of trying to get supply chain which has not rebounded yet, to the fact that service levels for us are running at 70 per cent and will not improve for the foreseeable future. We are really relying on trying to procure stock at a time when it is hard. We are trying to be sustainable when costs have blown out and there is no foresight as to when they will be reduced.

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The trading hours is one thing that enables us to have a competitive advantage. It also ensures us some sustainability so retailers have the ability to reinvest to protect that and, obviously, gives customers an improved service because they have some certainty that if they do invest money then they are going to get some protection of trading hours. The impact of that previously from the QIRC submissions is very difficult for a retailer to support. I sit here as the last retailer to lose seven-day trading and the impact it had on my business is still being felt today. People have spoken about jobs and that has not played out across my two regional stores, in Warwick and Stanthorpe, which James is a member of. We speak openly about the concerns we have around sustainability and jobs in these communities, because you cannot find labour in Warwick today. I am open to take questions from the floor.

Mr LISTER: Mr Spano, as you have said, we know one another. You personally operate two IGAs in my electorate, in Warwick and Stanthorpe. Earlier today the Australian Retailers Association was represented by, among others, Professor Gary Mortimer. He spoke at length about research that he had conducted around 2016 concerning consumer sentiment around trading hours in Warwick, Stanthorpe and Pittsworth. He talked about an overwhelming desire amongst the surveyed people for the expansion of trading hours and the position of the ARA was for complete deregulation of the market. They spoke of improvements in the economy and in employment stemming from that kind of deregulation. You just mentioned your own experience in your Warwick and Stanthorpe stores. Could you elaborate on that and offer a view on the research that was discussed by Professor Mortimer?

Mr Spano: If you look back at the previous QIRC submissions about job creation and opportunities for that within regional townships, what they did not show you is the impact it has on the main street. The main streets in those two communities are now ghost towns on Sundays. The majority of businesses do not trade for two reasons: they do not have labour—they cannot afford the labour; and the money is not in town. If you look at what is achieved from the consumer perspective, all you have seen is Aldi trade a bit longer. They still do not trade the full allowable hours in these communities. They actually could choose to trade by another 14 hours, to meet the current allowable hours.

You look at the opportunity lost from consumers in the development of staff. Bakeries and butchers have all closed down. You have three bakeries less and two butchers less in this catchment, across 15,000 people. My own business is 16 full-time-equivalent employees down. That will apply to the model that I did with Professor Fabrizio Carmignani from Griffith University. He is a Professor of Economics at the uni there. It showed that every time you transfer a sale from an independent Brisbane

retailer to a corporate or a major, there is an erosion in jobs because we all know that independents spend on wages at a higher rate per dollar spent in store. In supermarkets, my rate is double my nearest Coles and Woolworths. That is because I still try to employ butchers and bakers in my stores, but I do not have the luxury of finding the labour today. There is a massive skills shortage through metro and regional Queensland—in finding skilled labour. We cannot find apprentices. I would happily put on three or four apprentices tomorrow morning but I cannot find them so I am consistently having to pay to maintain well above market rate to find people to move to communities.

The other part is housing. You cannot find a house in Stanthorpe or Warwick today. There is no availability of free rentals because you have a fairly high mix of people who have secondary homes for whatever reasons. They cannot find rentals for staff. I cannot even find a place to put my staff into.

We need to ensure that we have some protection so we can invest to create jobs. I love to create jobs. That is why I do not have self-checkouts. I believe and my family believes that, as a kid, you have to work your way through to support yourself. We aim to hire as many schoolkids as we can to give them opportunities. That is why we do not have 20 self-checkouts, as Coles and Woolworths have in that catchment, because that creates a lot of opportunity for the children as well. That is the importance of being a family business. We value that. We value supporting our community and giving back to our community. You would lose that if we continually lose seven-day trade. You would see an erosion.

CHAIR: I do not mean to interrupt you, but you are not having any issue in finding young people to work within your retail outlets; your challenge at the moment, in terms of hiring, is around the skilled butchers and bakers?

Mr Spano: No. It is every aspect of our business.

CHAIR: Are there a fair few younger people in your community?

Mr Spano: Yes, but a lot of the schoolkids are obviously capped at 12 hours per week now and they do not want to work weekends because they have sport on and they have family commitments. Especially in regional towns, there is still a lot of family unity. We struggle to man our weekends in these catchments because there are still churchgoing people.

CHAIR: This is not a new trend, then?

Mr Spano: Compared to metro, I would say it is probably a sustainable trend because metro stores do not have this problem; regional stores do. I do believe it is about the lifestyle balance—working unseen hours, working late at night. The community is not there and does not need all this accessibility to hours because of the shift to online. You have an offer in town now that is tradeable seven days a week, but we really have not seen any reinvestment. I personally have had to delay the refit in the Warwick store because I did not have the funds because it impacted seven-day trade. I pulled a \$3 million renovation off the table because I could not afford it because of the erosion of this and the impact on my communities. I still have not seen that bounce back yet. Costs have gone up but my sustainability has not improved in the past five years.

Mr BOOTHMAN: How many people do you employ in your Warwick store over a week?

Mr Spano: The total headcount is about 85 people within that store.

Mr BOOTHMAN: Do you have any idea how many people the major chains would employ in their stores in the area?

Mr Spano: I would be poking at it with a stick on this one. I would not be entirely sure.

Mr BOOTHMAN: I note your comment that you employ butchers and other specialised individuals and the bigger stores obviously do not do that anymore. Especially down my way, I have noticed they have taken them out of the areas. If there was a continued focus on opening up seven-day trade for the larger organisations, what would you have to do to try to remain competitive? How could you remain competitive, or would you slowly get squeezed out of the market?

Mr Spano: It depends on how you look at the approach. My biggest cost is my labour force. To be sustainable, the first thing you would remove is your labour component, which is a loss of jobs and a loss of development of people.

Mr BOOTHMAN: And as you say, you pay more—

Mr Spano: I pay more to keep staff. If I could find them, I would pay full wages for an apprentice today because for me the benefit is keeping them for three or four years. But there is a cost to that because people do not want to do the unfavourable hours, like being a baker at two in the morning or being a butcher at five in the morning. The first thing you would lose would be your labour force.

You would have to try to streamline your procurement. The concern for me would be the local supply that I currently procure. I deal with 60 local suppliers between Gatton, Warwick and Stanthorpe that supply me today. I do not fight about price because to be sustainable I make sure that the farmer gets paid a reasonable dollar for the product they procure. I would have to push back on them as well, which means there is an impact for that other circle of the economy, as I call it. I would have to say, 'I can't buy that from you because you are 20 cents dearer than what I can get from someone else down the road or in the marketplace.'

Mr BOOTHMAN: Would you have agreements with local farming communities about selling certain products directly to your store?

Mr Spano: We procure from multiples. We do not give them any agreements because I believe it has to be sustainable for all parties. If I give you an agreement that says you have to do this and you do not, I am not going to penalise you. You have already had the impact of losing crops this year because of floods. If you drive through Warwick and Stanthorpe, you can see the floods and devastation. I have seen it in Gatton and Warwick. It is devastating. If you get it twice in 10 weeks, it is a scary thought. If you look at their costs—seedlings, labour shortages as well. They have replanted strawberries in Stanthorpe because they have not got labour. Look at the price of a berry today—it is 10 bucks—yet I know we have replanted because we did not have labour. It is devastating. We are wasting our own product and what we can give the customers and save inflation. It is sad to see.

Mr BOOTHMAN: It certainly is. I suppose this is more of a comment. We saw recently a group of farmers up in the Atherton area, near Cairns, dump all their of avocados because they found it completely unfeasible to send them down south because of the transport costs and the low price of their product, yet in the major stores you see that it still costs \$1.50 for an avocado.

Mr Spano: Yes, and that is the sad part about it. This is where you need a strong independent network to give competition to Coles and Woolworths so consumers get value. The bigger we are as independents—being butchers, bakers, fruit shops—the consumer wins.

Mr BOOTHMAN: I agree.

Mr DAMETTO: My question is around the importance of consistency when it comes to planning and small business. I understand that you are calling for a further five years and that is something that, through the KAP, we would definitely support. We may even draft amendments to the bill after discussing it internally. Can you elaborate a little more, so that the committee can understand, especially when you work in a sector where you have so many variables every day, whether it is transport costs and what you pay at the farm gate all the way through to what you have to pay to retain staff? Can you explain to the committee what that sort of consistency over the next five years would actually mean for small businesses in your network when it comes to forward planning and also perhaps innovating?

Mr Spano: The five-year extension of the moratorium would give retailers confidence around their baseline sales so there is no further erosion to, let's say, a non-exempt store. What that means is you can forecast with a bit of confidence that you can reinvest into your business and you can provide a better offer for the consumer.

One of the challenges for us in the next 12 months is the lack of skilled labour in the construction industry. We cannot find builders, painters or sparkies to do any installations. You are looking at 12 to 18 months to get any sort of skilled labour. Procuring equipment is an added nine- to 12-month lead time. I have ordered new freezers for my Stanthorpe store. I ordered them in February and I will get them in November. That sort of time frame enables you to obviously wade through and wait for that stuff to happen so that you get that investment protection.

The other part is the cost of procurement today. Freight costs are up four times. That is another expense so that, if we do it today, the sustainability will be eroded if we lose trading hours because you are going to pay a higher cost for procurement and do not get the benefit of it for that reinvestment.

It allows us to innovate, which is the exciting part. If we innovate, we can create jobs and we can create employment opportunities for communities. Whether it be putting in sushi, coffee shops or dry-aged meats—creating all these skilled things that consumers want to see. That is the investment we will put in over the five years to ensure we can create a competitive advantage for us for the future so that we can ensure customers get a win from this.

Our job is to make sure we are a viable third party. Being sustainable is about ensuring we give customers the choice to get the right price from us as well. This investment is heavy and it is big for a supermarket. To freeze the costs for a normal sized store would cost you three-quarters of a million dollars. With the cost of cash going up we do need that certainty, because otherwise we do not.

Mr DAMETTO: It is a good point that you make there, Mr Spano. The bigger supermarket chains likely have contracts in place with construction companies to do their continual upgrades and building and rebuilding parts of their stores whereas the smaller retailers would have to go out to market, just like everyone else, and try to get a plumber or a sparky.

Mr Spano: It is even the cost of rent. A lot of retailers in smaller formats have added CPI-plus to their lease. A lot of the majors are linked to percentage rent turnovers, which gives them a considerable advantage. When inflation is high, it means your rent costs go up. That is a challenge for a lot of smaller retailers, especially in regional towns when they do not have population growth. Stanthorpe has one per cent population growth this year but a six per cent rate rise. Automatically, consumers are going to be worse off just on the rate rise alone in that catchment. That is difficult because you talk to the mayor—as we both know, James—and he is struggling. He says, ‘Frank, I have no way to fight that off.’

Mr DAMETTO: Balance the books, yes.

Mr Spano: Yes. We understand it because it is a commercial reality for every part of business and the council is not immune to that cost increase.

CHAIR: I do not think anybody is immune to that cost increase, whether you are talking about freight or any other aspect of it. It has been five years. I know that, for a reasonable part of that time, we have had the issue of COVID impacting what innovation looks like. Innovation means how you are going to change and adapt. I have seen some of your IGAs such as Mount Cotton, which you mentioned earlier. They have absolutely innovated and changed the way they think about service offering. What is impeding other IGAs or any of yours, for that matter, from being able to make those changes?

Mr Spano: Different areas, different reasons. Part of it is obviously the lead time for procurement for equipment. COVID had a big impact because none of us knew the costs we were going to incur. I personally did not do any major capital investments because of the cost we were having to absorb during COVID through absenteeism, which was a very difficult thing to swallow because you did not know how long it was going to be for.

CHAIR: What did you think of the two years pre COVID, when the moratorium first came in and not knowing what was ahead? What was the thinking back then around what your change might look like for your businesses?

Mr Spano: If we go back a couple of years prior to COVID, it was about investing in the price. A lot of innovation was put around that to try to give customers a better offer, a better product range, pricing. Obviously, you could do that whilst trying to renovate and improve your store. A lot of work has been done through independent supermarkets with Metcash, our colleagues, and through DSAs and renovating. You can go to East Brisbane, you can go to Noosa, you can go to the sunny coast and there has been considerable reinvestment. It is the mum-and-dad stores that have really struggled to reinvent themselves. That is why we need to protect them as well, because they do not see the benefit sometimes because they are still in their old ways. It takes a lot of time to transition retailers because there are 249 of us working under the one brand. Now we obviously have a directional model that we want to build for the next five years and be sustainable and develop it out. You will see that through multiple opportunities coming up.

CHAIR: Thank you very much for coming along today, Mr Spano. We are very grateful for your feedback to this process. There were no questions taken on notice. That concludes our questions today. Thank you to all witnesses for their time. A transcript of these proceedings will be available on the committee’s inquiry webpage in due course. I declare our hearing closed.

The committee adjourned at 11.45 am.