

Retail trade

10 December 2020

This document has been prepared by Fair Work Commission staff and does not purport to be a comprehensive discussion of the issues involved. It does not represent the views of the Fair Work Commission on any issue.

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Introduction

The industry division *Retail trade*, as defined by the Australian and New Zealand Standard Industrial Classification (ANZSIC), includes units mainly engaged in the purchase and/or onselling, the commission-based buying, and the commission-based selling of goods, without significant transformation, to the general public.

Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers. The display and advertising of goods may be physical or electronic. While non-store retailers, by definition, do not possess the physical characteristics of traditional retail units with a physical shop-front location, these units share the requisite function of the purchasing and onselling of goods to the general public, and are therefore included in this division.¹

¹ ABS, *Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (Revision 2.0)*, Catalogue No. 1292.0.

The *General Retail Industry Award 2020* (Retail Award) can be 'mapped' to Retail trade.² The Retail Award covers the sale or hire of goods or services of products such as clothing; food; furniture and household goods; and personal and recreational goods.³

Appendix A contains more detail on the ANZSIC within this industry.

Why is this industry important to consider?

The effects of the COVID-19 pandemic on Retail trade has varied both within the industry and over the course of the pandemic. While some businesses were deemed essential, others were forced to change their operations, particularly during Victoria's second lockdown.

Retail trade is a highly award-reliant industry, with around 3 in 10 non-managerial employees paid exactly the award rate and only 4 industries had a higher proportion of award reliance among non-managerial employees.⁴ Over half of employees in small businesses are award reliant.⁵ Relatively few enterprise agreements are made in this industry.

What types of businesses operate in the industry?

There were more than 130 000 businesses in Retail trade in 2019, making it the 7th largest industry.⁶ Of all businesses in the sector, 44.5 per cent were non-employing businesses compared with 62.7 per cent across all industries. Of those with employees, 92 per cent were small businesses, 7.6 per cent were medium-sized businesses and 0.5 per cent were large businesses (Chart 1). These were similar proportions to all industries.

² Preston M, Pung A, Leung E, Casey C, Dunn A and Richter O (2012) '*Analysing modern award coverage using the Australian and New Zealand Industrial Classification 2006: Phase 1 report*', Research Report 2/2012, Fair Work Australia.

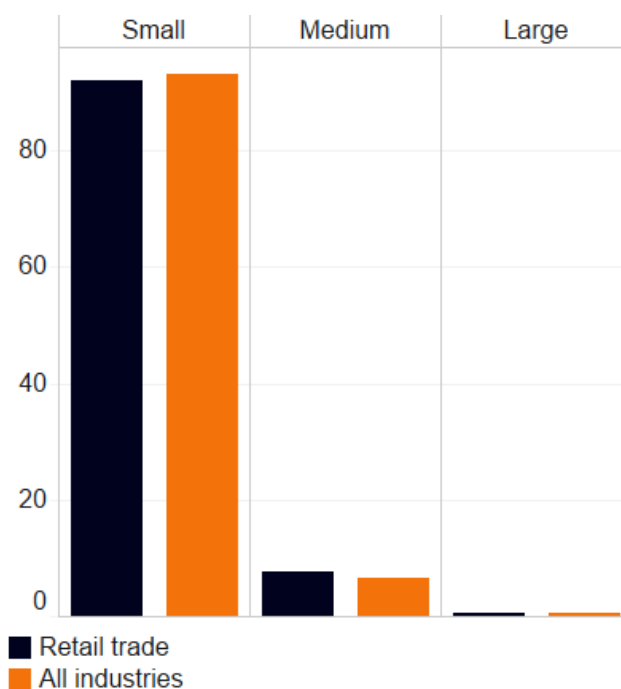
³ MA000004.

⁴ Fair Work Commission (2020), *Statistical report—Annual Wage Review 2019–20*, Table 7.1, p. 64.

⁵ Fair Work Commission (2020), [Information note – Small businesses and modern awards](#), 31 August, p. 3.

⁶ ABS, *Counts of Australian Businesses, including Entries and Exits*, June 2015 to June 2019.

Chart 1: Percentage of businesses by business size, June 2019



Note: Only includes actively trading businesses in the market sector and entities in the public sector are excluded.

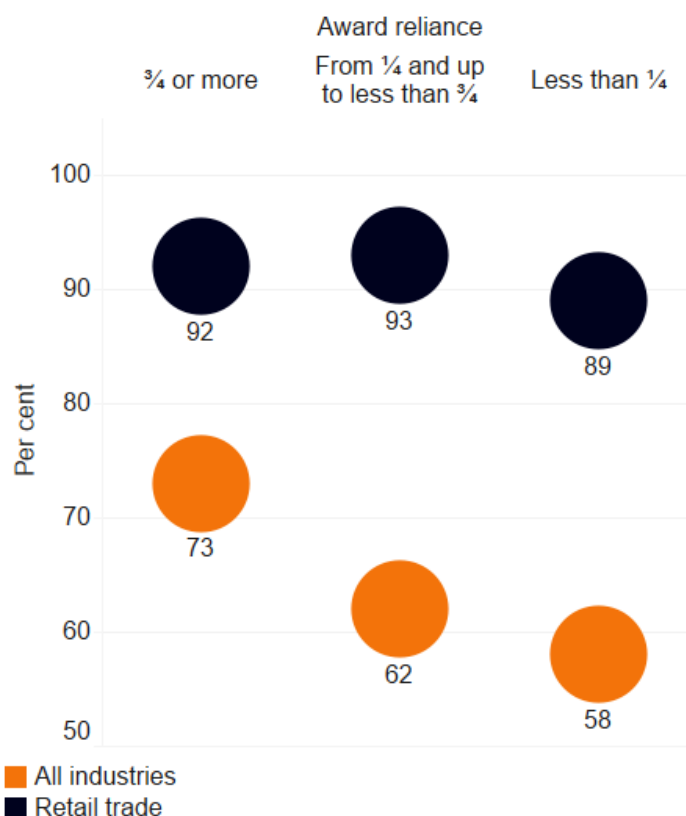
Source: ABS, *Counts of Australian Businesses, including Entries and Exits, Jun 2015 to Jun 2019*, Catalogue No. 8165.0.

The lifespan of a business in Retail trade is shorter than other industries. The survival rate in Retail trade for businesses operating in June 2015 and still operating in June 2019 was 59.7 per cent, below the average of 64.9 per cent, and the 6th lowest of all industries.⁷

The Fair Work Commission’s (Commission) Award Reliance Survey, undertaken in 2013, sought information on business operating hours. Award-reliant organisations in Retail trade were more likely than other award-reliant organisations to operate outside of standard hours, defined as up to 50 hours per week from Monday to Friday (Chart 2).

⁷ ABS, *Counts of Australian Businesses, including Entries and Exits, June 2015 to June 2019*.

Chart 2: Businesses operating outside of standard hours, by degree of award reliance



Note: An award-reliant organisation has at least one award-reliant employee.

Source: Wright S & Buchanan J (2013), *Award reliance*, Fair Work Commission Research Report 6/2013, p. 161, Table F.28.

A relatively low proportion of enterprise agreements are made in the industry. There were only 24 agreements lodged in the first half of 2020 out of 1720 agreements, or around 1 per cent.⁸

In 2019, only 81 agreements were approved in the retail industry, covering more than 220 000 employees. However, only 10 agreements covered over 90 per cent of these employees.⁹

Who works in the retail industry?

Retail trade is one of the largest industries measured by employment, with over 1.2 million workers.¹⁰ Around 1 in 10 employed persons work in Retail trade.

According to the Labour Force Survey, employment fell by 60 000 in the May quarter 2020, although most of this fall was recovered in the following quarter.

While not all workers in Retail trade would be covered by the Retail Award, analysis undertaken by Commission staff mapping modern award coverage to ANZSIC classifications can enable a description of the characteristics of employees covered by the award.

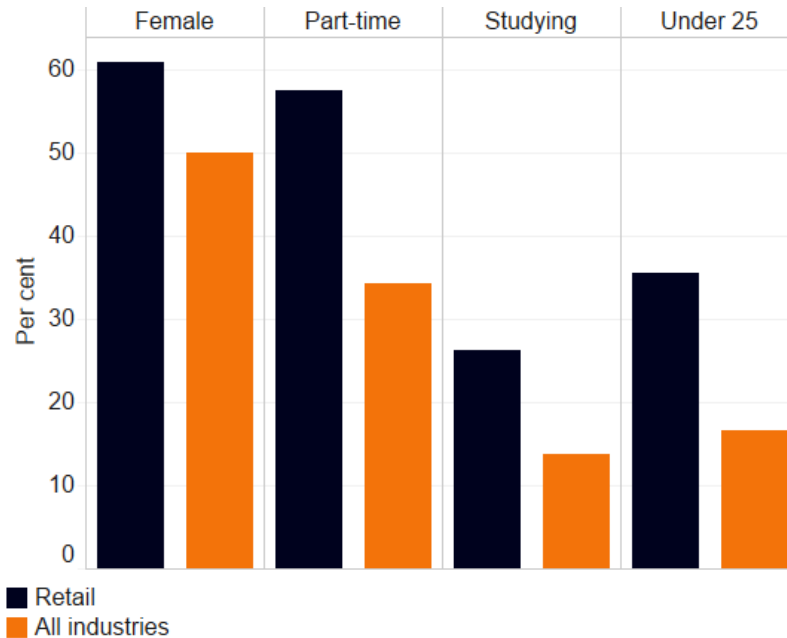
⁸ Attorney-General's Department (2020), *Trends in Federal Enterprise Bargaining*, June quarter 2020.

⁹ See note on *Enterprise agreements in the Retail sector*.

¹⁰ ABS, *Labour Force, Australia, Detailed*, August 2020.

The detailed industry data available from the Census show that employees covered by the Retail Award are more likely to be female, employed on a part-time basis, younger (particularly under 25 years) and studying full time (Chart 3).

Chart 3: Selected characteristics of Retail trade employees



Source: ABS, *Census of Population and Housing*, 2016.

The industry also has a relatively high proportion of casual employment (employees without paid leave) and employees often work on weekends. Full-time employees are less likely to be employed on a casual basis and this is also the case for employees in Retail trade (Chart 4). However, 3 in 5 part-time employees work on a casual basis, which compares with fewer than half of all part-time employees (47.7 per cent).

Chart 4: Employees without paid leave, August 2020



Source: ABS, *Labour Force, Australia, Detailed*, August 2020.

Workers in Retail trade are more likely to work on weekends than those in other industries, highlighting that businesses operate more than just Monday to Friday (Charts 5a–5c).

While almost three-quarters of employees across all industries worked weekdays only, around half of employees do so in Retail trade and almost half work both weekdays and weekends.

Chart 5a: Days of the week worked, August 2020

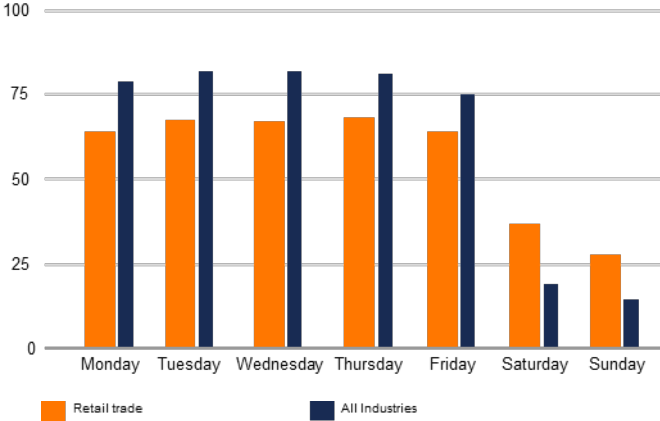


Chart 5b: Weekdays and weekends, August 2020

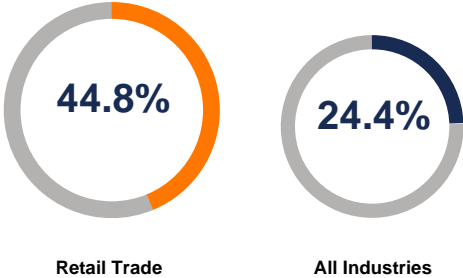
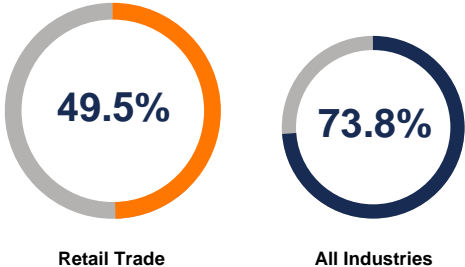


Chart 5c: Weekdays only, August 2020



Note: Asked what days of the week they worked in the last week. *Worked every day from Monday to Friday and possibly on weekends.

Source: ABS, *Microdata: Longitudinal Labour Force Survey, Australia, August 2020*.

Effects of the COVID-19 pandemic

The effects of the COVID-19 pandemic among employers and their employees in Retail trade has differed within the industry and over the period. Some businesses operating in the industry were deemed essential while others were forced to change their operations, particularly during Victoria’s second lockdown.

In response to the COVID-19 pandemic, the Commonwealth and state and territory governments implemented public health measures to reduce the risk of spreading the virus. Restrictions were placed on people’s activities, movements and gatherings. The effect of these restrictions led to some business closures, a reduction in staff or working hours, a reduction in business operating hours and a change in the way businesses delivered their goods or services. An information note by Commission staff details the various government responses.¹¹

¹¹ Fair Work Commission (2020), [Information note – Government responses to COVID-19 pandemic](#), updated 9 December.

The nature of these restrictions meant that people were limited to leaving their home unless undertaking an essential activity, which precluded much of the retail industry from operating as normal, aside from food and necessary supplies. The number of new cases of COVID-19 in Australia declined from an initial peak in late March and early April and all state and territories began reopening their economies at different speeds.

However, following a spike in cases in Victoria, it was announced in early August that certain retail services would close aside from supermarkets, grocery stores, bottle shops, pharmacies, petrol stations, banks, newsagencies and post offices. Retail stores not permitted to operate normally could operate contactless 'click and collect' and delivery services.

These restrictions began to ease in mid-September in regional Victoria, with all retail premises allowed to open if they adhered to certain requirements. By late October, retail in metropolitan Melbourne was permitted to reopen under the same conditions as those in regional Victoria.¹²

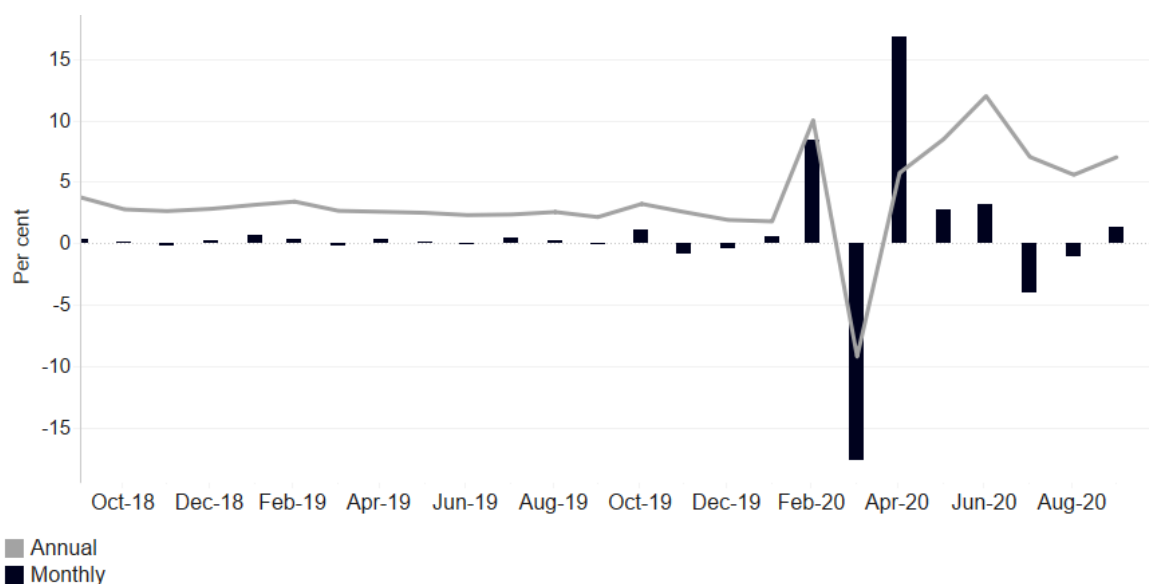
Businesses

The retail industry has been significantly affected by the responses of consumers to the COVID-19 pandemic. The impact can be illustrated over the period through changes in monthly turnover, particularly in March, April and May (Chart 6). Instead of monthly changes of usually less than 1 per cent, as had occurred over many years leading into 2020, a large increase in turnover in March was followed by a very large decline in April of almost 18 per cent, then another increase of almost that same proportion in May.

The initial rise in turnover in March was driven by stockpiling of food and supplies, and the fall in April was underpinned by the limited reasons to leave the home and businesses closing their stores or modifying their operations. The gradual easing of restrictions and reopening of stores drove the recovery in May. Since this period, turnover has not fully returned to the patterns from before the pandemic and large monthly shifts are still evident. The re-introduction of restrictions in Victoria, which went further than the first lockdown, impacted the declines in August and September.

¹² Fair Work Commission (2020), [Information note – Government responses to COVID-19 pandemic](#), updated 9 December.

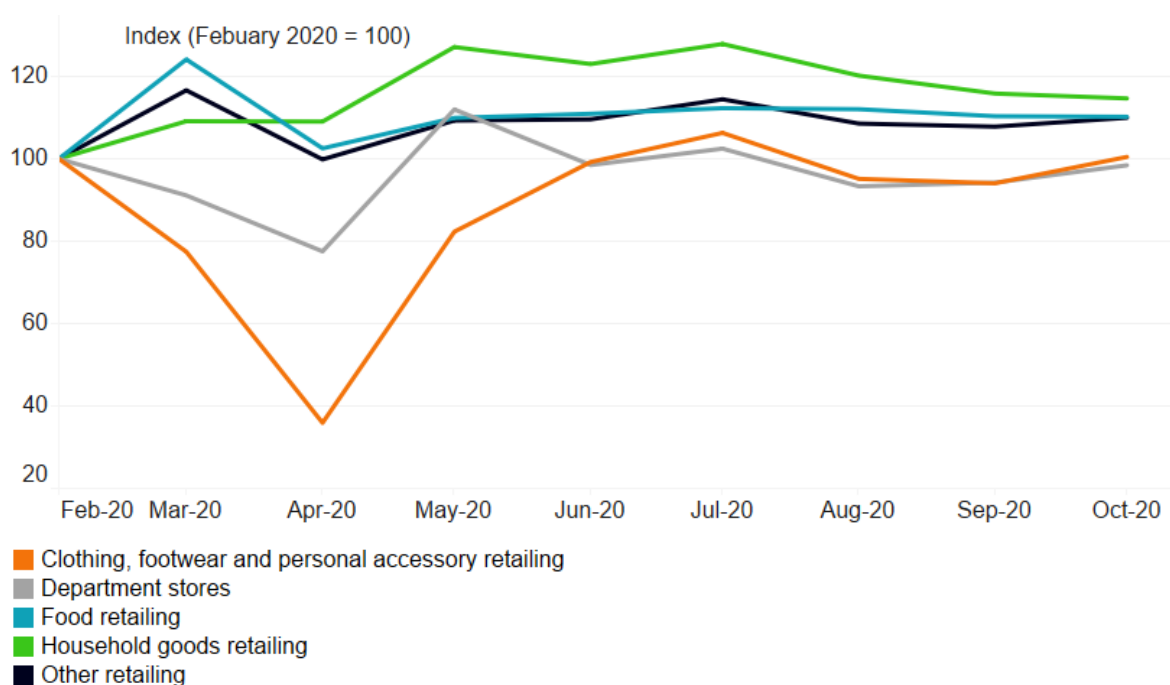
Chart 6: Monthly and annual change in retail turnover, seasonally adjusted



Source: ABS, *Retail Trade, Australia*, October 2020.

The inconsistent impacts of the pandemic across the industry can also be seen in changes in turnover between sectors of Retail trade, where Food; Household goods; and Other¹³ retailing have fared better than Clothing, footwear and personal accessory retailing; and Department stores (Chart 7).

Chart 7: Retail turnover by industry, seasonally adjusted



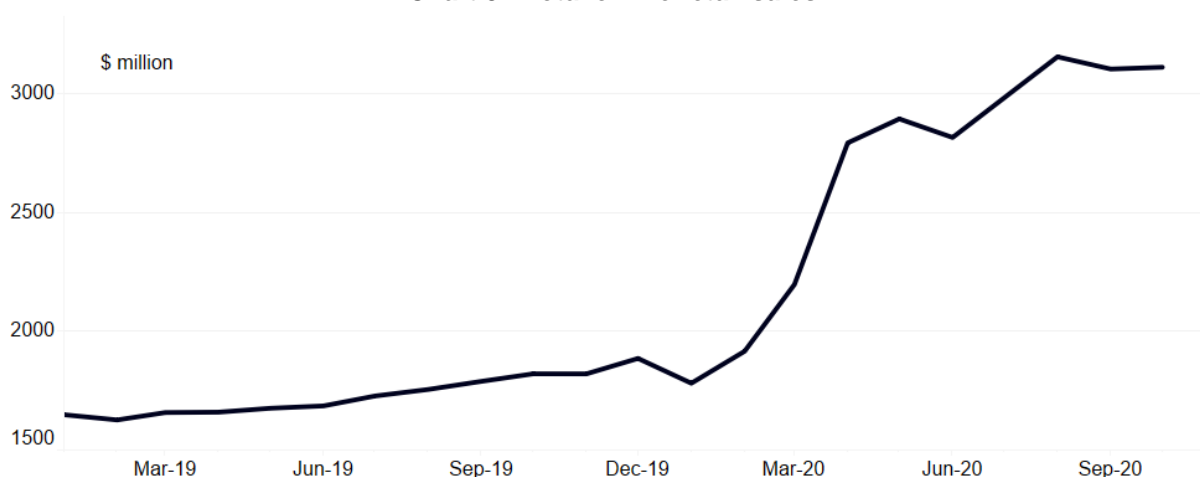
Note: Chart excludes Cafes, restaurants and takeaway food services from the analysis as it is not part of Retail trade.

Source: ABS, *Retail Trade, Australia*, October 2020.

¹³ Includes industry subgroups such as Pharmaceutical, cosmetic and toiletry goods retailing.

There has also been an accelerated shift towards online retail activity, whether due to the government-imposed restrictions or to avoid public places, people turned to shopping online. Online trade accounted for around 10 per cent of total retail turnover between April and September, after averaging around 6 per cent over 2019 (Chart 8). The second lockdown in Victoria that resulted in retail shops closing but for 'click and collect' led to a further rise in August.¹⁴

Chart 8: Total online retail sales



Source: ABS, *Retail Trade, Australia*, October 2020.

Only 12 per cent of businesses in this industry were 'operating as normal' when surveyed in mid-June, around half the proportion across all industries (Table 1). By mid-September, this had improved to nearly one-third of businesses in both Retail trade and across all industries.

Although the survey found that all businesses in Retail trade were trading in mid-June, it showed that following the reintroduction of restrictions in Victoria, 4 per cent of businesses in Retail trade (and across all industries) were not trading in mid-September.

Table 1: Operating conditions of businesses

	June			September		
	Operating as normal (%)	Operating under modified conditions (%)	Not currently trading (%)	Operating as normal (%)	Operating under modified conditions (%)	Not currently trading (%)
Retail Trade	12	88	0	31	65	4
All industries	24	73	3	32	64	4

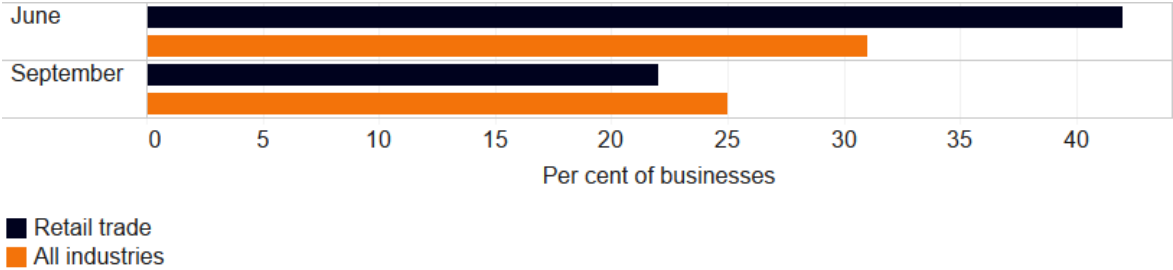
Note: Modified conditions include changing the way products or services are provided, or changing staff roles or duties.
Source: ABS, *Business Indicators, Business Impacts of COVID-19*, June 2020; ABS, *Business Indicators, Business Impacts of COVID-19*, September 2020.

As with other industries, businesses in Retail trade have had to change their operating hours due to the pandemic. In mid-June, around 2 in 5 retail businesses had changed their operating hours, a higher proportion than for all industries. By mid-September, the easing of restrictions meant that this proportion had fallen by around half and was lower than the proportion for all industries (Chart

¹⁴ ABS, *Retail Trade, Australia*, September 2020.

9). This can partly be explained through an improvement in business conditions in a number of industries between May and September, including Retail trade.¹⁵

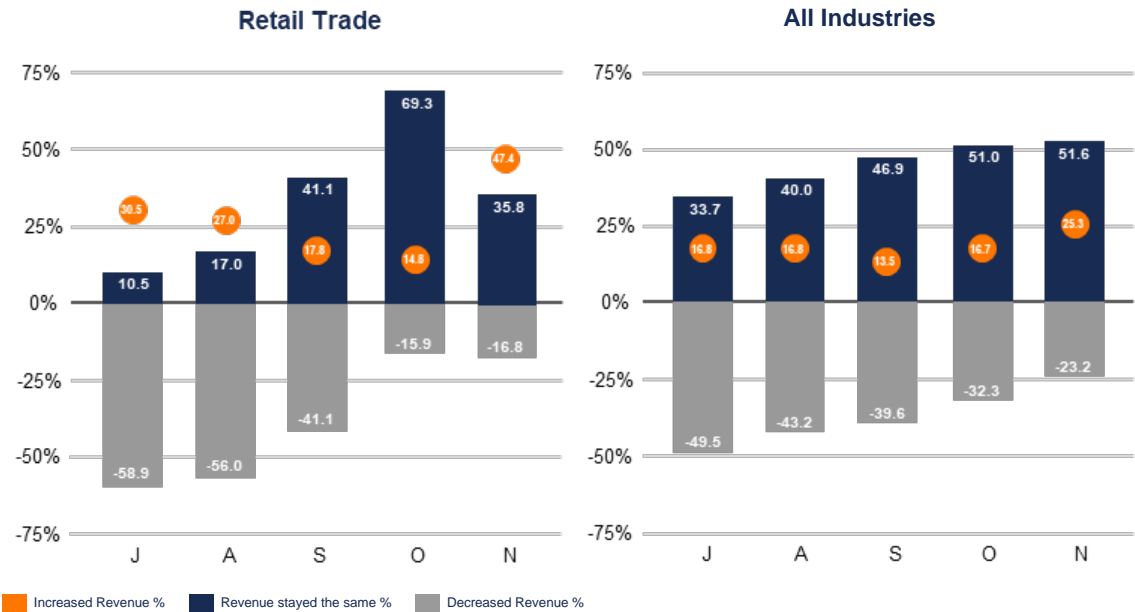
Chart 9: Changed operating hours due to COVID-19



Source: ABS, *Business Indicators, Business Impacts of COVID-19, September 2020*.

Despite a higher share of businesses in Retail trade reporting a *decline* in revenue than all industries between July and September, a higher share of businesses in Retail trade were also reporting an *increase* in revenue compared with all industries over the same period (Chart 10). This likely reflects the inconsistent effect of the pandemic, where some businesses in Retail trade have performed well, while others have fared poorly. By November, conditions had improved so that a higher share of Retail trade businesses reported an increase in revenue compared with all industries (47.4 per cent compared with 25.8 per cent).

Chart 10: Changes in revenue over the last month, Retail trade and all industries



Note: These proportions exclude responses that did not know their change in revenue. The reference weeks are 15–23 July, 12–19 August, 10–16 September, 9–15 October and 4–11 November.
 Source: ABS, *Business Indicators, Business Impacts of COVID-19, various*.

¹⁵ NAB (2020), [NAB Monthly Business Survey](#), September 2020.

Labour force

As part of its new set of data releases to measure the impacts of the pandemic, the ABS uses payroll data from the Australian Taxation Office to present weekly statistics on employee jobs and total wages.¹⁶

These data were used in the Annual Wage Review 2019–20 decision (2019–20 Review) to identify the industries and associated modern awards that were most adversely impacted by COVID-19. The industries were separated into 3 clusters.¹⁷

The upper cluster contained industries most affected by the pandemic, while the lower cluster comprised industries least impacted by the pandemic. The central cluster grouped industries that were somewhat in the middle—adversely affected but to a lesser extent than those industries in the lower cluster.

The industries that comprised the 3 clusters have changed slightly from the time of the 2019–20 Review. As reported in previous updates published on the Commission’s website on payroll jobs and wages,¹⁸ the number of employee jobs in Public administration and safety and Health care and social assistance had increased since 14 March and are now part of the lower cluster.

Information media and telecommunications has shifted to the upper cluster following a decline in the number of jobs between late September and early November. Retail trade has also shifted, from the central cluster to the lower cluster, following a rise in the number of jobs in the fortnight to 14 November. However, the end of the calendar year is often a time associated with seasonal increases in employment and this may be affecting these results, as would be the case particularly for Retail trade.¹⁹

Employee jobs in Retail trade fell by more than 8 per cent in April before rebounding, albeit at a much slower pace than the initial fall. The increase in jobs had recovered over three-quarters of its fall before stalling at around the time restrictions were re-introduced in Victoria. With the re-opening of retail in Victoria in the final week of October, there was positive jobs growth that continued into November and, for the first time, the number of jobs was higher than in March (0.5 per cent). For most industries, the number of jobs was still below the level reported in mid-March (–2.9 per cent) (Chart 11).

Although total wages in Retail trade were also higher than in March (1.1 per cent), total wages were still 3.9 per cent lower across all industries.

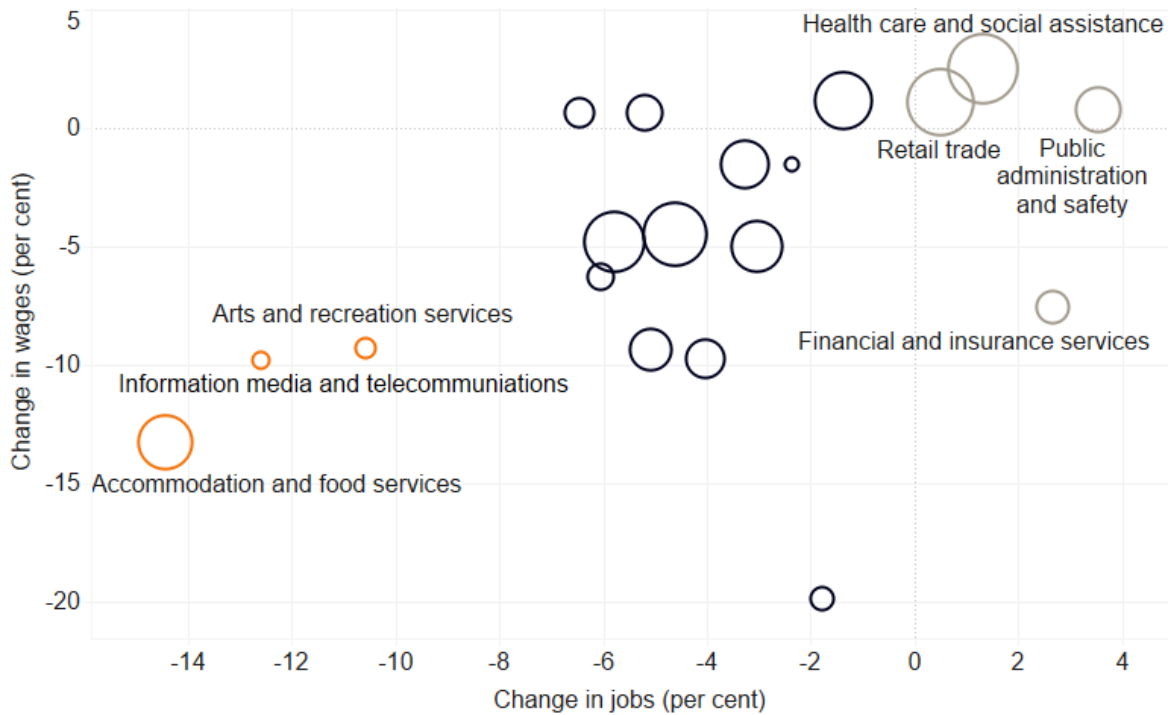
¹⁶ ABS, *Weekly Payroll Jobs and Wages in Australia*, Week ending 14 November 2020.

¹⁷ [2020] FWCFB 3500 at [45]–[78].

¹⁸ Fair Work Commission (2020), [Information note – Update to payroll jobs and wages \(week ending 14 November 2020\)](#), 9 December.

¹⁹ ABS (2020), *Payroll jobs continue to rise in Victoria*, media release, 1 December.

Chart 11: Change in employee jobs and total wages between 14 March and 14 November 2020

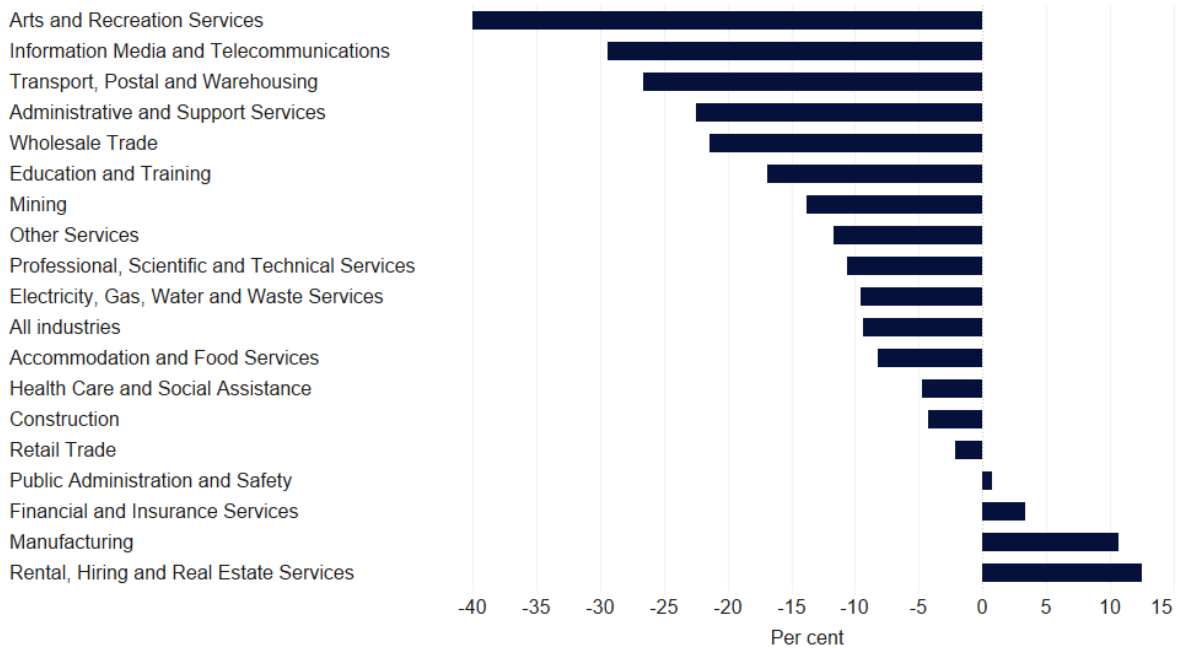


- Central Cluster
- Lower Cluster
- Upper Cluster

Note: Circle size reflects number of filled jobs (i.e. larger circles represent industries with higher number of filled jobs).
 Source: ABS, *Weekly Payroll Jobs and Wages in Australia, Week ending 14 November 2020*; ABS, *Labour Account Australia, June 2020*.

Job vacancies are a forward-looking indicator of future employment conditions. The fall in job vacancies in Retail trade during the pandemic period was not large compared with other industries (Chart 12). However, this masks the fact that the number of job vacancies fell to its lowest level in 9 years in the May quarter 2020, which was almost fully recovered by August 2020.

Chart 12: Change in job vacancies, February quarter to August quarter 2020



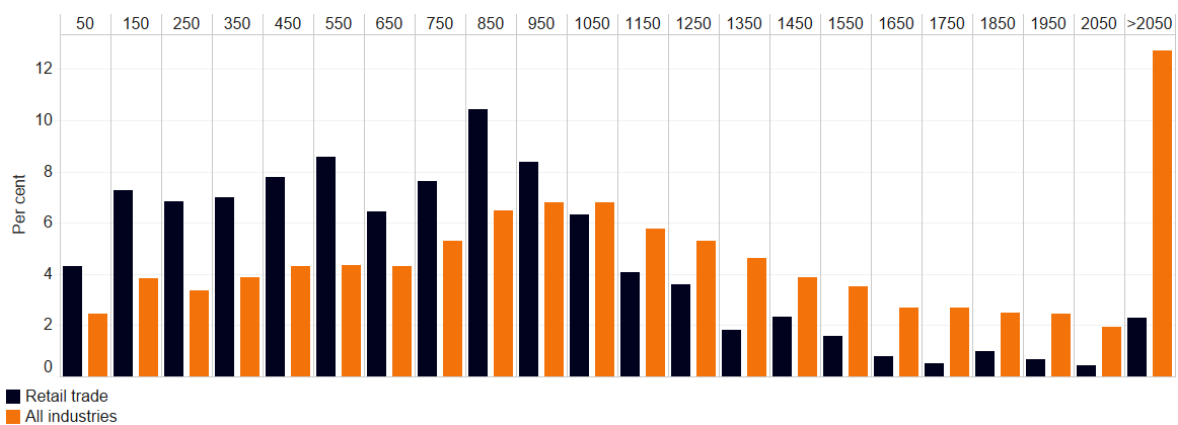
Note: Data are in original terms.

Source: ABS, *Job Vacancies, Australia, Aug 2020*, Catalogue No. 6354.0.

Employees in Retail trade are more likely to receive lower earnings than employees in other industries. In May 2020, the average weekly ordinary time earnings for full-time adult employees in Retail trade (\$1259.80) was the second lowest of all industries and 26.5 per cent below the average (\$1713.90).

A more descriptive analysis of the wages received by employees in Retail trade is through a distribution. The most recent distribution can be used with data from 2018 on both full-time and part-time employees. This analysis shows that around three-quarters of employees in Retail trade received up to \$950 per week, while less than half of all employees received that amount (Chart 13). This highlights that employees in Retail trade receive lower wages, but also that they are more likely to be working part-time hours.

Chart 13: Distribution of weekly ordinary time wages, May 2018



Note: Ordinary time wages refers to wages for award, standard or agreed hours of work, including allowances, penalty rates, payments by measured result and regular bonuses and commissions. and bonuses. It excludes overtime payments.

Source: ABS, *Microdata: Employee Earnings and Hours, May 2018*.

Appendix A—ANZSIC structure for Retail trade

There are 4 levels within the Australian and New Zealand Standard Industrial Classification (ANZSIC) structure: division, subdivision, group and class. The most readily available data are at the division level (or 1-digit level) and the relevant industry is Retail trade.

A paper²⁰ by Fair Work Commission staff provides a framework for ‘mapping’ modern award coverage to the ANZSIC. Under this framework, the Retail Award is ‘mapped’ to the following ANZSIC industry classes (4-digit level):

- 4110—Supermarket and grocery stores
- 4121—Fresh meat, fish and poultry retailing
- 4122—Fruit and vegetable retailing
- 4129—Other specialised food retailing
- 4211—Furniture retailing
- 4213—Houseware retailing
- 4214—Manchester and other textile goods retailing
- 4221—Electrical, electronic and gas appliance retailing
- 4222—Computer and computer peripheral retailing
- 4229—Other electrical and electronic goods retailing
- 4231—Hardware and building supplies retailing
- 4241—Sport and camping equipment goods retailing
- 4242—Entertainment media retailing
- 4243—Toy and game retailing
- 4244—Newspaper and book retailing
- 4245—Marine equipment retailing
- 4251—Clothing retailing
- 4252—Footwear retailing
- 4253—Watch and jewellery retailing
- 4259—Other personal accessory retailing
- 4260—Department stores
- 4272—Stationary good retailing
- 4273—Antique and used goods retailing
- 4274—Flower retailing
- 4279—Other store-based retailing n.e.c

²⁰ Preston M, Pung A, Leung E, Casey C, Dunn A and Richter O (2012) ‘*Analysing modern award coverage using the Australian and New Zealand Industrial Classification 2006: Phase 1 report*’, Research Report 2/2012, Fair Work Australia.

- 6632—Video and other electronic media rental and hiring
- 6639—Other goods and equipment rental and hiring n.e.c.
- 7220—Travel agency and tour arrangement services
- 9421—Domestic appliance repair and maintenance
- 9499—Other repair and maintenance n.e.c.
- 9532—Photographic film processing.

Characteristics of employees in the Retail Award based on the above industry classes are provided in Appendix B.

Appendix B—Characteristics of retail employees

Table B1: Characteristics of employees in the retail industry, 2016

	Retail industry		All industries	
	(No.)	(%)	(No.)	(%)
Gender				
Male	288 658	39.2	4 438 604	50.0
Female	448 052	60.8	4 443 125	50.0
Total	736 710	100.0	8 881 729	100.0
Full-time/part-time status				
Full-time	299 173	42.5	5 543 862	65.8
Part-time	404 069	57.5	2 875 457	34.2
Total	703 242	100.0	8 419 319	100.0
Highest year of school completed				
Year 12 or equivalent	464 045	63.6	5 985 652	68.1
Year 11 or equivalent	87 395	12.0	856 042	9.7
Year 10 or equivalent	139 143	19.1	1 533 302	17.4
Year 9 or equivalent	29 759	4.1	273 180	3.1
Year 8 or below	8069	1.1	112 429	1.3
Did not go to school	1401	0.2	26 356	0.3
Total	729 812	100.0	8 786 961	100.0
Student status				
Full-time student	159 063	21.7	715 436	8.1
Part-time student	33 813	4.6	491 098	5.6
Not attending	539 540	73.7	7 618 177	86.3
Total	732 416	100.0	8 824 711	100.0
Age (5 year groups)				
15–19 years	122 038	16.6	518 263	5.8
20–24 years	138 728	18.8	952 161	10.7
25–29 years	90 156	12.2	1 096 276	12.3
30–34 years	72 477	9.8	1 096 878	12.3
35–39 years	58 330	7.9	972 092	10.9
40–44 years	58 620	8.0	968 068	10.9
45–49 years	57 077	7.7	947 187	10.7
50–54 years	52 676	7.2	872 485	9.8
55–59 years	43 447	5.9	740 822	8.3
60–64 years	27 848	3.8	469 867	5.3
65 years and over	15 309	2.1	247 628	2.8
Total	736 706	100.0	8 881 727	100.0
Average age	34.2		39.3	
Hours worked				
1–15 hours	182 536	26.0	977 997	11.6
16–24 hours	115 082	16.4	911 318	10.8
25–34 hours	106 452	15.1	986 138	11.7
35–39 hours	133 827	19.0	1 881 259	22.3
40 hours	79 141	11.3	1 683 903	20.0
41–48 hours	43 669	6.2	858 120	10.2
49 hours and over	42 533	6.0	1 120 577	13.3
Total	703 240	100.0	8 419 312	100.0

Note: Part-time work is defined as employed persons who worked less than 35 hours in all jobs during the week prior to Census night. Totals may not sum to the same amount due to non-response. For full-time/part-time status and hours worked, data on employees that were currently away from work (that reported working zero hours), were not presented.

Source: ABS, *Census of Population and Housing*, 2016.