



## **MODERN AWARDS REVIEW 2014**

**AM2014/270 - GENERAL RETAIL INDUSTRY AWARD 2010**

**AM2014/305 - PENALTY RATES**

**FINDINGS ON EXPERT EVIDENCE, COMMON MATERIAL AND  
SURVEY EVIDENCE**

1. The Fair Work Commission (**FWC**) has directed all parties in matter AM2014/305 to file the specific findings they submit the FWC should make based on the statement of each particular expert upon which they rely and the proposed findings they seek based on any common material or survey evidence they have filed.
2. This outline of submissions is filed in relation to this matter on behalf of:
  - (a) the Australian Retailers Association (**ARA**);
  - (b) the National Retailers Association (**NRA**); and
  - (c) Masters Grocers Association (**MGA**).
3. The ARA, NRA and MGA seek a reduction in the Sunday penalty rate under the General Retail Industry Award 2010 (the **Retail Award**) from 100 per cent to 50 per cent.
4. This outline summarises the position of ARA, NRA and MGA on the findings sought in relation to expert evidence, the common material and survey evidence filed in these proceedings.

**A. Proposed Findings in relation to expert evidence - Dr Sean Sands**

**5. *Performance of the retail industry***

(a) in relation to retail sales, proposed findings are:

- i. retail sales in terms of both current and real prices have increased;
- ii. retail sales growth in real prices have increased at a significantly slower pace than retail sales in current prices;
- iii. retail sales per capita in real prices have increased at a significantly slower pace than retail sales per capita in current prices;

From this it should be concluded that retail consumers are purchasing slightly more than they were in 2012, but the more significant component of the increase in current price sales is the impact of inflation.

(b) in relation to retail firm profitability, proposed findings are:

- i. since 2004, retail firm profitability has lagged behind that of All Industries;
- ii. between 2012 and 2014, retail firm profitability has deteriorated, with gross profitability shrinking by a total of 1.1%, more than double that of All Industries;
- iii. despite a nominal gross sales increase, actual retail profit margins are decreasing; and
- iv. despite increases in retail sales prices, actual retail profit margins are decreasing.

From this it should be concluded that retail profitability has declined since 2012, and the finding of the Fair Work Commission in the 2012 Award Review that “the retail industry remains broadly robust and generally profitable”<sup>1</sup> must be reconsidered.

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<sup>1</sup> [2013] FWCFB 1635 at [147]

It should also be concluded from this that retailers increasing retail prices to minimize deteriorating profitability places upward pressure, and will continue to place upward pressure, on inflation.

(c) in relation to shopping centre foot traffic, proposed findings are:

- i. foot traffic on Sundays has increased by 5.8% nationally between 2009 and 2015; and
- ii. foot traffic on Sundays has increased at a rate of two and a half times more than for any other day over the same period.

From this it should be concluded that:

- i. retail consumers are seeking to access retail stores on Sundays in increasing numbers; and
- ii. the community expects to be able to access retail stores on Sundays.

(d) in relation to online retail sales, proposed findings are:

- i. those sales have grown at a faster pace than offline, or bricks and mortar, sales;
- ii. online retail sales, as at April 2015, represented a total of \$16.9 billion, or approximately 7% of total retail sales; and
- iii. almost one-quarter of those online retail sales, or more than \$4 billion, was spent with overseas businesses.

From this it should be concluded that Australian retail businesses face significant challenges from the growth of online, and most importantly international online, retail sales.

(e) in relation to enterprise openings and closures, proposed findings are:

- i. following a small increase in the 2010/11 financial year, the retail industry has seen three years of decline in retail business numbers;
- ii. retail business closures resulted in total retail operating enterprises at the end of the 2013/14 financial year being 9,899 fewer than at the commencement of the 2011/12 financial year;
- iii. over the period between the commencement of the 2010/11 financial year and the finish of the 2013/14 financial year, retail enterprises have failed in significantly higher proportions than for All Industries;
- iv. failures of retail operating enterprises have significantly outstripped those of All Industries. Over the period 2010 to 2014 the number of retail operating enterprises had a percentage change of -6.5%, whereas All Industries had a percentage change of -1.15%;
- v. while All Industries operating enterprise numbers fell in only one year (2012/13) in the period since 2010, retail operating enterprise numbers fell in all but 2010/11.

From this it should be concluded that since the commencement of the Retail Award there has been a significant reduction in the number of retail operating enterprises, which means there has been an increase in retail business failures in this period.

## **6. *Employment levels and wages in retail***

(a) in relation to total employed persons in retail, proposed findings are:

- i. total employed persons in retail has been predominantly stagnant since early 2008;
- ii. total employed persons in retail remained below early 2008 levels until November 2013;
- iii. since November 2013 total employed persons in retail has increased only marginally; and
- iv. at no other time since 1984 has there been a comparable period where total employed persons in retail has fallen so significantly, taken so long to recover to the levels before the fall, and growth once pre-fall levels are reached been so small.

From this it should be concluded that the number of employed persons has barely recovered to 2008 levels, and that this is a situation not seen at any time in the past thirty years.

(b) in relation to aggregate and average hours worked in retail, proposed findings are:

- i. aggregate hours worked in retail, indexed against November 1984, reached a peak in November 2007 and remain well below that level as at November 2014, some seven years later;
- ii. the shortfall between aggregate hours worked in retail, indexed against November 1984, and aggregate hours in All Industries has, since November 2008 been greater than it has been at any point in time since 1984; and
- iii. employees in retail are, on average, working fewer hours.

From this it should be concluded that the period since November 2007 has been unprecedented in the past thirty years, in that aggregate hours reduced sharply and, despite some growth, remain well below 2007 levels.

(c) in relation to retail wages, proposed findings are that wages are growing at 9% more than sales putting significant downward pressure on operating margins for retailers. From this it should be concluded that retail industry profitability is being negatively impacted by wage levels.

## **7. Retail Industry in summary**

(a) Considering the matters outlined above, it should be concluded that:

- i. the retail industry is faced with a variety of challenges that are impacting on the performance of the industry;
- ii. retail sales in real prices are increasing only moderately;
- iii. retail business profitability is declining, and declining at a rate that is significantly higher than for All Industries;
- iv. retail businesses are failing in significant numbers, and at significantly higher rates than for All Industries;
- v. retail wages are growing at a significantly higher rate than retail sales, placing pressure on profitability;
- vi. numbers of employed persons in retail have barely recovered to 2007 levels, and aggregate hours have not recovered. This is an unprecedented in the past 30 years; and
- vii. retail consumers are accessing retail services in increasing numbers on Sundays.

## 8. *Retail employee perspectives*

(a) In relation to satisfaction levels of employees working in the retail industry, proposed findings are:

- i. retail employees are generally satisfied with their work in the retail industry, with only 10% of employees reporting low levels of satisfaction;
- ii. similarly, retail employees are generally satisfied working for their current employer; and
- iii. there are only minor differences in satisfaction levels between retail employees employed under enterprise agreements and employees employed under the GRIA.

From this it should be concluded that there is generally a high level of satisfaction for retail employees working under current employment arrangements.

(b) In relation to working patterns of retail employees, proposed findings are:

- i. almost three quarters of all employees work weekdays;
- ii. 65% of employees work on Saturdays and 50% on Sundays;
- iii. 56% of employees work between 4 and 5 days per week;
- iv. less than a quarter of employees work 2 or less days per week; and
- v. the vast majority of employees working weekends are 24 years old or under.

(c) In relation to Sunday working patterns, proposed findings are:

- i. 46% of all Sunday employees, and 49% of all Retail Award Sunday employees, work every Sunday;
- ii. 11% all Sunday employees, and 7% of all Retail Award Sunday employees, work three out of every four Sundays;
- iii. 30% of all Sunday employees, and 29% of all Retail Award Sunday employees, work every second Sunday;
- iv. 15% of all Sunday employees, and of all Retail Award Sunday employees, less than every second Sunday;
- v. the majority of retail employees who do not work on Sundays would like to do so, but are prevented from this either by contractual arrangements or their store being closed.

From this it should be concluded that:

- i. 49% of Retail Award Sunday employees work every Sunday, and they do this by their own choice, in that they are either casual employees who can accept or refuse hours of work at their discretion, or they are permanent employees who, by virtue of clause 28.13 of the Retail Award, cannot work more than three Sundays in a four week period unless they request to do so in writing;
- ii. there is a significantly smaller number of retail employees working three out of every four Sundays, which means only a very small proportion of retail employees are working the maximum number of Sundays that an employer is able to direct their employees to work under the Retail Award;
- iii. there is a surplus of retail employees available and willing to work on Sundays, meaning there are retail employees who would be prepared to work Sundays but are not currently being offered Sunday hours; and

- iv. a reduction in the Sunday penalty as proposed by the retail employers will have minimal negative impact on retail employees generally, as the vast majority of Sunday employees are either working every second Sunday or less, or are working every Sunday either by choice or by their request.

(d) In relation to the nature and availability of Sunday work, proposed findings are:

- i. there has been little change in available Sunday hours in the past five years;
- ii. junior employees are working more Sunday hours because their wage rate is lower, and their employers are minimizing labour costs;
- iii. Sunday is a day that is dedicated to service, with minimal administrative or replenishment activities undertaken;
- iv. employees are working shorter shifts meaning less meal breaks: and
- v. 30% of employees report that they have more work to do on Sundays.

From this it should be concluded that retail employees are experiencing the negative impacts of their employers seeking to minimize labour costs on Sundays.

(e) In relation to the key benefits of Sunday work for retail employees, proposed findings are:

- i. 'increased pay' is a key benefit for working Sundays for 65% of retail employees;
- ii. flexibility (having a week day off) and (around life commitments) is a key benefit for 42% of retail employees; and
- iii. 'liking weekend trade' is a key benefit for 20% of retail employees;

From this it should be concluded that retail employees derive a number of different benefits from working on Sundays, and that increased pay, while the most significant benefit, is closely followed by employee lifestyle and choice benefits.

(f) In relation to the key difficulties of Sunday work for retail employees:

- i. Only 80% of retail employees report any difficulty with working on Sundays;
- ii. 54% of retail employees say a key difficulty with regard to working Sundays is the 'impact on ability to spend time with family/friends';
- iii. 34% say a key difficulty is 'limited number of staff on Sundays';
- iv. 33% say 'impacts ability to attend community, sporting or cultural events' is a key difficulty';
- v. 23% say the pace of weekend trade is a key difficulty;
- vi. 16% say inexperienced staff is a key difficulty; and
- vii. retail employees aged 24 years and under are significantly less concerned with their ability to spend time with family and friends being impacted by working Sundays.

From this it should be concluded that Sunday work impacts time spent with family and friends for the majority of Sunday workers. However, the limited number of staff working on Sundays, which also impacts on the pace of weekend trade, and which is related to high Sunday labour costs, is an equally significant negative factor for Sunday workers, and is more commonly seen as a difficulty of Sunday work than the impact on their ability to attend community, sporting or cultural events.

It should also be concluded that the cohort of employees most likely to be working on Sundays, employees aged 24 years and under, are less concerned about the impact of working Sundays on their ability to spend time with family and friends.

(g) In relation to the ability of retail Sunday workers to make up time from working on Sundays, proposed findings are:

- i. retail employees find making up time for community, sporting or cultural events during the week is more difficult than making up time to spend with family and friends;
- ii. a majority of retail Sunday workers are hardly ever, or never able to make up that time during the week, although this is marginal for GRIA covered employees (57% hardly ever or never, 43% most of the time or always);
- iii. retail employees do, however, report a variety of ways they make up time, including making arrangements for catch ups during the week, socializing before and after work and scheduling events such as birthday dinners on non-working days;
- iv. while unavailability of friends and family is the most common reason why retail employees are unable to make up time, other significant factors relate to the individual personal circumstances of the employees, such as study commitments, other community/cultural etc commitments, caring responsibilities and working a second job;
- v. 45% of retail employees aged 24 years or younger cite study commitments as the reason for their inability to make up time.

From this it should be concluded:

- vi. Sunday workers are impacted in their ability to make up the time spent working on Sundays at other times of the week. The reasons for this are varied, however. Unavailability of friends or family is the most significant factor, but there are a significant number of factors that relate to the employee's lifestyle or outside work choices that contribute to this;
- vii. close to half of the cohort of employees most likely to work on Sundays, persons aged 24 or under, are unable to make up time during the week due to study commitments; and
- viii. the difficulty in making up time relates to the Sunday the employee works only, and the majority of retail employees do not work every Sunday; and
- ix. employees who work every Sunday do so by choice, and who are most impacted in terms of the difficulties of working Sundays, are doing so voluntarily, or by their request.

(h) In relation to the impact of different penalty rates on retail employee willingness to work Sundays, and satisfaction with working Sundays, proposed findings are:

- i. employee willingness to work a Sunday increases substantially from no penalty to a 50% penalty, however from 50% to 100% employee willingness to work a Sunday increases only at an incremental rate;
- ii. employee satisfaction with Sunday work increases substantially from no penalty to a 50% penalty, however from a 50% to 100% penalty increases only at an incremental rate;
- iii. older employees are more willing to work Sundays at a reduced penalty rate and also recognise and appreciate the business impact of current penalty rates;

(i) In relation to the observations of retail Sunday workers employees of consumers who shop on Sundays, proposed findings are:

- i. employees believe that weekends are customer's preferred shopping days; and
- ii. employees observe that customers shopping on weekends are families (often a social outing).

***Retail employer perspective***

(a) In relation to the 14 retail businesses which participated in qualitative interviews, proposed findings are:

- i. those businesses represent some 961 retail stores, employing more than 17,500 employees;
- ii. those businesses represent a diverse range of retail businesses, including in terms of size, geographical spread, Sunday trading patterns and store format and location.

(b) In relation to the difficulties retail businesses see in relation to Sunday trading, proposed findings are:

- i. Sunday penalty rates mean a significant increase in labour costs on Sundays;
- ii. businesses often close stores on Sundays due to the penalty rate;
- iii. businesses would close more stores on Sundays but for requirements to trade under lease arrangements;
- iv. businesses roster limited employees on Sundays which results in decreased customer service delivery; and
- v. businesses remain open on Sundays in order to avoid competitive disadvantage, loss of sales, loss of goodwill from customers, decrease in brand reputation, loss of customers and sales to competitors and loss of staff due to having less shifts available.

From this it should be concluded that the current Sunday penalty rate impacts on the decisions retail businesses make about trading on Sundays, with retail outlets closed because the Sunday penalty makes trading unviable.

(c) In relation to the strategies retail businesses implement to control Sunday labour costs, proposed findings are that retail businesses:

- i. limit store operating hours;
- ii. limit store activities on Sundays, including administration, inventory, replenishment and cleaning;
- iii. roster junior employees or casuals with limited experience;
- iv. send employees home during quiet store periods;
- v. decreasing labour hours during the week to reinvest on weekends;
- vi. have, since 2009, reduced overall labour hours, while Sunday hours have remained relatively stable; and
- vii. rostering employees on 'shared shifts' rather than paying an additional employee to cover breaks.

From this it should be concluded that the current Sunday penalty rate is causing retail businesses to minimize the number of hours offered to employees on Sundays, and is impacting on hours offered on other days of the week.

(d) In relation to the impact of reduced Sunday penalty rates, proposed findings are:

- i. retail businesses would roster more employees to work on Sundays;
- ii. small retail business owners would not work on Sundays;
- iii. retail businesses would reduce pressure on Monday workers by engaging in operational activities such as replenishment on Sundays; and
- iv. retail businesses see enhanced customer service levels as a key benefit of reduced Sunday penalties, which can only come from increased staff presence on the shop floor.

From this it should be concluded that retail businesses will offer more hours to employees if the Sunday penalty is reduced.

## **B. Proposed Findings in relation to expert evidence - Lynne Pezzullo**

9. The proposed findings are:

- (a) 53% of service sector Sunday workers reported no or minor problems with working on the weekend;
- (b) service sector employers adjust their staffing levels on weekends in response to wage costs and consumer demand;
- (c) service sector employer opening hours are shorter on Sundays (being an average of 9.0 hours as against 10.2 hours on weekdays);
- (d) 50% of employers also reported lower staffing on a Sunday;
- (e) over two thirds of service sector weekend workers do not view Sunday as more significant than Saturday;
- (f) 55% of service sector weekend workers view both Saturday and Sunday as equally important to keep free and less than a third view Sunday as clearly more important than Saturday to keep free from work;
- (g) 69% of service sector workers under 35 years old viewed both Sunday and Saturday as equally important;
- (h) weekend shifts are, on average, shorter than weekday shifts;
- (i) weekend workers have become younger between 2004 and 2012;
- (j) there are major differences in time-use patterns between weekend and non-weekend workers and “this is consistent with the hypothesis that weekend work alters but does not necessarily disrupt patterns of social interaction”
- (k) significant percentages of both weekend and non-weekend workers use the services provided by fast-food, retail, hotels and pharmacies on weekends;
- (l) penalty rates reduce overall employment;
- (m) 43% of weekend workers are untroubled by weekend work;

## **C. Proposed Findings in relation to survey evidence**

10. In relation to the witness statement of Emily Baxter, filed by Australian Business Lawyers and the New South Wales Business Chamber, the proposed findings are:

(a) Retail businesses:

- i. trade for fewer hours on Sundays than on other days of the week;
- ii. roster fewer employees on Sundays than on other days of the week;
- iii. are more likely to be closed on Sundays than on other day of the week; and
- iv. the above decisions of retail businesses are predominantly due to the Sunday penalty rate in the GRIA.

(b) If Sunday penalties are reduced to an additional 50% from the current level of an additional 100%, the majority of retail businesses will offer more hours to employees on Sundays.

#### **D. Proposed Findings in relation to expert evidence - Professor Phil Lewis**

11. In relation to the nature and structure of the Australian workforce the proposed findings are:

- (a) a combination of structural and technological change has significantly changed the demand for labour with respect to part-time employment, gender and skills with more generic and general skills rather than firm-specific skills are required;
- (b) the growth in participation in education in Australia has seen growth in the supply of part-time and casual labour;
- (c) the increased participation of women (particularly women with children) and students in the workforce has greatly facilitated the increased demand for part-time workers and those with interactive skills;
- (d) in the Australian labour market the demand for full-time workers has declined. A full-time job for anyone 15-20 years old is now an exception rather than the rule and employment prospects are poor for many displaced older males; and
- (e) although part-time and casual work is now a key feature of the Australian labour market, employment is not necessarily insecure, although more flexible.

12. In relation to penalty rates for weekend work:

(a) penalty rates have their origins in a labour market quite different to that of much of the 2015 Australian labour market. Historically:

- i. the Australian economy has been characterised by mostly males working full-time in industrial jobs with little part-time or casual work;
- ii. working married women and jobs with flexible hours have been rare in Australia;
- iii. most retail outlets in Australia shut at midday on Saturday and reopened on Monday;
- iv. the weekends were for many the only time available for socialising, recreation, participating in sport and worship.

(b) Sunday used to be, but is no longer, a day of religious observance for the majority of Australians. This is evidenced in a number of ways:

- i. the number of Australians attending church fell from 44% in 1950 to 17% in 2007;

- ii. of those Australians who are regular church attendees, about 30% are retired;
  - iii. Australians aged 15-19 years old make up less than 6% of church attendees in Australia;
  - iv. Australians aged 20-29 years old make up 9% of church attendees in Australia;
- (c) weekend work is more common in Australia today than ever before and has increased over the last twenty years;
- (d) in 2012, 68% of males and 53.5% of females worked in jobs usually requiring work attendance between Monday and Friday and these percentages were similar to those for 1995;
- (e) those employees undertaking weekend work in 1995 was less than 16% for males and 14% for females while in 2012 there were 33% of male employees and 28% of female employees reporting working some weekends or every weekend;
- (f) the major drivers of demand within the retail industry are household disposable income and consumer confidence;
- (g) in 2013-14 there were 135,000 businesses in the Australian retail industry, the number declining from 144,000 in 2010-11;
- (h) the average profit margin in the Australian retail industry is 4.8%.

13. In relation to the Australian retail industry:

- (a) 36% of the workforce is under 25 years of age, half of which are teenagers;
- (b) most teenagers employed in the Australian retail industry are students;
- (c) in the Australian retail industry just over a half of workers are employed part-time with 33% of males employed in retail part-time and 58% of women in the retail industry working part-time;
- (d) students made up over 45% of those employed in the Australian retail industry.

14. In relation to penalty rates in the retail industry:

- (a) the study found that employees were willing, on average to accept work offers on Sundays when the hourly pay rate was 57% greater than the hour normal weekday rate.
- (b) while, generally, most employees would require a premium to work on Sundays and public holidays, particularly if the two days coincide, the current penalty rates are higher than those required to attract employees to work on these days.
- (c) the imposition of penalty rates has a negative influence on the employment of employees;
- (d) penalty rates reduce the demand for labour and accordingly, in all cases, employment of permanent employees is less with penalty rates than would be the case if standard rates of pay were to be paid;
- (e) increases in wages, particularly for young employees, will lead to a decrease in employment;

- (f) a reduction in penalty rates would benefit owners of businesses but not necessarily greatly given the competitiveness of the industries would result in cost savings being passed to consumers;
- (g) suppliers, such as wholesales, farmers, commercial property renters, would benefit as output of the industry rises increasing the demand for inputs into the industry;
- (h) there would be more employment, greater choices of shifts available and more employment opportunities for unemployed;
- (i) increased employment opportunities and flexibility allow students and parents to better balance work and other commitments;
- (j) some employees may receive higher total earnings, as there would be a potential to work greater number of hours;
- (k) consumers would pay lower prices and have more opportunities for shopping.

**E. Proposed Findings in relation to expert evidence - Professor John Rose**

- (a) employees under the Retail Award do not value time differently for working on a Saturday relative to how they value time worked on other week days;
- (b) employees under the Retail Award desire a premium to work on Sundays:
  - i. a rate of pay approximately 40% greater than the rate of pay desired for week day work;
  - ii. a rate of pay approximately 56.7% greater than the rate of pay desired for week day work, where there is one public holiday in that week.
- (c) older workers value their time less than younger workers, and hence report being more flexible in terms of their ability to reschedule activities during the week;
- (d) Sunday is not necessarily the least desirable day to work, particularly among segments of society who may prefer to socialise on weekdays or weeknights.

**F. Proposed Findings in relation to Productivity Commission Research Report - Relative Costs of Doing Business in Australia: Retail Trade (2014)**

15. The proposed findings are:

- (a) around 95% of all retail businesses are either non-employing or have 1 - 19 employees;
- (b) between 2009-2010 and 2012-2013, the exit rate was 15% each year, while the entry rate fell from 17% in 2009-2010 to 9% in 2012-2013;
- (c) of those retail businesses operating in June 2009, 41% had exited the industry by June 2013;
- (d) the relative contribution of the industry to the overall economy has been declining slightly over the past decade, and a similar trend is evident in the number of hours worked;

- (e) while the number of hours worked in retail increased between 1991-92 and 2013-2014, the retail industry's share of total hours worked has declined by around 1 percentage point since 2007-2008;
- (f) there has been a slowdown in total retail sales growth since 2008-2009;
- (g) Australian consumer preferences and expectations have changed due to a combination of factors, including higher incomes, changes in taste from social and cultural influences, as well as technology changes. Such factors include:
  - i. workforce participation rate of mothers with a child under 15 years has grown from 57% to 66% over the past two decades; and
  - ii. people are living longer.
- (h) shopping habits are changing in a number of ways, for example shopping on a Sunday has grown in popularity while Saturday shopping is becoming less popular;
- (i) initial decisions to impose penalty rates were unlikely to have had much impact on the retail industry given consumer preferences at the time and the fact that shopping hour restrictions were widespread;
- (j) in addition to a change in consumer preferences and expectations, the deregulation of trading hours has also meant that the incidence of penalty rates in the retail industry is broader.

**G. Proposed Findings in relation to ACRS Report - Sunday Trading in Australia Research Report (2012)**

16. It is not proposed that the 2012 ACRS Report result in significant findings of itself, but rather that the 2012 ACRS Report is considered in light of the report of the 2015 ACRS Report. The findings from the 2012 ACRS Report, which are further highlighted in the 2015 ACRS Report, are:
- (a) the retail industry is currently being challenged;
  - (b) Sunday trade is generally strong, but not always profitable;
  - (c) increased pay is the key benefit of working Sundays, but flexibility is also an important driver for employees;
  - (d) one third of retail employees would never want to work on Sundays;
  - (e) more qualified retail employees tend not to be rostered to work on Sundays, despite a preference to work on that day, because the cost to employ them is too high;
  - (f) many retail employers are themselves forced to work on Sundays to avoid penalty rates which would make trading on a Sunday unprofitable;
  - (g) a 50% Sunday penalty significantly increases retail employee satisfaction, with a 100% penalty (current GRIA penalty) only marginally increasing satisfaction levels. A 50% penalty has the highest impact on employee satisfaction;
  - (h) high Sunday penalty rates are detrimental to retail businesses and the industry as a whole, resulting in neutral gain for employers and less available hours for employees, as well as negative impacts on customer service.

## **H. Proposed Findings in relation to Productivity Commission Inquiry Report - Economic Structure and Performance of the Australian Retail Industry (2011)**

17. The proposed findings are:

- (a) retail businesses employed 1.2 million people or 10.7% of the total working population in 2009-2010;
- (b) there has been a gradual decline in the sector's contribution to GDP, falling from 5% in 1996-1997 to 4.1% in 2009-2010;
- (c) employment numbers had been steadily increasing from 887,000 in 1989-1990 to 1.2 million in 2009-2010. However, since 2002-2003 the industry's share in total employment has fallen from 12.1% of total employment in the economy to 10.7% in 2009-2010;
- (d) almost half of retail businesses that employ workers employ four or less workers;
- (e) just under three quarters of the retail workforce was aged 45 years or less and 35.8% were aged 15 to 24;
- (f) many retail employees are young people who have a preference for working part time while completing full time education; and
- (g) a large proportion of employees in retail work shorter hours.

FCB Group

4 September 2015