

**Submission**

**To**

**Productivity Commission**

**Australia's Gambling Industries Inquiry**

**By**

**Australian Retailers Association**

**November 1998**

## 1.0 The Retail Industry and this Inquiry

### 1.0.1 The Australian Retailers Association (ARA)

The ARA, and its component State Associations, comprises some 10 000 members across the nation operating 40 000 stores and employing around 640 000 Australians (or about 70% of employees in the retail work force, excluding the motor vehicle sector).

According to ABS publication **Retailing in Australia, Cat No. 8613.0** the motor vehicle sector employs about 20% of the total retail workforce. ARA's membership operates generally in the balance of the industry in which 80% of the retail workforce are employed.

ARA's members, which range from the smallest independent retail shop and a variety of speciality retailers – both chains and independent – to the major national supermarket and department store groups, transact around 70% of the nation's retail sales.

The ARA's membership profile closely mirrors that of the retail industry with over 90% of its members being small retailers (ie with less than 20 employees).

### 1.0.2 The Retail Industry

The retail industry is the nation's largest employing industry with –

- one in every eight of the nation's workforce;
- one in every five female employees; and
- highly relevant to the subject of this Inquiry, the industry remains the largest employer of Australians particularly the young - one in every two employees aged between 15 and 20 years.

According to DEETYA projections the retail industry is to provide one in every five new jobs in the period up to 2005. (**"Australia's workforce 2005 – jobs in the future" – November 1995**).

### 1.0.3 A Dissection of the Profile of the Retail Industry (excluding the motor vehicle sector)

The retail industry is a myriad of types and sizes of retail businesses each having its own customer demands, operational imperatives and employment requirements.

There are in excess of 60 000 retail businesses in Australia employing people. The percentage of persons employed by these is **(ABS Cat No. 8622.0)**:

- 26% in Supermarkets and Grocery stores;
- 23.3% in Specialised Food Retailing (including 13.7% in Takeaway Food);
- 14.1% in Department Stores (including Discount Department Stores);
- 11.3% in Clothing and Softgoods Retailing;
- 7.7% in Furniture, Houseware and Appliance Retailing;
- 6.0% in Recreational Goods Retailing; and
- 10.8% in Other Personal and Household Good Retailing.

### 1.0.4 Small Business in Retailing

The significance of small business in retailing is highlighted by the attached paper (Appendix A) prepared by the Retailers Association of Queensland (RAQ). It demonstrates that while 97% of all retail businesses are small businesses employing less than 20 employees, some retail categories are more dominated by small business than other types.

The retail categories in which small retailers contribute most to total retail employment are 'specialised food retailing' (small businesses in this category employ 17.8% of all retail employees – including an estimated 8.5% in takeaway food) retailers such as pharmacies, cosmetics, toiletry, antiques, garden supplies, florists and jewellers – 11%. Small businesses (less than 20 employees) employ 55% of all retail employees.

## 1.0.5 Labour Intensity and Small Profit Margins

The retail industry is highly labour intensive and operates on extremely small net profit margins as demonstrated by the following table:

<b>STORE CATEGORY</b>	<b>GROSS PROFIT as % of turnover</b>	<b>WAGES as % of – turnover operating costs</b>		<b>NET PROFIT (before tax) as % of turnover</b>
Supermarkets	21.1	9.3	44.1	2.1
Specialised Food	38.6	13.6	35.2	3.4
Dept Stores	34.7	15.0	43.2	1.5
Clothing	39.3	14.5	36.9	1.0
Furn/Houseware/ Appliances	30.0	10.9	36.3	1.0
Recreational Goods	31.8	10.6	33.3	3.7
Other Pers/household Goods	41.5	13.9	33.5	5.9
Average of Retail Industry	33.9	12.5	36.9	2.7

Source: ABS Retail Industry 1991/92 Cat No. 8622.0

## 1.0.6 Seasonality

The industry is highly seasonal (hour by hour, day by day, month by month and even week by week) eg pension week versus non pension week is subject to extreme peaks and troughs.

Its trade characteristics do not lend themselves to a stable, evenly spread workforce across the day, month or year. If retailers staffed their stores to match the maximum trading rate, they would be unviable because of the extra costs associated with employing maximum staff over less intensive trading times. However if they staffed their stores to match the minimum intensity trading periods they would have insufficient staff to cover large portions of the trading period, whether that be day, week or year.

## 2.0 Retailing and the Competition for the Customer's dollar

**2.0.1** Retailing's ability to continue to contribute to Australia's economic well being and to offer employment (particularly employment to young people) is closely dependent on its ability to maintain and increase its 'market share' of consumption expenditure.

The trend over the past two decades at least, is that retailing has lost its 'market share'. In 1973/74 retailing attracted 43% of total consumption expenditure. This had declined to 36% by 1993/94 (**ABS National Accounts and Retail Trades Statistics, 1974/75 and 1993/94**).

A number of factors determine how much consumers spend in retail. These include income tax, savings (or perhaps, savings are what is left after spending) and a whole range of non-retail expenditure items (such as housing, health, education, travel, entertainment **and increasingly gaming**).

In reality, every retailer is in competition with every possible avenue in which the consumer can disburse their income.

A check of the **ABS National Household Income Disbursements and Retail Sales Statistics** indicates that over the 20 year period 1973/74 to 1993/94 there has been a number of dramatic changes in how Australians disburse their income.

In 1974, 30.4% of household income disbursements (for the sake of ease of understanding we shall refer to this as the '**consumer dollar**') were rung through Australian retailers' cash registers. By 1994, that share had reduced to 28.5%.

The difference is further underlined when only consumption expenditure is considered and items like income tax and savings are excluded (ie retailing's share has fallen from 43% to 36%). It is instructive to look firstly at how retail categories fared against every other possible avenue for disbursement whether expenditure, tax or savings.

### 2.0.2 The "Winners"

The largest winner in attracting a greater share of the consumer dollar is housing, which increased its market share from 9.6 percent to 14.3 percent (up by 4.7% points).

This figure includes rent and imputed rent of owner occupiers. Next was income tax, up by 2% points from 12.9% to 14.9%.

This was followed by entertainment/recreation (2.5 % to 4.1%).

Health (4.3% to 5.9%) and other services (3.7% to 5.3%) all up by 1.6%.

Financial services moved by 1.2% from 1.8% to 3% as did the first retail category to appear on the scene, supermarkets and grocery stores, from 7.6% to 8.8%. However, an internal dissection of the supermarket category estimates that major supermarkets gained 2.4% percentage points, while independent operators lost 1.2% percentage points over the two decades.

Takeway food is another winner, increasing from 0.6% to 1.6. In fact, including cafes/restaurants (0.9% to 1.6%) 'eating out' is up by 2.3%, doubling its market share and is by far the largest 'retail' proportional gain.

## 2.0.2 Tables

<b>TOP 10 HOUSEHOLD INCOME DISBURSEMENT ITEMS</b>			
<b>1973/74</b>		<b>1993/94</b>	
1 Savings	13.5%	Income Tax	14.9%
2 Income Tax	12.9%	Housing	14.3%
3 Travel & Communication	10.8%	Travel & Communication	11.5%
4 Housing	9.6%	S'marts & Groc. (major 6.2% ind 2.6%)	8.8%
5 S'marts & Grocs (major 3.8% ind 3.8)	7.6%	Health	5.9%
6 Dept Stores (incl General Stores 5.9%)	4.6%	Other services	5.3%
7 Alcohol	4.3%	Savings	4.5%
8 Health	4.3%	Entertainment/Recreation	4.1%
9 Household Retail	4.1%	Household Retail	4.0%
10 Specialty Food	3.9%	Alcohol	3.4%
NB %s are of total Household Income Disbursement			

<b>TOP 10 PERSONAL CONSUMPTION EXPENDITURE ITEMS</b>			
<b>1973/74</b>		<b>1993/94</b>	
1 Travel/Communications	15.2%	Housing	18.3%
2 Housing	13.6%	Travel & Communication	14.7%
3 S'marts & Grocs (major 5.35% ind 5.35%)	10.7%	S'marts & Grocs (major 8.0% ind 3.3%)	11.3%
4 Dept Stores	6.4%	Health	7.6%
5 Alcohol	6.1%	Other services	6.7%
6 Health	6.1%	Entertainment/Recreation	5.2%
7 Household Retail	5.7%	Household Retail	5.1%
8 Specialty Food	5.5%	Alcohol	4.3%
9 Other services	5.2%	Dept Stores	4.2%
10 Clothing & c retail	4.9%	Other Retail (jewellers, pharmacies, antiques, nurseries etc)	3.9%
NB %s are of total Personal Final Consumption Expenditure			



KEY RETAIL CATEGORIES			
1973/74		1993/94	
1 S'marts & Grocs (major 12.8% ind 12.8%)	25.6%	S'marts & Groc (major 23.5% ind 9.6%)	33.1%
2 Dept Stores (20.1% incl gen & variety)	15.6%	Household Retail	14.9%
3 Household Retail (h'ware, furn, elec, music)	13.8%	Dept Stores	12.4%
4 Specialty Food	13.1%	Other Retail	11.2%
5 Clothing &c	11.8%	Clothing &c	8.9%
6 Other Retail	8.2%	Specialty Food	7.6%
7 Rec Retail	5.1%	Rec Retail	6.9%
8 Takeaway Food	2.2%	Takeaway Food	6.20%
NB Cafe/Restaurant sales are not included in the above figures but expressed as an equivalent % of total retail sales they were 3.0% in 1973/74 and 6.1% in 1993/94 %s are of total Retail Sales (exc Motor vehicle, hotels, clubs and selected services)			

### 2.0.3 The “Losers”

The losers are headed by savings with a massive reduction of 9% points from 13.5% to 4.5%.

A distant second is specialty food (butchers, fruit and vegetable retailers, bread shops, etc) losing 1.8% points from 3.9% to 2.1%.

Independent supermarkets are estimated to have lost 1.2% points. The gains by major supermarkets (+2.4%) are outweighed by the combined losses in these other two food sectors (3%) indicating that 'dining out and takeaways' are also having a significant affect.

Department stores have dropped 1.3% points from 4.6% to 3.3%, clothing and softgoods (down 1.2% from 3.5% to 2.3%) and other direct taxes, fines, fees, etc (down 0.3% from 1.3% to 1.0%).

Household retailing suffered a small drop by 0.1% from 4.1% to 4%.

The upshot of all these figures and comparisons is that the 'market share' of individual categories is changing with changes in consumer tastes, lifestyles and **government policies in relation to gaming**.

Retailers are conscious of the fact that competition for the consumer dollar comes from within and increasingly outside of the retail sector.



In fact the analysis provided demonstrates that major competitors for a retail business are more likely to be non-retailers. Putting aside major items such as savings and income tax, which are largely influenced by government policy, and other items over which retailing cannot easily influence by competition (housing rent, education and health) the **key sources of expenditure which are impacting on the retail industry are entertainment including the increasing presence of gaming.**

Entertainment/recreation and financial services have increased their share of personal consumption expenditure by nearly 40% (11.3% share to 15.7% share). If added to these are similar expenditure trends in the growth of takeaway food and cafe/restaurants (1.9% to 4.2% of 120% increase in market share) viz the total share taken from 'retailing' by 'entertainment/service/convenience/time saving' categories is 6.7%.

This outweighs the total gains by retailing categories (viz major supermarkets, recreational retailing and other retailing) of 3.3% points.

In money terms, using 1993/94 prices the above retailing categories attracted an increase of around \$11 billion to the industry, but the 'entertainment/service/convenience/time saving' sector took from the retail industry an additional \$20 billion.

In order to remain profitable retailers will need to find a way of beating this trend. A trend quickened by the profligate spread by state governments of gaming facilities.

**Competition with the gaming industry has been introduced and fostered by state governments. Ironically however as evidence of the lack of forethought that has gone into the planning process state governments' policies also retard the retail industry's capacity to compete. This is particularly the case when such policies place arbitrary restrictions on when shops may open and close (eg Sundays) and what products they may sell (eg liquor).**

## **3.0 Gaming and its impact on Retail Outlets**

### **3.0.1 The Perceptions in the Retail Industry**

Spending on gambling continues to impact negatively on traditional areas of retailing expenditure and continues to place great strain on the viability of many once profitable businesses.

Increasing levels of personal debt results from the public's greater exposure to gambling through the introduction of gaming machines in many licensed venues (eg hotels, clubs and casinos).

Households and the individuals who constitute them are facing increasingly varied options for spending discretionary income. Areas such as recreation, entertainment and leisure, gambling and dining out/takeaway food are all becoming more important as a source of competition for the traditional retail dollar.

Moreover retailing is being held back by government policy designed to restrict or dictate the hours they may open to the public and to limit the product they may sell.

### 3.0.2 **The Impact of Gambling (and Electronic Gaming Machines EGMs) on Retail Trade – Victoria**

The key findings of a Victorian Casino and Gaming Authority **Report on the Impact of the Expansion in Gaming on the Victoria Retail Sector** warned of the dire consequences and long term impact of increasing gaming expenditure.

At page iii of the Executive Summary **the report ominously states “the long run impacts of increased gambling activity on the retail sector may be much more severe. In previous recessions in Australia, lower savings have supported household expenditure and retail sales than what would otherwise have been the case. To the extent that increased gambling expenditure has been financed by lower savings, part of the cushion to consumption expenditure in the next recession has been removed”**.

The report focussed on the short run impact of increased gambling in the retail sector. Specifically, it examined trends between 1990 and 1996. The key finding is that increased gambling expenditure contributed to a significant decline in national savings over the 1990s.

Another key finding was that Victorian gambling expenditure rose from 1.4% of household income in 1990 to 38.2% in 1996. Why the apparent paradox?

The ARA believes the answer lies in part at the feet of the statistics used to draw the conclusion.

### 3.0.3 The ABS Data

The Victorian Report used retail expenditure figures from two sources:-

- 1 ABS National Accounts data on private consumption expenditure; and
- 2 ABS Retail Trade Survey data.

At page 44 of the Report, the observation was made that retail sales referred to retail turnover excluding the hospitality and services industry.

Retail consumption in the report refers to the retail components of the ABS Australian National Accounts measure of private consumption expenditure. The components include:

- Food;
- Tobacco **and alcohol products**;
- Clothing, Fabrics, Footwear;
- Household durables; and
- All other goods.

Retail Services in the following table 3.0.3 refers to the hospitality and services industry as recorded in the ABS Retail Trade Publication.

The ABS recently published (**Retail Trade October 1996, ABS Catalogue 8501.0**) an explanatory note on the contribution of gambling to the monthly retail trade estimates.

Interestingly predominantly gambling related industries including lotteries, casinos and gambling services are not within the scope of the Retail Trade Survey.

**Significantly however some businesses within the scope of the Retail Trade Survey do receive a portion of their income from gambling. These include:**

- **Pubs , Taverns and Bars;**
- **Clubs; and**
- **Newsagents**

The ABS includes only net revenue received for these businesses defined as commission earned, or the amount received after payouts. The ABS considers that commissions from Lotto, Lottery and TAB sales in the newspapers, book and stationery retailing industry would not have any significant impact on overall retail trade series, however, it has no means of separately identifying the impact of gambling for this industry.

The Victorian Report goes on to note that notwithstanding the flawed data contained in the ABS data that gambling accounted for around 25% of total hotel and licensed clubs' turnover in 1995/96.

### 3.0.3 Table – Retail Sales and Gambling Expenditure – Australia

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Retail Sales (\$m)	73 616	75 875	81 070	83 580	86 682	92 472	99 574
Retail consumption (\$m)	88 393	91 970	97 135	101 223	106 605	114 676	123 535
Retail Services	16 270	16 872	16 819	16 761	17 743	19 773	21 171
Retail industry share of retail consumption (per cent)	83.3	82.5	83.5	82.6	81.3	80.6	80.6
<b>Per capita measures (\$ per capita)</b>							
Retail sales	4 347	4 419	4 663	4 757	4 885	5 157	5 481
Gambling expenditure	266	292	305	337	390	459	517
Food retailing	1 967	2 060	2 191	2 241	2 292	2 452	2 670
Department retailing	580	573	596	606	608	625	637
Clothing	436	442	466	449	438	444	453
Household goods	626	601	617	643	675	702	721
Recreational	291	285	302	307	323	351	384
Other retail	447	457	492	510	548	583	615
<b>Income measures (per cent of HDI)</b>							
Retail sales	31.7	31.2	31.9	31.7	31.6	32.1	32.0
Retail food	14.3	14.5	15.0	14.9	14.8	15.2	15.6
Retail non-food	17.3	16.6	16.9	16.8	16.8	16.8	16.4
Retail services	7.0	6.9	6.6	6.4	6.5	6.9	6.8
Gambling expenditure	1.9	2.1	2.1	2.2	2.5	2.9	3.0
Notes: 1 Retail sales refers to total turnover excluding hospitality and services. 2 Retail consumption refers to the retail components of private consumption expenditure (food, tobacco and alcohol products, clothing, fabrics, footwear, household durables and all other goods) 3 Retail services refers to hospitality and service industries from the Retail Trade Survey							
Sources: Australian Demographic Statistics (ABS Cat. 3101.0) Retail Sales (ABS private communication) Retail Consumption (ABS private communication) State Accounts ANA (ABS Cat. 5220.0)							

Goods and Services Consumption has continued to rise at a steady pace (about 4.5% per year) despite the introduction of additional gaming machines and casinos.

**The report goes on to qualify this finding by stating at page 5 Section 2, “.... that it is difficult to determine whether the growth would have been stronger without these additional gaming machines”.**

**This is a critical qualification and one that should be read in conjunction with the problems identified in the report viz a viz the ABS data.**

**It is fair to say that the ABS data figures and therefore retail turnover are perversely inflated by the impact of gaming by reference to food and beverage consumption in gaming venues being included in the overall retail sale mix.**

### **3.0.5 Trends in States (other than Victoria)**

#### **Trends in household sector outlays – Tasmania**

- The share of total household sector outlays on retail goods has steadily declined since 1989-90, falling from 44.7% to 41.9% in 1995-96. Converse to other states, Tasmania’s share of expenditure on food and alcohol declined whilst dwelling rent increased over the reference period;
- In terms of household sector outlays to household income, retail has maintained its share, with 42% of total household income being spent on goods from this sector. On the other hand, services expenditure has surged, capturing an additional 6% of household income between 1989-90 and 1995-96. The main contributors to this growth are increased expenditure on communications equipment (personal computer hardware/software and cellular phones) and dwelling rent;
- At the same time gambling’s share of household income has only marginally increased (1.8% to 2.3%). The majority of the gain was achieved during 1993-94 and 1994-95 where gaming expenditure in the casino rose by 13% and 23.4% respectively;
- Similar to Queensland the savings ratio is understated due to a large net influx of tourism expenditure into the state. The savings ratio shows that savings steadily declined up until 1994-95 before increasing in 1995 –96;

- Growth in per capita retail expenditure was weaker from 1993-94 to 1995-96 (3.3%) compared with the period 1989-90 to 1993-94 (4.6%) where notionally the retail market was in a downturn. Of note, during the first period, growth in per capita gambling expenditure was significantly stronger than during the latter period (14% to 5.9%); and
- Per capita expenditure on retail goods and services was 9% and 13% respectively lower than the national average in 1995-96, while per capita gambling expenditure was 32% lower.

### **Trends in household sector outlays – Western Australia**

- The casino was first opened in 1985-86. From 1989-90 to 1994-95, casino gaming expenditure grew by 22% per year. In comparison, private expenditure on gambling rose by 12% per year;
- The shares of retail good expenditure and gambling expenditure to total expenditure have both risen steadily since 1989-90, up 1.4% and 0.7% respectively;
- The household savings ratio fell substantially between 1989-90 and 1994-95 (falling from 7.2% to 1.2%) before rebounding in 1995-96 to 2.5%;
- It appears the reduction in savings was mainly used for the purchase of goods in the retail sector. Between 1989-90 and 1995-96, retail's share of expenditure from household income increased by 3%. Comparatively, gambling increased its share by 0.8% while services share rose by a 0.5%;
- The growth in expenditure on services relative to household income would have been considerably lower without the strong surge in expenditure on communications equipment (personal computers and cellular phones) and the stabilisation of dwelling rent expenditure; and
- Western Australia's per capita expenditure on retail goods has been consistently higher than the national average since 1992-93. In 1995-96 the difference was approximately \$360 per person.
- Western Australia's government has so far rejected Hotel and Clubs lobby calls for the introduction of Electronic Gaming Machines.

Not surprising, WA's per capita expenditure on retail goods has been consistently higher than the national average since 1992-93.

### **Trend in household sector outlays – South Australia**

- The South Australian casino was opened in 1985-86. Gaming expenditure at the casino rose on average 10% per year to 1993-94. However, the introduction in 1994-95 of EGMs into the South Australian market had a dramatic impact on the casino. During the year gaming expenditure at the casino declined by 28 per cent to \$83.6 million while gaming expenditure on EGMs amounted \$223 million;
- The impact of EGMs on gambling expenditure is evident from the sharp jump in share of total household sector outlays. Gambling's share of total expenditure rose by 0.5%, 2.2% in 1994-95 and a further 0.4% to 2.6% in 1995-96;
- Retail was able to maintain its share of household expenditure during 1994-95 and 1995-96. On the other hand, the share of expenditure on services fell by 1%;

### **Trends in household sector outlays – Queensland**

- Jupiters Casino was opened in 1985-86. Since 1989-90 gaming expenditure in the casino has risen by around 10% per year. EGMs were first introduced to Queensland in 1991-92 and have experienced a dramatic growth since, with expenditure on EGMs increasing from \$28 million to \$391 in 1994-95;
- Apart from the period 1989-90 to 1991-92 where the economy was sluggish, growth in per capita expenditure on retail goods has remained steady at around 4.5%. Although, from 1991-92 retail's share has risen by almost 1%. Service's expenditure share decreased by around 0.5% over the same period;
- The expansion in gambling expenditure in Queensland over the last six years mainly reflects a massive increase in gaming expenditure. This primarily is due to the introduction of gaming machines in 1990-91 and the expansion in the number of casinos;
- Savings appear relatively low for Queensland, ranging from 2% of household disposable income in 1989-90 to -2.8% in 1994-95. However, the variability is mainly due to the reporting basis of the ANA where net interstate expenditure is not taken into account. States such as Queensland which have a large influx of tourists; will generally, as a result, have an overstated local expenditure level and a misrepresented savings ratio. Periods where it seems there is a surge in tourism expenditure, it is likely that expenditure on air fares, meals and accommodation would be increasing significantly in other states;

- Since 1991-92, the share of household sector outlays to household income for retail services and gambling categories have remained relatively unchanged. However, due to a drop in expenditure on clothing and household durables, retail's share of household income declined by around 1% in 1995-96;
- Retail is seeing its share of expenditure decline slowly down 1% since 1989-90. Gambling expenditure appears to have picked up the majority of retail share loss, increasing by just over one per cent during the same period;
- A higher share (44%) of household sector outlays was spent on retail goods compared with the national average (41%) in 1995-96;
- Queensland's per capita expenditure in 1995-96 was lower than the national average (\$438 per person compared with \$517 per person), conversely per capita expenditure on retail goods was higher(\$6 882 compared with \$6 799).

### **Trends in household sector outlays – New South Wales**

- The share of expenditure on retail goods, services and gambling has remained virtually unchanged from 1989-90 to 1995-96, however, in 1995-96, retail's share of expenditure jumped 1% while gambling's share remained stagnant at 3.3%;
- Similar to other states, the share of expenditure on dwelling rent fell by around 1% over the reference period;
- Expenditure on gambling rose by \$1 336 million or 61% while total private expenditure increased by \$27 billion or 34%;
- Savings share of household income declined by just over 1% between 1989-90 and 1995-96;
- During the same period the share of household income spent on retail goods remained unchanged except for a sharp 1% increase in 1995-96. This was mainly due to significant increases in expenditure for food, tobacco and alcohol, and clothing. The share of household income allocated to expenditure on services rose steadily over the period except for a one per cent share loss in 1995-96;
- Per capita expenditure on gambling grew at a faster rate compared with expenditure on retail goods and services (7.2% per annum compared



with 4.2% and 3.8% per annum respectively) between 1989-90 and 1995-96; and

- 1995-96 per capita gambling expenditure in New South Wales was approximately \$60 higher per person compared with the national average, mainly due to an established network of EGMs in that state. However, the gap between New South Wales and the other states is lessening as other states introduce casinos and EGMs to their markets.

**Source for Above: ABS Annual National Accounts  
ABS Demography (Cat No. 1301.0)**

## **4.0 The Ongoing Role of State Governments and Recommendations**

### **4.0.1 Consultation**

The ARA strongly urges this Inquiry to find that the lack of industry consultation by State Governments with key stakeholders in the retail industry has contributed to the malaise being experienced as a result of the rapid expansion of gaming facilities.

### **4.0.2 Economic Impact Statements (EIS)**

The ARA strongly urges this Inquiry to find that State Governments should commission Economic Impact Statements in consultation with stakeholders before introducing new or altered policies on gaming.

State Governments should be obliged to focus on collecting data and consulting with significant stakeholders on major aspects of the EIS.

The scope and scale of this EIS will depend on the extent to which current information provides an adequate base for assessing the impact on retail trade by the introduction of Electronic Gaming Machines.

The effects would need to be examined in terms of:

- The review of historic trade data in terms of demographic, geographic, spending patterns and other permutations of the data available.
- Discretionary income statistics before and after the introduction of gambling and gaming.
- The nature of retail trade in terms of outlets and the types of trade that is affected.

### 4.0.3 Other Policy Issues

Trading Hours restrictions (along with issues such as liquor licensing) have been placed under the spotlight as State Governments have continued to roll out policy on Electronic Gaming Machines.

Retailing has been losing its share of the consumer dollar for the last few decades. In the 1950s retailing attracted over 50% of total consumption expenditure, by 1971 its share had reduced to 44%, 1981 – 40% and 1991 – 3.4%. No wonder Association members have said that “competition” is the biggest challenge facing them today, when a growing number of retailers are competing for a continuing dramatically reduced retail consumption dollar.

**Retailing could be assisted in claiming back that share of personal expenditure lost already to other sources, as well as preventing further leakage if State Government sponsored limitations on when they can sell and what they can sell are lifted** (eg trading hours reform and liquor licensing reform need to be considered hand in glove with the impact of State Government policies on gaming).