



THE MCKELL INSTITUTE

The Economic Impact of Penalty Rate Cuts on Rural NSW

A RETAIL INDUSTRY CASE STUDY

DISCUSSION PAPER



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The McKell Institute's key areas of activity include producing policy research papers, hosting policy roundtable discussions and organising public lectures and debates.

The McKell Institute takes its name from New South Wales' wartime Premier and Governor-General of Australia, William McKell.

William McKell made a powerful contribution to both New South Wales and Australian society through progressive social, economic and environmental reforms.

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Foreword

It is with great pleasure that we introduce the McKell Institute's study into the importance of penalty rates to Australian workers.

In this latest discussion paper, the McKell Institute briefly overviews the history of penalty rates in Australia and gives a snapshot of the contemporary debate on the topic. Then, focusing on the retail sector it looks at proposals aimed at reducing or removing penalty rates all together.

As an important addition to the public debate on the subject it examines and quantifies the disproportionate impact that rural and regional centres in NSW will endure as a result of these changes.

The report accurately identifies the extent that businesses owned outside those regional centres (generally in Sydney and Melbourne) will profit at the expense of regional workers. More important are the second line impacts that will be felt when the employee has less money to spend locally, leading to decreased revenue and increasing the divide between the city and the country.

While we recognise that businesses in the bush face increasing challenges, they will not create a pathway to ongoing profitability by cutting penalties and the decent treatment of the very people who work to make them successful.

We hope that the findings of this report reach its intended audience and that its messages are understood. Furthermore, we hope that those in the Federal Government pushing for changes in this sector pause to consider the unintended consequences of their proposals, not only on the workers and their families but also on the towns and cities of regional Australia.



The Hon John Watkins
CHAIR,
MCKELL INSTITUTE



Sam Crosby
EXECUTIVE DIRECTOR,
MCKELL INSTITUTE

Executive Summary

Penalty rates have long protected the Australian weekend. For over a hundred years they have incentivised regular hours of work and compensated working families for the time apart.

Now there are increasing calls from employer groups and parts of the Federal Government to cut back penalty rates in an effort to increase the profitability of companies and the nation's level of productivity.

While the effects of such a change would be widely and deeply felt throughout the nation, in homes and around kitchen tables of wage earning employees, there will be a disproportionate impact on the towns and local economies in rural and regional NSW. In the country where workers typically earn \$5,300 per year less than their city counterparts they'll end up facing a disproportionate burden inflicted on them by this potential change.

This discussion paper looks at the impact of a reduction or a removal of penalty rates in the retail industry in rural NSW. The retail sector is the second highest employer of regional workers accounting for some 12% and the highest private sector employer. It would be one of the first and hardest hit if any such proposal did eventuate.

In new analysis by the McKell Institute it is estimated that retail workers in Rural NSW would lose between \$89 million and \$315 million each year depending on the extent of the cut to penalty rates and the level of local ownership of the retail stores. This cut is equivalent to an average pay cut per retail worker of between 4.6% - 16.5% of their salary. More worrying for the town themselves is the \$26 million - \$111 million in disposable income that would be lost across Rural NSW.

The extent of the impact varies from region to region. The Federal electorate of Patterson could expect to be impacted between \$1.2 million and \$5.4 million whereas the electorate of the Riverina would be impacted between \$2.2 million and \$9.4 million.

A Historical Context

Penalty rates have been a feature of the Australian industrial relations system for over 100 years – having been established just after Federation in 1909, in the Commonwealth Conciliation and Arbitration Commission.

In *Barrier Branch of Amalgamated Miners Association v Broken Hill Pty Company Ltd* (1909), Justice Higgins awarded penalty payments valued at time-and-a-half of ordinary payments be made for work on the seventh day in any week, an official holiday and ‘all time of work done in excess of the ordinary shift during each day of twenty hours’.¹ Higgins awarded the penalty rates, firstly as compensation to employees being made to work at inconvenient times, but secondly to act as a deterrent against ‘long or abnormal hours being used by employers’.²

The rationale for penalty rates; that employees should be appropriately compensated for working long hours at inconvenient and unsociable hours, was reaffirmed almost forty years later by the Commonwealth Conciliation and Arbitration Commission. It decided that Saturday work should be paid at 125% of the base rate, and people working on Sundays should receive double-pay. Shortly afterwards in 1950, the NSW Industrial Relations Commission noted that ‘employers must compensate employees for the disturbance to family and social life and religious observance that weekend work brings’.³

More recently, the new modern award objective under the *Fair Work Amendment Act* (2013), introduced by the former Labor Government which took effect in January 2014, places a requirement on the Fair Work Commission to consider the need for extra remuneration for people employed during ‘overtime; unsocial, irregular or unpredictable hours; working on weekends or public holidays;

or working shifts’, when making sure that these modern awards provide a just safety net, ultimately providing safeguard for penalty rates.⁴

While not a uniquely-Australian privilege, they have stood the test of time reflecting the egalitarian nature of the Australian psyche. Over the last century they have attracted bi-partisan support, with some of this remaining in place today among the current conservative Government. Conservative Liberal MP Andrew Laming said that “there’s a long history of paying penalty rates and I don’t see any need to change it”.⁵ Similarly, Alex Hawke acknowledges that “we may not be able to do anything about penalty rates; and we may not want to, because they are an enshrined part of our workplace relations system”.⁶ Even Prime Minister Abbott concedes that “penalty rates are very important to people...if you’re a low paid worker one of the things that you often love to do is work late nights, weekends, because it does substantially increase your income.”⁷

The Shifting Climate

More recently, elements of the business lobby are now agitating to reduce or abolish penalty rates. The Australian Retailers Association's chief executive Russell Zimmermann stated that "you should be able to work any five days out of a seven day week, and have that constitute a working week. We should not be talking about unsociable hours any longer".⁸



In 2013, the full bench of the Fair Work Commission rejected a case by the employer association for the restaurant and catering sector to reduce penalty rates in five awards across the hospitality and retail sectors.⁹ This heightened concerns of employees and their unions that this pillar of the industrial relations system was under attack. Then on appeal, in May this year the Fair Work Commission overturned its previous ruling in the hospitality award and reduced penalty rates for casual employees for Sunday shifts by 25%. A decision that Employment Minister Eric Abetz labelled as "ground breaking" and the National Retail Association chief executive Trevor Evans described as "exciting".¹⁰

Since the election of the Liberal-National Coalition Government in 2013 there has been an increased

level of activity by employer groups advocating a reduction or removal of penalty rates. This commentary and activity has emboldened senior coalition MPs such as such as Federal Liberal MP for Wannon Dan Tehan, who said that "penalty rates on weekends should be halved".¹¹ Similarly a range of coalition MPs including Warren Entsch, Russell Broadbent, Wyatt Roy, Craig Laundy, Dennis Jensen and Zed Seselja, have all called for a review of penalty rates, specifically so that businesses can be 'liberated' from paying weekend and overtime rates to their workers.¹² Conservative State Premiers are now also urging the reduction of penalty rates with Queensland Premier Campbell Newman claiming that penalty rates on public holidays were a 'problem' and urging his federal colleagues to consider cuts.¹³

The Regional/Urban Divide in NSW

There has been extensive analysis on penalty rates and their effect on shopping hours and labour productivity. There is however a much less publicised story regarding the effect that reducing or removing penalty rates would have on regional and rural areas.

These regions already lag significantly behind their metropolitan counterparts on a variety of socio-economic measures including most importantly income per household.

The NSW Government notes that the percentage of households with a gross weekly income under \$500 is amplified by remoteness. Correspondingly, over a quarter of city-based households have a minimum weekly income of \$2,000, while only 9.1% of regional and remote locations have comparable incomes.¹⁴

In analysing the disproportionate effect that penalty rates have on NSW regions this study has been conducted using NSW Federal Electorates as its geographic units, one of the useful regional classifications that the ABS uses to analyse the State. For the purposes of our analysis, the following electorates have been defined as rural (i.e. areas outside Sydney, Wollongong and Newcastle):



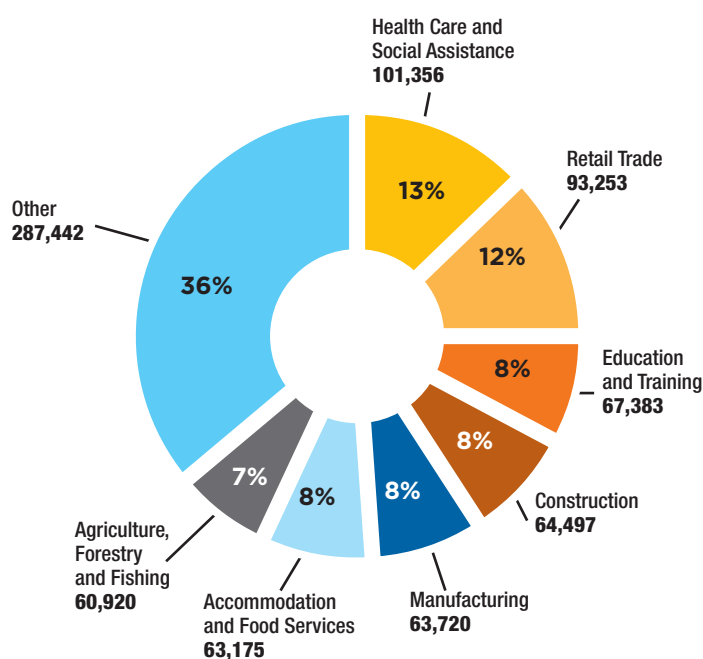
Federal Electorates Classified as Rural Electorates

- Calare
- Cowper
- Eden-Monaro
- Farrer
- Gilmore
- Hume
- Hunter
- Lyne
- New England
- Page
- Parkes
- Paterson
- Richmond
- Riverina

A Focus on the Retail Industry

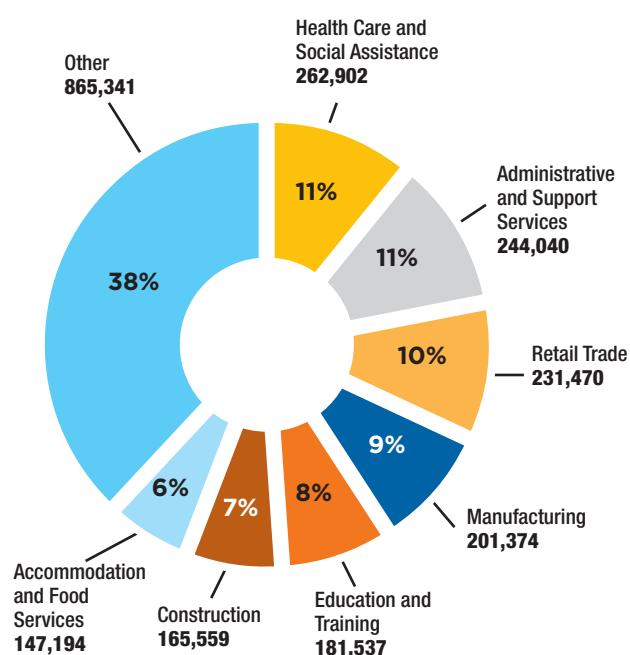
In evaluating the impact that reducing or removing penalty rates would have on regional and remote communities this paper focuses on recent proposals to reduce or remove penalty rates in the retail industry.

**2011 Workforce by Industry
– Rural NSW**



The retail industry was selected due to its size and significance as an employer in Rural NSW. It is the second largest industry, just behind health care and social assistance and the largest private sector employer in the regions. It alone accounts for 12 per cent of the workforce employing over 93,000 workers.¹⁵ Retail Trade in Rural NSW has one and a half times the number of workers in education agriculture, construction or manufacturing. Furthermore, as a proportion of the workforce,

**2011 Workforce by Industry
– Non-Rural Electorates**



a higher proportion of rural workers are employed in retail trade (12%) than in non-rural electorates (10%). As a sector it includes supermarkets, department stores, hardware and garden supplies, as well as clothing, pharmaceuticals and car retailing (see Appendix 1 for a complete list). Finally, along with hospitality it is the largest private sector employer at the forefront of the push to reduce penalty rates.

Data Sources, Methodology and Assumptions

This report has drawn on a range of data sources for its economic modelling including:

- I. Australian Bureau of Statistics (ABS) 2011 Census of Population and Housing – in particular workforce data pertaining to industry, Federal Electorate of residence and income. Appendix 1 contains the classification scheme used for Industry of Employment (INDP) categories within the Retail Trade category;
- II. Australian Bureau of Statistics Counts of Australian Businesses, including Entries and Exits, June 2009 to June 2013. Data from Statistics Counts of Australian Businesses (obtained at the SA2 ABS geographical classification level) has been reclassified by Federal Electorate.; and
- III. Data provided by the union representing retail workers (the Shop, Distributive & Allied Employees' Association) based on examples of trading hours from a regional centre.

Drawing on these data sets, the researchers then used 2011 census to estimate the numbers of retail workers in each Federal Electorate. The data provided by the SDA was then used to estimate the average income loss to individual workers. This was conducted looking at two separate scenarios, both for a partial reduction as well as a full abolition.

The researchers then estimated a 32.5% marginal tax rate to quantify the level of disposable income lost and provide a post tax, or net impact. These figures were then combined to estimate the total income lost to retail workers in each Federal Electorate.

Data from the ABS Counts of Australian Businesses were used to estimate the number of employees by business size in each Federal electorate while assuming that most of the larger businesses (20+ employees) were not owned locally (as it is clear that

most medium to large employers in rural retail outlets are retail chains owned outside of the local area). The proportion assumptions were also varied to obtain high and low estimates.

From this analysis we were able to estimate the number of employees in each electorate who are employed by non-local businesses as well as the level of disposable income lost to the local economy.

Additionally, the ABS Census shows that, in 2011, there were around 93,000 workers in the NSW rural retail workforce. These numbers have been used as the base line for all estimates in the study. The impact of this is reflected in each electorate as below:

Employees Potentially Affected by Penalty Rates Cuts in NSW Rural Retail Businesses

ELECTORATE	ESTIMATED RETAIL WORKERS
Calare	6,687
Cowper	6,735
Eden-Monaro	6,841
Farrer	6,576
Gilmore	6,333
Hume	6,664
Hunter	6,362
Lyne	6,363
New England	7,004
Page	6,930
Parkes	6,641
Paterson	6,078
Richmond	6,702
Riverina	7,337
Rural NSW	93,253

From Bad to Worse: Two Scenarios to Reduce Penalty Rates

As there is no specific proposal that is publically being considered at this time, we have identified two likely scenarios to estimate the average income lost if such proposals were to be considered:

(A) A reduction in penalty rates - through the removal of the 25% penalty rate for work after 6pm on weekdays and the reduction of the penalty rate for work on a Sunday from 100% down to 50%, which was the proposal of retail employer associations in the 2012 modern award review; and

(B) The full abolition of penalty rates.

The effect of these scenarios will vary considerably when applied to workers in large supermarkets compared to workers in smaller chains. To gain an accurate understanding of the total impact of these proposals the case studies need to be examined individually.

CASE STUDY ONE

Large Supermarket

The methodology for assessing the impact on workers in a large shopping centre uses the opening hours of a large supermarket in Armidale, 7am to 10 pm Monday to Saturday and 8am to 8pm on Sunday and the wages of a Shop Assistant under the Retail Award.¹⁶ In this case study, the span of opening was 102 hours per week and given most employees are part time it has been assumed that 4 employees split the 102 hours between them.¹⁷

That would give rise to an average loss of penalty rates of (A) **\$50.93** per employee per week with reduced penalty rates, or, if penalty rates were completely abolished, an average loss of (B) **\$96.07** per worker, per week.

CASE STUDY TWO

Smaller Businesses with Shorter Opening Hours and Fewer Employees

In a more conservative estimate a scenario is modelled based on data from a small store in the same centre as the supermarket in Armidale. Its opening hours are 9am-5.30pm Mon-Wed and Fri, 9am-8pm on Thurs, 9am-5pm on Sat and 10am-3pm on Sun - an opening hours span of 58 hours. It has been assumed that the hours are split between 2 employees. This results in the lower average loss of penalty rates of (A) **\$27.78** per employee per week with reduced penalty rates, or, if penalty rates were completely abolished, the figure would be (B) **\$69.45** per week.

The table below summarises the assumptions made for each scenario (partial and full abolition of penalty rates versus high and low estimates). A marginal tax rate of 32.5% has been used to estimate the average loss in disposable income per worker.

Lost Income Assumptions Following Potential Penalty Rate Cuts

PENALTY RATE CUT	BUSINESS TYPE	LOST INCOME PER WORKER	LOST DISPOSABLE INCOME PER WORKER
Partial	Large	\$50 per week	\$34 per week
Partial	Small	\$27 per week	\$18 per week
Full	Large	\$96 per week	\$65 per week
Full	Small	\$69 per week	\$47 per week

Who Owns our Regional Retail Sector?

CASE STUDY ONE

Higher Level of Metropolitan Ownership

The table below summarises the assumptions made for large shopping centres based on the average number of employees for each business size category and the proportion of businesses not owned locally. Due to a paucity of data in this area, we've had to assume different rates of ownership. In this section we look at the slightly higher rates of ownership based in major metropolitan centres.

Assumptions Pertaining to Non-Local Business Owner – High Estimate

BUSINESS SIZE (EMPLOYEES)				
Assumption	1-4	5-19	20-199	200+
Average Employees	2.5	12	45	N/A
% Non-Local Owners	0%	15%	80%	N/A

Combining these assumptions with data from the ABS Counts of Australian Businesses yields an average of **35%** of retail workers in Rural NSW employed by non-locally owned businesses. This percentage varies from 41% to 26% for different Federal electorates. (Appendix 2(a) – Breakdown of impact on high estimate).

CASE STUDY TWO

Lower Levels of Metropolitan Ownership

The table below summarises the assumptions made for the low estimate scenario pertaining to the average number of employees for each business size category and the proportion of businesses not owned locally.

Assumptions Pertaining to Non-Local Business Owner – Low Estimate

BUSINESS SIZE (EMPLOYEES)				
Assumption	1-4	5-19	20-199	200+
Average Employees	2.5	12	40	N/A
% Non-Local Owners	0%	10%	75%	N/A

Combining these assumptions with data from the ABS Counts of Australian Businesses yields an average of **29%** of retail workers in Rural NSW employed by non-locally owned businesses. This percentage varies from 21% to 35% for different Federal electorates. (Appendix 2(b) – Breakdown of impact on low estimate).



The Economic Impact of Potential Penalty Rate Reductions or Removals on Regional NSW

This section outlines the modelling results for the estimated economic impact of penalty rate cuts under 4 scenarios:

- **PARTIAL ABOLITION OF PENALTY RATES** – with low estimates of metropolitan ownership;
- **FULL ABOLITION OF PENALTY RATES** – with low estimates of metropolitan ownership;
- **PARTIAL ABOLITION OF PENALTY RATES** – with high estimates of metropolitan ownership;
- **FULL ABOLITION OF PENALTY RATES** – with high estimates of metropolitan ownership.



Low Ownership Estimates – Partial Penalty Rate Cut

Under a partial abolition of penalty rates, it is estimated that retail workers in Rural NSW would lose \$89 million each year which is equivalent to an average pay cut per retail worker of 4.6%. More worrying for the towns is the \$26 million in disposable income would be lost across Rural NSW.

Estimated Economic Impact of Penalty Rate Cut – Partial Abolition, Low Estimate

ELECTORATE	ESTIMATED DISPOSABLE INCOME LOST BY WORKERS	AVERAGE % LOST INCOME	ESTIMATED LOSS TO LOCAL ECONOMY
Calare	\$6.4 million p.a.	4.6%	\$2.0 million p.a.
Cowper	\$6.4 million p.a.	4.7%	\$1.9 million p.a.
Eden-Monaro	\$6.5 million p.a.	4.5%	\$1.8 million p.a.
Farrer	\$6.2 million p.a.	4.6%	\$2.0 million p.a.
Gilmore	\$6.0 million p.a.	4.6%	\$1.9 million p.a.
Hume	\$6.3 million p.a.	4.3%	\$2.0 million p.a.
Hunter	\$6.0 million p.a.	4.7%	\$2.1 million p.a.
Lyne	\$6.0 million p.a.	4.7%	\$1.6 million p.a.
New England	\$6.7 million p.a.	4.7%	\$2.2 million p.a.
Page	\$6.6 million p.a.	4.9%	\$1.7 million p.a.
Parkes	\$6.3 million p.a.	4.5%	\$1.9 million p.a.
Paterson	\$5.8 million p.a.	4.7%	\$1.2 million p.a.
Richmond	\$6.4 million p.a.	4.7%	\$1.5 million p.a.
Riverina	\$7.0 million p.a.	4.7%	\$2.2 million p.a.
Rural NSW	\$88.6 million p.a.	4.6%	\$26.1 million p.a.

Low Ownership Estimates – Full Penalty Rate Cut

Under a full abolition of penalty rates, it is estimated that retail workers in Rural NSW would lose \$164 million each year, equivalent to an average pay cut per retail worker of 8.6%. Additionally \$48 million in disposable income would be lost from local economies in Rural NSW each year.

Estimated Economic Impact of Penalty Rate Cut – Full Abolition, Low Estimate

ELECTORATE	ESTIMATED DISPOSABLE INCOME LOST BY WORKERS	AVERAGE % LOST INCOME	ESTIMATED LOSS TO LOCAL ECONOMY
Calare	\$11.8 million p.a.	8.5%	\$3.7 million p.a.
Cowper	\$11.9 million p.a.	8.8%	\$3.5 million p.a.
Eden-Monaro	\$12.0 million p.a.	8.3%	\$3.3 million p.a.
Farrer	\$11.6 million p.a.	8.5%	\$3.6 million p.a.
Gilmore	\$11.1 million p.a.	8.5%	\$3.5 million p.a.
Hume	\$11.7 million p.a.	8.0%	\$3.7 million p.a.
Hunter	\$11.2 million p.a.	8.8%	\$3.9 million p.a.
Lyne	\$11.2 million p.a.	8.7%	\$3.0 million p.a.
New England	\$12.3 million p.a.	8.7%	\$4.1 million p.a.
Page	\$12.2 million p.a.	9.0%	\$3.1 million p.a.
Parkes	\$11.7 million p.a.	8.2%	\$3.6 million p.a.
Paterson	\$10.7 million p.a.	8.8%	\$2.2 million p.a.
Richmond	\$11.8 million p.a.	8.6%	\$2.8 million p.a.
Riverina	\$12.9 million p.a.	8.7%	\$4.1 million p.a.
Rural NSW	\$164.1 million p.a.	8.6%	\$48.3 million p.a.

High Ownership Estimates – Partial Penalty Rate Cut

Under a partial abolition of penalty rates, it is estimated that retail workers in Rural NSW would lose \$226 million each year equivalent to an average pay cut per retail worker of 11.8%. The local economies would suffer an \$80 million cut in disposable income in Rural NSW each year.

Estimated Economic Impact of Penalty Rate Cut – Partial Abolition, High Estimate

ELECTORATE	ESTIMATED DISPOSABLE INCOME LOST BY WORKERS	AVERAGE % LOST INCOME	ESTIMATED LOSS TO LOCAL ECONOMY
Calare	\$16.2 million p.a.	11.7%	\$6.1 million p.a.
Cowper	\$16.4 million p.a.	12.1%	\$5.8 million p.a.
Eden-Monaro	\$16.6 million p.a.	11.5%	\$5.6 million p.a.
Farrer	\$16.0 million p.a.	11.8%	\$6.0 million p.a.
Gilmore	\$15.4 million p.a.	11.8%	\$5.8 million p.a.
Hume	\$16.2 million p.a.	11.0%	\$6.1 million p.a.
Hunter	\$15.5 million p.a.	12.1%	\$6.4 million p.a.
Lyne	\$15.5 million p.a.	12.0%	\$5.1 million p.a.
New England	\$17.0 million p.a.	12.0%	\$6.7 million p.a.
Page	\$16.8 million p.a.	12.4%	\$5.2 million p.a.
Parkes	\$16.1 million p.a.	11.4%	\$5.9 million p.a.
Paterson	\$14.8 million p.a.	12.1%	\$3.9 million p.a.
Richmond	\$16.3 million p.a.	11.9%	\$4.7 million p.a.
Riverina	\$17.8 million p.a.	11.9%	\$6.8 million p.a.
Rural NSW	\$226.5 million p.a.	11.8%	\$79.9 million p.a.

High Ownership Estimates – Full Penalty Rate Cut

Under a full abolition of penalty rates, it is estimated that retail workers in Rural NSW would lose \$315 million each year – equivalent to an average pay cut per retail worker of 16.5 percent and \$111 million in disposable income would be lost from local economies each year.

Estimated Economic Impact of Penalty Rate Cut – Full Abolition, High Estimate

ELECTORATE	ESTIMATED DISPOSABLE INCOME LOST BY WORKERS	AVERAGE % LOST INCOME	ESTIMATED LOSS TO LOCAL ECONOMY
Calare	\$22.6 million p.a.	16.3%	\$8.5 million p.a.
Cowper	\$22.8 million p.a.	16.9%	\$8.1 million p.a.
Eden-Monaro	\$23.1 million p.a.	16.0%	\$7.8 million p.a.
Farrer	\$22.2 million p.a.	16.4%	\$8.3 million p.a.
Gilmore	\$21.4 million p.a.	16.4%	\$8.1 million p.a.
Hume	\$22.5 million p.a.	15.3%	\$8.4 million p.a.
Hunter	\$21.5 million p.a.	16.9%	\$8.9 million p.a.
Lyne	\$21.5 million p.a.	16.7%	\$7.1 million p.a.
New England	\$23.7 million p.a.	16.7%	\$9.3 million p.a.
Page	\$23.4 million p.a.	17.3%	\$7.2 million p.a.
Parkes	\$22.4 million p.a.	15.8%	\$8.2 million p.a.
Paterson	\$20.5 million p.a.	16.9%	\$5.4 million p.a.
Richmond	\$22.6 million p.a.	16.6%	\$6.5 million p.a.
Riverina	\$24.8 million p.a.	16.6%	\$9.4 million p.a.
Rural NSW	\$315.1 million p.a.	16.5%	\$111.2 million p.a.

Conclusion

Although this paper has modelled hypothetical scenarios, these scenarios are based on previous applications by retail employer associations and the increasing levels of agitation from powerful business lobbies and sections of the Federal Government.

These effects would be felt throughout the nation by wage earning employees, but felt disproportionately in rural and regional NSW. The pay gap between city and country that currently sits at \$5,300 per worker would be exacerbated by this change.

Rural retail workers in NSW would lose between \$89 million and \$315 million each year depending on the extent of the cut to penalty rates, equivalent to an average pay cut per retail worker of between 4.6% - 16.5% of their salary.

More worrying for the town themselves is the \$26 million - \$111 million in disposable income that would be lost across Rural NSW, depending on the level of ownership of the retail stores.



Appendix 1 – INDP Categories Included

INDP - LEVEL 4	CLASSIFICATION USED
Food Retailing, nfd	Food
Supermarket and Grocery Stores	Food
Specialised Food Retailing, nfd	Food
Fresh Meat, Fish and Poultry Retailing	Food
Fruit and Vegetable Retailing	Food
Liquor Retailing	Food
Other Specialised Food Retailing	Food
Fuel Retailing	Fuel
Motor Vehicle and Motor Vehicle Parts Retailing, nfd	Motor Vehicle
Motor Vehicle Retailing, nfd	Motor Vehicle
Car Retailing	Motor Vehicle
Motor Cycle Retailing	Motor Vehicle
Trailer and Other Motor Vehicle Retailing	Motor Vehicle
Motor Vehicle Parts and Tyre Retailing, nfd	Motor Vehicle
Motor Vehicle Parts Retailing	Motor Vehicle
Tyre Retailing	Motor Vehicle
Retail Trade, nfd	Other
Other Store-Based Retailing, nfd	Other
Furniture, Floor Coverings, Houseware and Textile Goods Retailing, nfd	Other
Furniture Retailing	Other
Floor Coverings Retailing	Other
Houseware Retailing	Other
Manchester and Other Textile Goods Retailing	Other
Electrical and Electronic Goods Retailing, nfd	Other
Electrical, Electronic and Gas Appliance Retailing	Other
Computer and Computer Peripheral Retailing	Other
Other Electrical and Electronic Goods Retailing	Other
Hardware, Building and Garden Supplies Retailing, nfd	Other

CONTINUED OVERLEAF



ded in Retail Trade



CONTINUED

Appendix 1 – INDP Categories Included in Retail Trade

INDP - LEVEL 4	CLASSIFICATION USED
Hardware and Building Supplies Retailing	Other
Garden Supplies Retailing	Other
Recreational Goods Retailing, nfd	Other
Sport and Camping Equipment Retailing	Other
Entertainment Media Retailing	Other
Toy and Game Retailing	Other
Newspaper and Book Retailing	Other
Marine Equipment Retailing	Other
Clothing, Footwear and Personal Accessory Retailing, nfd	Other
Clothing Retailing	Other
Footwear Retailing	Other
Watch and Jewellery Retailing	Other
Other Personal Accessory Retailing	Other
Department Stores	Other
Pharmaceutical and Other Store-Based Retailing, nfd	Other
Pharmaceutical, Cosmetic and Toiletry Goods Retailing	Other
Stationery Goods Retailing	Other
Antique and Used Goods Retailing	Other
Flower Retailing	Other
Other Store-Based Retailing nec	Other
Non-Store Retailing and Retail Commission-Based Buying and/or Selling, nfd	Other
Non-Store Retailing	Other
Retail Commission-Based Buying and/or Selling	Other

Appendix 2(a)

Estimated Retail Workers in Non-Locally Owned Businesses – High Estimate

ELECTORATE	ESTIMATED RETAIL WORKERS	ESTIMATED RETAIL WORKERS IN NON-LOCAL BUSINESSES	% EMPLOYED BY NON-LOCAL BUSINESSES
Calare	6,687	2,520	38%
Cowper	6,735	2,400	36%
Eden-Monaro	6,841	2,296	34%
Farrer	6,576	2,451	37%
Gilmore	6,333	2,383	38%
Hume	6,664	2,500	37%
Hunter	6,362	2,633	41%
Lyne	6,363	2,098	33%
New England	7,004	2,748	39%
Page	6,930	2,143	31%
Parkes	6,641	2,418	37%
Paterson	6,078	1,596	26%
Richmond	6,702	1,929	29%
Riverina	7,337	2,791	38%
Rural NSW	93,253	32,907	35%

Appendix 2(b)

Estimated Retail Workers in Non-Locally Owned Businesses – Low Estimate

ELECTORATE	ESTIMATED RETAIL WORKERS	ESTIMATED RETAIL WORKERS IN NON-LOCAL BUSINESSES	% EMPLOYED BY NON-LOCAL BUSINESSES
Calare	6,687	2,111	32%
Cowper	6,735	2,000	30%
Eden-Monaro	6,841	1,903	28%
Farrer	6,576	2,056	31%
Gilmore	6,333	2,004	32%
Hume	6,664	2,102	31%
Hunter	6,362	2,234	35%
Lyne	6,363	1,732	27%
New England	7,004	2,326	33%
Page	6,930	1,757	25%
Parkes	6,641	2,023	30%
Paterson	6,078	1,270	21%
Richmond	6,702	1,567	23%
Riverina	7,337	2,344	32%
Rural NSW	93,253	27,430	29%

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Footnotes

1. Dawkins et al, 1986, p. 565
2. Dawkins et al, 1986, p. 565
3. *United Voice*, October 2012
4. Charlesworth & Macdonald, 2014, p. 385
5. Borrello, March 2014
6. Speech to Parliament, 3 June 2013. Source: *APH Hansard*
7. Rajca, Feb 2014.
8. ACTU
9. *Modern Awards Review 2012 – Penalty Rates* (2013) FWCFB 1635
10. Hannan, E (16 May 2014). *Employers rush to reduce penalty rates*. Accessed: <http://www.theaustralian.com.au/national-affairs/policy/employers-rush-to-reduce-penalty-rates/story-fn59noo3-1226919442206?nk=fa5d3cea8cfa15f9c080e9c250d76630>
11. *Modern Awards Review 2012 – Penalty Rates* (2013) FWCFB 1635)
12. Swan et al, 2014
13. Ironside, 2014
14. NSW Government, 2006
15. 2011 ABS Census
16. Including penalties and the latest pay rise from the national wage case compared to the corresponding rate under the Retail Award if the penalties had been reduced, or abolished. Whilst many retailers operate under enterprise agreements with varying wages and conditions, their enterprise agreements must pass the BOOT test when compared to the relevant Modern Award to be approved by the Fair Work Commission. That is employees must

be better off overall than if working under the Award. Therefore the pay rates and penalty rate structure of the General Retail Industry Award has been used. Any change to the Award would also have an impact on the value of the BOOT test for an enterprise agreement to be passed by the FWC, that is if penalty rates were cut or abolished the value of the BOOT would also drop proportionally. On that basis the figures used here are conservative.

17. This is based on assuming allocating the hours of work equally over the working week. Given employer claims that extended trading times are now often their busiest trading times, hence their desire to reduce penalty rates at those times, it would be fair to assume more employees working at the extended trading hour times rather than an even spread. This calculation takes a conservative approach of accepting an even spread of hours worked across the span of trading hours.





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