Application to amend trading hours order - Appearances - Inspections - Evidence - Locality - Tourist industry or other industry - Expanding tourist industry - Public interest, consumers' interest and business interest whether small, medium or large - Alleviation of traffic congestion - Likely impact on employment - View of local government - Application granted.

DECISION

FERNVALE, PLAINLAND AND GATTON

[1] The National Retail Association Limited, Union of Employers (NRA) has applied to the Queensland Industrial Relations Commission (the Commission) to amend the Trading Hours - Non-Exempt Shops Trading by Retail - State Order (the Trading Hours Order) pursuant to s. 21 of the Trading (Allowable Hours) Act 1990 (the Act) as follows:

"1. By inserting a new clause 1(i) in Schedule 1 as follows:

(i) The area within the following boundaries:

Commencing from the point where the Warrego Highway intersects with the Brisbane Valley Highway; from that point following the Brisbane Valley Highway in a westerly direction until the intersection with Forest Hill Fernvale Road; from that point following a straight line in a westerly direction to the intersection of Wallers Road and Logan Road; from that point in a straight line in a southerly direction to the intersection of Gatton Helidon Road and Gatton Clifton Road; from that point in a straight line in an easterly direction to the intersection of Ipswich Rosewood Road and Cunningham Highway; and from that point in a straight line in a northerly direction to the point of commencement.".

Other Appearances

[2] The Queensland Retail Traders and Shopkeepers Association (Industrial Organization of Employers) (QRTSA), the Shop, Distributive and Allied Employees Association (Queensland Branch) Union of Employees (SDA) and the Lockyer Valley Regional Council (LVRC) were granted leave to appear and be heard in relation to this matter.

Inspections

[3] The Commission, in the presence of the NRA, QRTSA and the LVRC inspected by way of drive-by the following locations:

Woolworths Fernvale;
Supa IGA Lowood;
Supa IGA Gatton;
Coles/Target Gatton;
Woolworths Plainland; and
Supa IGA Laidley.

Witnesses

The NRA called the following witnesses:

• David Stout, State Compliance Manager, Coles; and
• Scott Anthony Wallace, Regional Retail Support Manager, Woolworths.

The QRTSA called the following witnesses:

• John Matthew Whiten, Supa IGA Lowood;
• John Russell Caleb Hyslop, Supa IGA Gatton; and
• Kim Chounding, Supa IGA Laidley.

Consideration of the evidence and submissions

[4] In deciding whether to make an order under s. 21 of the Act the Commission must have regard to the criteria listed in s. 26 of the Act.

(a) the locality, or part thereof, in which the non-exempt shop or class of non-exempt shop is situated

[5] The NRA submissions noted that Fernvale is located less than 10 kilometres outside of the Brisbane statistical division boundary and 20 kilometres from non-exempt shops located in Brassall which trade seven days per week. Plainland is less than 30 kilometres from the Brisbane statistical division boundary. Gatton is a further 15 kilometres away and is 35 kilometres from Toowoomba which also has seven day trading. The NRA submitted that the area subject to the application is an isolated six day trading area sandwiched between the south-east Queensland area and the Toowoomba area. The application captures all non-exempt shops between Ipswich and Toowoomba.

[6] The QRTSA submitted that the NRA produced no compelling evidence in support of this factor and as such, the criterion of locality did not support the granting of the application.

[7] The Commission accepts that the area the subject of this application is an isolated six day trading area located between two seven day trading areas. This fact, of itself, is insufficient to support the granting of the application, but is one which will be considered in concert with the other factors, in making a decision whether or not to grant the application.

(b) the needs of the tourist industry or other industry in such locality or part
(c) the needs of an expanding tourist industry

[8] These two factors are considered together.

[9] Mr Wallace's Statement attached information prepared by Tourism Queensland entitled "South East Queensland Country Regional Snapshot Year Ended March 2010". Mr Wallace noted that tourist visitation to the area subject to this application is unable to be specifically identified, however, the area falls within this region captured in the Snapshot. The NRA relied on the data contained in the Snapshot to support their submissions concerning these two factors.

[10] The South East Queensland Country (SEQC) region attracts 15% of the state's domestic overnight visitation with the vast majority of tourists being from either Brisbane or other regional Queensland areas. The data also showed that SEQC had experienced strong growth in the holiday and business sectors of the overnight domestic visitors with an annual change of 10% and 27% respectively. Tourism Queensland remarked favourably on the pattern of domestic travel towards short peak trips given the proximity of the region to Brisbane.

[11] The QRTSA rejected the tourism data supplied, arguing in its submissions that the SEQC region captures a much broader area than that subject to this application. Further, Mr Chounding's evidence was that Laidley was not a tourist destination.

[12] The Commission recognises the difficulty in obtaining tourism data for small, regional towns and supports the view expressed in Trading Hours - Non-Exempt Shops Trading by Retail - State (the Tablelands area)¹ that it is not inappropriate to give consideration to the broader statistical material supplied by the NRA. To that end we note the statistical data referred to above and further, that SEQC attracts the fourth highest percentage of domestic visitors after Brisbane, the Gold Coast and the Sunshine Coast. However, like the three regions it also suffered a reduction in the number of visitor nights.

[13] While we are satisfied that the broader region attracts a growing number of tourists we recognise the limitations of the data especially as it relates to the area in question. Because of this we have reservations about the relevance of these factors to the application and consequently we consider these factors to be neutral in our determination of the matter.

¹ Trading Hours - Non-Exempt Shops Trading by Retail - State (TH/2010/10) - Decision http://www.qirc.qld.gov.au
(d) the needs of an expanding population

[14] Mr Wallace's evidence was that the population growth in the western corridor was the reason Woolworths decided to construct a new store in Plainland.

[15] His Statement attached a document prepared by the Office of Economic and Statistical Research, Queensland Treasury, entitled "Queensland Regional Profiles SEQ Extension Area Region". This document explains that the SEQ Extension Area Region was derived using local government areas in 2010, viz., the LVRC and the Somerset Regional Council (SRC). Gatton and Plainland fall within the LVRC whereas Fernvale is located in the SRC.

[16] Based on data contained in the Profiles, the NRA submitted that the LVRC and SRC combined areas experienced average population growth of 3.2% over five years from 2004 to 2009, with annual growth in 2008/2009 of 4.6%. However, the QRSTA argued that these "relative spikes" are not consistent with the longer term projected population statistics for these local government areas, which, according to the Profiles are 2.4% for the LVRC and 2.1% for the SRC over the period 2006 to 2031.

[17] The QRSTA submitted that in order to satisfy this factor it was incumbent on the NRA to show how the needs of future populations will be met by a shift to extended trading hours. It was submitted that the NRA had failed to do this and had not demonstrated how the current retail infrastructure fails to accommodate the needs of the existing or an expanding population.

[18] The Commission notes that whereas estimated resident population data is provided per "urban centre/locality" within the SEQ Extension Area Region as at 30 June 2009, the 25 year projections are given per local government area. However, the Profiles provide some assistance in considering population projections. In addition to the data referred to by the QRSTA, the Profiles state that:

"The population in this Region is projected to increase by an average annual growth rate of 2.3% over the 25 year period between 2006 and 2031. In comparison, Queensland is projected to have an annual growth rate of 1.7% over the same period." (p. 5).

[19] Although it is difficult to ascertain with any degree of certainty the population projections for the precise area the subject of this application, we consider that the Profiles support the conclusion that the population in the subject area will increase over the 25 year period between 2006 and 2031 and the rate of increase is higher than the Queensland average for the same period. We note that the population growth caused Woolworths to decide to construct a shop at Plainland in 2005 and at Fernvale in 2009. In addition, in answer to a question from the Full Bench, Mr Chounding said that Laidley had experienced population growth and referred to the new housing estates which had been developed.

[20] Accordingly, we are satisfied that based on the above evidence that the area has been experiencing an increase in population and will continue to do so.

(e) public interest, consumers' interest and business interest (whether small, medium or large)

[21] The NRA did not provide evidence concerning the interests of consumers or the public interest. However, its submissions addressed consumers' interests by reference to past decisions of the Commission and the 1996 Knox Inquiry report which acknowledged that consumers prefer extended trading hours.

[22] Also in this vein the NRA referenced the Trading (Allowable Hours) Amendment Bill Second Reading Speech 19 February 2002 where the Minister commented on the industry and consumer confusion resulting from the various trading hour zones which operated between the then Sunshine Coast area and the Gold Coast area.

[23] Coles has one store located in Gatton which is affected by the application. Woolworths has two stores affected, one located in Fernvale and the other in Plainland. All three stores would trade the full allowable hours if the application was granted.


[25] The Woolworths store in Fernvale opened at the end of March 2009. The opening of that centre has attracted a Reject Shop, a newsagent, a bottleshop and a fish and chip shop.
Mr Wallace acknowledged in cross-examination that the investment by Woolworths in these two towns was done in the full knowledge that seven day trading was not permitted at the time. He further acknowledged that Woolworths in these towns would remain profitable in the event the application was not granted.

Mr Wallace said that neither the Fernvale nor the Plainland communities have significant alternative grocery options available to them on a Sunday and residents would generally have to travel to Gatton, Ipswich or Toowoomba to make any significant purchases. The effect of the absence of seven day trading causes unnecessary inconvenience and cost as well as lost employment opportunities and lost expenditure.

Mr Stout said that Coles Gatton competes directly with the Supa IGA in Gatton which is a full line supermarket. Mr Stout said that Coles had experienced a 12% decrease in weekly customers over the last 12 months and Coles estimates that the Supa IGA holds a significantly greater share of the local market than Coles.

The evidence given by Mr Stout and Mr Wallace made the following points in respect of the interests of large business:

- the vast majority of the stores operated by these two national supermarkets trade seven days a week. Only 12% of Coles' stores in Queensland do not trade seven days a week;
- Sunday trading continues to grow in popularity and remains the fastest growing trading day of the week;
- Sunday trading does not result in the redistribution of sales across the week but leads to incremental sales growth for a number of reasons including ease of congestion; opportunity to shop in a more leisurely fashion and at a time convenient to customers as well as an increase spend of the discretionary dollar;
- the propensity to shop in the latter part of the week creates challenges in keeping product lines stocked at peak times due to delivery restrictions and limitations on replenishment during high trading periods. Sunday trading would help smooth the peaks; and
- Sunday trading has proved popular with customers in the neighbouring centre of Toowoomba and has produced a significant improvement in operational efficiencies.

Evidence opposing the application was given by the owners of three Supa IGA stores. The theme of the evidence of these witnesses was that, were the application to be granted, their stores would lose a significant proportion of their sales on a Sunday and may also suffer reduced sales on a Saturday. For example, Mr Whitten said that with the opening of the Woolworths stores at Plainland and Fernvale his store at Lowood had lost sales which had not been restored by the minor growth which had occurred since then.

The QRTSA witnesses all gave evidence that lost sales would result in reduced staff numbers. (The impact on employment is considered more fully under factor (g)). This negative impact would also flow to grants given to local community organisations.

The witnesses considered that the local community was well served by their stores and were concerned about the impact on other small businesses were Coles and Woolworths allowed to open on Sundays.

Mr Chounding has interests in stores in Pittsworth and Byron Bay. The store at Byron Bay competes with Woolworths in a seven day trading environment. He also acknowledged in cross-examination that his store in Laidley competes with stores in the towns of Toowoomba and Booval where seven day trading operates as well as the other Supa IGAs in the region. In this environment Mr Chounding has experienced 11% sales growth for the previous couple of years.

Mr Hyslop is the sole director of Joffmark Pty Ltd which owns and operates the Supa IGA in Gatton. That company is part of the Hyslop Group that includes Supa IGAs in Kingaroy and Warwick and an IGA in Yarraman. The Supa IGA in Gatton is a full line supermarket and includes a bakery, a serviced delicatessen, a full onsite butchery and a Lenard's chicken franchise which is owned by another person. The size of the store is approximately 2000 square metres and has 11 cash registers of which eight to nine would be operational during peak times.

Mr Hyslop took issue with a claim by the NRA that the introduction of seven day trading in Toowoomba had resulted in lost trade by the stores subject to the application. He said the Supa IGA in Gatton had not noticed any decrease in their Sunday sales.

The Supa IGA in Gatton had recently undertaken a multi-million dollar extension and refurbishment. In response to a question from the Full Bench, Mr Hyslop acknowledged that if Sunday trade was introduced his store could be competitive with Coles, however, his present trade on Sunday provided a critical mass in sales that allows it to remain viable. This evidence was given in light of evidence from Coles concerning the reduction in weekly customers coinciding with the completion of the redevelopment of the Supa IGA.
The NRA submitted that "Mr Hyslop is abusing the definition of independent shop within the Trading (Allowable Hours) Act through the use of separate operating companies and 'independent' franchises operating within the store". The QRTSA strongly rejected this submission and noted that Mr Hyslop had shown his awareness of the law in cross-examination by the NRA.

It is not the role of the Commission to make a determination as to whether "Mr Hyslop is abusing the definition of independent shop" and we express no view about the matter. However, of all of the witnesses who own and operate Supa IGA stores in the area in question, the evidence of Mr Hyslop in particular highlights yet again the conundrum that arises with the presence of Supa IGA supermarkets in regional towns when considering trading hours' applications. We affirm the comments we made on this issue in the Warwick trading hours' case (Trading Hours - Non-Exempt Shops Trading by Retail – State, (Warwick Area)) at paragraphs [143] and [144].

In this case the opposition to the application was presented only by the Supa IGA stores which are located in Gatton, Laidley and Lowood. Of those, the store in Gatton is trading more successfully than Coles in Gatton and has not lost sales through the introduction of seven day trading in Toowoomba. In addition, the store in Laidley is experiencing reasonable annual growth and is located in an area which is experiencing population growth. The Commission heard evidence that Gatton has two small corner stores as well as service stations and a Crazy Clarks store that sell groceries. Another supermarket, described as "large" by Mr Chounding operates in Rosewood. On inspections, and although not on the official inspection list, the Commission was driven past a Foodworks store in Laidley. It is noteworthy that the smaller corner or convenience stores did not seek to give evidence against the application.

Also to be considered is that the Woolworths stores are located in towns where there are no Supa IGA stores or stores that have a reasonable size grocery offer. Although we accept the evidence of Mr Whitten that the opening of the two Woolworths stores had a negative impact on his business we consider there is merit in the evidence of Mr Wallace that on Sunday residents of Fernvale and Plainland must travel to other towns if they wish to undertake significant grocery purchases. We have previously commented that evidence about consumer interests was not given by way of survey data or directly, however, we consider that the evidence of Mr Wallace on this point is logical.

We also consider there is merit in the evidence of Mr Wallace concerning the infrastructure, business and employment opportunities that Woolworths has helped to generate by the opening of their stores in Plainland and Fernvale and the lost employment opportunities and lost expenditure to these towns that the absence of seven day trading presents. Against that is the evidence of Mr Whitten which was that his store is a significant employer in the town of Lowood and the town needs strong business community to supply a source of employment.

While we are not unsympathetic to the argument about the loss of sales likely to be felt were the application to be granted we consider that in this case the arguments of the Supa IGA stores are not as persuasive as those put by Coles and Woolworths. In particular, the competitiveness of the Supa IGA Gatton; the fact that there already exists a measure of competition with stores in seven day trading environments and between stores in the subject area and that the Woolworths stores are located in towns where there is no Supa IGA store lead us in this case to conclude that on balance the business interests support the grant of the application.

(f) the alleviation of traffic congestion

The NRA did not adduce evidence in relation to this factor.

(g) the likely impact of the order on employment

Mr Stout gave evidence that Coles anticipate an additional 100 hours of employment would result from the granting of the application.

Mr Wallace said Woolworths currently employs almost 400 people in the two stores subject to this application. At the Plainland store, 44% of employees are under 25 years of age and at Fernvale store, 30% of employees fall within this age bracket. Mr Wallace also said that the additional hours of work resulting from Sunday trading were estimated to be 160 per week in Plainland and 160 hours per week in Fernvale resulting in at least 16,640 hours per annum. Increased employment would also be generated in the contracted service areas of cleaning and trolley collection.

Although the QRTSA criticised the evidence of Mr Stout and Mr Wallace for providing only estimates of increased employment we are satisfied that given their positions in their respective companies and their
experience where seven day trading has been introduced in other parts of Queensland that their estimates would be reasonably accurate.

[47] Under cross-examination by the SDA, both Mr Stout and Mr Wallace confirmed that the working of additional hours would be voluntary for existing employees.

[48] In contrast the witnesses called by the QRSTA predicted job losses would occur as a result of lost sales were the application to be granted. Mr Whitten said that his Supa IGA store in Lowood currently employs 12 full-time staff and 82 casual employees. He anticipated 20 casual employees and six full-time employees would lose their jobs. Mr Whitten also expressed concern over the loss of employment given his store is the main source of employment in the area. Mr Chounding expected to reduce his full-time staff by six and Mr Hyslop predicted between 15 and 25 jobs would be lost were the application to succeed.

[49] In its submissions the NRA cast doubt on the magnitude of the expected job losses the QRSTA witnesses said they would experience. The NRA considered that the worst case scenario for each of the three QRSTA witnesses was a diminution in sales of 3% to 7% based on the difference in the weekly percentage of sales between Sundays and other days when non-exempt stores currently trade. On this basis any reduction in casual employment was likely to be limited and would be recovered in a short period based on natural sales growth.

[50] The QRSTA noted that Mr Chounding's evidence was that the costs of operation for small stores, including wages, was greater than for non-exempt larger retailers.

[51] The Commission acknowledges that there may be some reduction in employment were the application to be granted. However, we have reservations about the accuracy of the projected job losses the QRSTA witnesses said they would experience. The NRA considered that the worst case scenario for each of the three QRSTA witnesses was a diminution in sales of 3% to 7% based on the difference in the weekly percentage of sales between Sundays and other days when non-exempt stores currently trade. On this basis any reduction in casual employment was likely to be limited and would be recovered in a short period based on natural sales growth.

In our view while any loss in employment is cause for concern, we consider that the increased employment opportunities that would be generated by the granting of this application will outweigh those losses over time.

(h) the view of any local government in whose area the order is likely to have impact

[52] A written submission was received from the Local Government Association of Queensland Ltd. (LGAQ) on behalf of the LVRC. The LGAQ advised that the LVRC opposed the application and at its ordinary meeting held on 25 August 2010 the LVRC had passed the following resolution:

"That a letter be forwarded to the Industrial Relations Commission advising the Council is of the opinion the introduction of 7 day trading in the areas of Gatton, Plainland and Fernvale would have a detrimental effect on the financial situation of small business."

[53] An extract from the Minutes of the meeting of the LVRC was attached to the submissions of the LGAQ. Included in the Minutes was a section headed "Discussion" which recorded that the LVRC had sought the views of both local Chamber of Commerce organisations, Lockyer and Laidley Better Business, on the proposed extension to trading hours. These views were sought in order to assist the LVRC in formulating a position on behalf of the broader business and local community. Lockyer Better Business received a limited response to its email survey with the result that that organisation did not feel able to form a view. Laidley Better Business verbally advised that eight members attended the AGM and a unanimous decision against seven day trading was made. That organisation requested the LVRC write to the Commission opposing the application.

[54] The NRA noted that no witnesses from the LVRC gave evidence in the proceedings and apart from the extract from the Minutes there was no evidence as to how the view of the LVRC was formulated. The NRA also noted that the SRC did not express any view to the Commission. For these reasons the NRA submitted that the view of the LVRC should only be given limited weight by the Commission.

[55] In contrast, the QRSTA submitted that the view of the LVRC should be given full weight because the LVRC is an independent voice of the local community as well as their elected representatives.

[56] The Commission has expressed the view in other trading hours decisions that it would have been of assistance to the Commission had a witness representing the Council given evidence (see: Trading Hours - Non-Exempt Shops Trading by Retail - State (Emerald Area)). This would have allowed the background to and the issues considered in making the resolution to be better understood. In the circumstances, we adopt the view of the Full

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3 Trading Hours - Non-Exempt Shops Trading by Retail - State (TH/2010/8) - Decision http://www.qirc.qld.gov.au
Bench in the *Emerald Area* decision, *Trading Hours - Non-Exempt Shops Trading by Retail - State (Emerald Area)*\(^4\) as follows:

"[125] In such circumstances we can only note the resolution and take it into consideration in determining our overall attitude to NRA's application. In that regard, while the view of any local government in whose area the Order is likely to have an impact is important, it is but one of nine factors the Commission is required to take into consideration in making its determination."

(i) *such other matters as the industrial commission considers relevant*

[57] The NRA submitted as a relevant factor that the Commission has considered and approved other applications extending the boundary of the South-East Queensland area, i.e., to Nambour/Beerwah and Beaudesert. This application was said to warrant similar consideration.

[58] The QRTSA submitted that the NRA was unable to point to evidence given in the hearing of this application which would assist the Commission forming such a view.

[59] In respect of the two decisions referred to by the NRA we note that the QRTSA did not call any evidence in opposition to the application and that the relevant local governments supported the applications. On these bases alone the present matter can be distinguished. The fact that other Full Benches have extended the boundary of the South-East Queensland area does not place any obligation on this Full Bench to do likewise. Each case will be decided on the evidence presented in respect of s. 26 of the Act.

**Conclusion**

[60] In making a decision in relation to this application the Commission has considered all of the evidence and the submissions in relation to each of the factors listed in s. 26 of the Act as well as the submissions made in the *Trading Hours - Non-Exempt Shops Trading by Retail - State (Natural Disasters)*\(^5\).

[61] In summary our conclusions on the s. 26 factors are that the area in question is an isolated six day trading area located between two seven day trading areas, namely, South-East Queensland and Toowoomba: s. 26(a). The broader tourism data shows that the SEQC is the fourth largest tourism region in Queensland and that the region is attracting an increasing number of tourists: s. 26(b) and (c). However, given the limitations of the data these factors were considered to be neutral.

[62] The population data produced also supports a conclusion that the area has an expanding population, with projected growth higher than the state average: s. 26(d).

[63] No direct evidence about the needs of consumers was produced, however, consumers in Fernvale and Plainland are disadvantaged in respect of significant grocery purchases on a Sunday. Although the business interests were divided we concluded that the interests of large business outweighed those of other business interests, medium or small: s. 26(e). Of particular note were the lack of opposition to the application by the convenience or corner stores and the competitiveness of the Supa IGA stores, especially the Gatton store with the non-exempt retailers.

[64] Section 26(f) is not relevant to this application,

[65] The Commission also considers that the increased employment opportunities made available by seven day trading will, over time, outweigh any losses: s 26(g).

[66] In terms of s. 26(h) we note the opposition of the LVRC but given the absence of direct evidence from that Council we are concerned about the basis of the decision. On the face of the extract from the LVRC minutes it seems that eight businesses opposed the application and because of this the Council resolved to oppose the application. Without more information the Commission considers that it is unable to place much weight on the view of the LVRC. We further note that the SRC did not express a view to the Commission. In the circumstances we consider that the view of the local government does not assist us in determining the application.

[67] No other factor is considered to be relevant: s. 26(i).

[68] Having weighed the various factors we are of the view that the application should be granted. In particular the interests of large business (as outlined) and the increased employment opportunities are significant in the determination we have made.


The operative date for the amendment is 7 August 2011.

Order accordingly.

D.A. SWAN, Deputy President.

G.K. FISHER, Commissioner.

J.M. THOMPSON, Commissioner.

**Hearing Details:**

- **2010**
  - 15 June
  - 15 and 17 November

- **2011**
  - 28 January
  - 4 February

**Written Submissions received:**

- 23 December 2010 (QRTSA)
- 14 January 2011 (NRA)

**Released:** 15 June 2011

**Appearances:**

- Mr J. Moore, National Retail Association Limited, Union of Employers on behalf of the Applicant.
- Mr N. Rieck and Mr J. Huang, Neumann & Turnour Lawyers on behalf of Queensland Retail Traders and Shopkeepers Association (Industrial Organization of Employers).
- Mr T. Martin, Shop, Distributive and Allied Employees Association (Queensland Branch) Union of Employees.
- Mr K. Ryalls, Local Government Association of Queensland Ltd. on behalf of Lockyer Valley Regional Council.