



Inquiry into Microeconomic Reform in Western Australia

Retail Trading Hours

ISSUE

Retail trading hours in Western Australia continue to be among the most restrictive in Australia.

The hours retail shops in Western Australia may open depends on: the type of goods sold by the retail shop; the location of the retail shop; and the size of the retail shop.

Only small retail shops (those that employ 18 or fewer people) and petrol stations do not have restrictions on the hours they may operate.

The ERA does not consider that there is any justification for retaining restrictions on retail trading hours.

WHAT WE RECOMMENDED

The ERA recommended that retail trading hours be deregulated in Western Australia with the exception of Christmas Day, ANZAC Day morning and Good Friday, during which time only retailers that employ eighteen (or fewer) staff and petrol stations may open.

Consumer choice, rather than arbitrary Government regulation, should determine which shops open, and when.

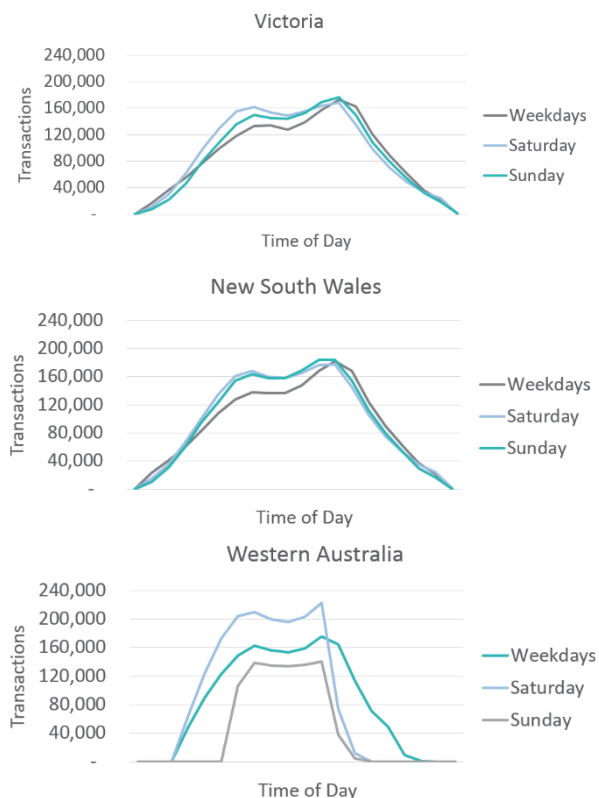
WHY WE RECOMMENDED THIS

BENEFITS FOR CUSTOMERS

Restrictions on retail trading hours impose considerable practical costs on customers.

Regulation of retail trading hours reduces the choice and convenience of customers by preventing people from shopping when and where they choose.

The graphs below shows typical purchasing patterns at Coles supermarkets in Western Australia, versus those in Victoria and New South Wales. This demonstrates that regulation has a real and practical effect on consumer behaviour.



The transaction data show a smooth increase in customer transactions in the morning and a smooth tapering of transactions into the evening during weekdays.

However, because the Western Australian stores are subject to restricted retail trading hours during the weekend, this natural flow is disrupted and customers are forced to shop in a shorter time frame.

The sharp rise in transactions after opening and steep fall upon closing demonstrates that there is significant demand for trading before and after these times.

Removing regulation would give customers greater flexibility to manage their shopping activities, such that they can better fit them around work, family and social activities.

Restricting retail trading hours condenses the window of time during which customers may shop.

This increases customer traffic, above what it would be in the absence of such restrictions, and generates greater congestion in car parks, greater difficulty navigating to and within shops, and longer waiting times at checkouts and service desks.

Restrictions on retail trading hours can lead to greater congestion in car parks, increasingly crowded shops, and longer waiting times at checkouts and service desks.

BENEFITS FOR RETAILERS

The regulation of retail trading hours imposes significant costs on those retailers with restricted trading hours. Costs include:

- lost sales from being required to close when it may be profitable to be open;
- greater capital costs due to the need to have extra capacity to deal with greater peaks in customer activity; and
- compliance costs from needing to deal with complex retail trading regulations.

Deregulation of retail trading hours will expose those retailers that currently enjoy a degree of protection to greater competitive pressures.

This may be detrimental to the retailers that are least capable of meeting customer demand and reflecting customer tastes and preferences.

However, these retailers will be replaced by retailers that can and do cater to customer tastes and preferences, and will create a more competitive and vibrant retail environment.

This fact sheet is part of a series on the ERA's 2014 Inquiry into Microeconomic Reform in Western Australia

The full report and additional fact sheets are available at erawa.com.au

CONTACT US

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