

Attachment A

Expert Opinion Services

COMMERCIAL-IN-CONFIDENCE

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FAIR WORK AUSTRALIA REVIEW OF THE TERMS OF VARIOUS MODERN AWARDS

for

A.J. Macken & Co.
Your reference: Chrissie Macken

by

Associate Professor Lyn Craig
ARC QEII Fellow Social Policy Research Centre

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EXECUTIVE SUMMARY

- 1 Data collected by the Australian Bureau of Statistics (ABS) Time Use Survey (TUS) 2006 shows that the types of non-work activities undertaken by individuals are
 - personal care, education, domestic activities, childcare, voluntary work and care, social and community interaction, recreation and leisure

- 2 Analysis of the ABS TUS 2006 shows that these non-work activities are generally undertaken on Saturdays and Sundays, and on weekdays outside the hours of 8 am to 6 pm.

- 3 Analysis of the ABS TUS 2006 shows that compared with standard hours workers, employees who work at times when non-work activities are generally undertaken spend
 - less time in non-work activities,
 - more time alone, and
 - less social interaction and leisure time with family and friends.

- 4 Analysis of the ABS TUS 2006 shows that employees who work on Saturday and Sunday
 - are unable to make up for most foregone time in non-work activities or social contact during the week; and
 - Sunday workers have the most disruption to social interaction and leisure time with family and friends.

- 5 Existing research identifies adverse outcomes of working nonstandard hours and finds that a main cause is that they put employees out of sync with standard patterns of time use, and thereby limit their ability to participate fully in family, social and community activities and to foster their relationships with others.

- 6 In my opinion, in light of the extensive previous research on the negative consequences of nonstandard work, and on the basis of the analyses presented in this report, when work is performed at times when non-work activities are generally undertaken, there are likely adverse consequences for
- employees, including physical and mental health problems, psychological distress, job dissatisfaction, social isolation, poor work-life balance and work-family strain;
 - the families of employees, including higher marital discord and marital dissolution, more parenting stress, poorer educational and social outcomes for children, higher adolescent depression and anxiety, and more time without the workers' participation in family activities; and
 - the community, including less well-functioning families, less effective parenting, less time with elders, lower participation in volunteering and civic activities, lower social productivity and loss of social consistency and cohesion

AUTHOR LYN CRAIG

- 7 I am an Associate Professor and Australian Research Council (ARC) Queen Elizabeth II (QEII) Fellow at the Social Policy Research Centre, University of New South Wales. I am recognised internationally as a leading scholar in work-family and gender issues. I have particular expertise in the analysis and interpretation of work and family time allocation, using nationally representative time use data collected by the Australian Bureau of Statistics and comparable international agencies. Over a period of ten years, I have extensively researched the intra-household effects of social and workplace policy, the gendered division of labour, work-family balance, parenthood and gender equity and the intersections between the family and the economy. My research is widely published and highly cited. My academic Curriculum Vitae is attached as Appendix A.

STATEMENT OF INSTRUCTIONS

- 8 I was engaged by A. J. Macken & Co. Lawyers, solicitors for the Shop, Distributive and Allied Employees Association, and requested in writing to prepare an expert report for use in proceedings in Fair Work Australia (FWA). The following statements are in response to the questions I was requested to answer in my report. My responses are based on analysis of the Australian Bureau of Statistics Time Use Survey 2006 and my knowledge of the relevant research literature, as set out in Report One Fair Work Australia Review of the Terms of Various Modern Awards, provided to A. J. Macken & Co. Lawyers on 13 September 12.

QUESTIONS AND RESPONSES

- 9 **1. Please identify and describe from data collected by the Australian Bureau of Statistics**
- a) **The types of non-work activities undertaken by individuals; and**
 - b) **The days and times when those non-work activities are generally undertaken**
- 10 a) The types of non-work activities undertaken by individuals can be ascertained and quantified from Time Use Surveys (TUS). The Australian Bureau of Statistics (ABS) TUS 2006 is the most recent in a series of three nationally representative surveys. The survey gathers information on the time allocation of all members of sampled households (N=3643) over the age of 15. In a time-diary, respondents record information on all the activities they undertake over two 24-hour time periods to a detail level of five minutes. The TUS identifies the days of the week on which the diary is completed, and the start and finish time of each episode of activity. It thus shows on which days of the week activities occur and gives a full account of all activities that respondents do over the course of each day. In addition to employment related activities (ABS TUS codes 200-299), it collects data on non-work activities, which it groups into broad categories:

1. **Personal care** (ABS TUS codes 100-199); sleeping, sleeplessness, personal hygiene, health care, eating and drinking, associated travel, other
 2. **Education** (ABS TUS codes 300-399); attendance at educational courses, job related training, homework/study/research, breaks at place of education, associated travel, other
 3. **Domestic activities** (ABS TUS codes 400-499, 600-699); total housework, food and drink preparation/clean up, laundry and clothes care, housework, grounds and animal care, home maintenance, household management, purchasing goods and services, associated travel, other
 4. **Childcare** (ABS TUS codes 500-599); physical care of children, minding children, teaching/helping/reprimanding, playing/reading/talking with children, visiting childcare establishment/school, associated travel, other
 5. **Voluntary work and care** (ABS TUS codes 700-799); support for adults, unpaid voluntary work, associated travel, other
 6. **Social and community interaction** (ABS TUS codes 800-899); socialising, visiting entertainment and cultural venues, attendance at sports events, religious activities/ritual ceremonies, community participation, associated travel, other
 7. **Recreation and leisure** (ABS TUS codes 900-999); sport and outdoor activity, exercise, games/hobbies/arts/crafts, reading, audio/visual media, attendance art recreational courses, other free time, talking (including phone), writing/reading own correspondence, associated travel, other
- 11 Each of these broad categories of activity can be disaggregated. For example, subcomponents of personal care include sleeping and eating meals, and subcomponents of leisure include sport and exercise. Alternatively, they can be amalgamated together, for example joining leisure and recreation with

social and community interaction into a variable capturing both. For each time interval in the time-diary, contextual information, including where the respondent was, what else they were doing (secondary activity) and who they were with, was collected.

- 12 To answer the questions above a sample of employed persons aged between 15-64 years (n=3860 diarists) was drawn from the ABS TUS 2006 and information on respondents' activities and when they occurred, and who they spent time with was analysed.
- 13 First, daily minutes in each main non-work activity named above, and the percentage of the population participating in each over the course of each day and over the week, were calculated.
- 14 **b)** Figure 1 shows average time spent in non-work activities by employed persons by day of the week. Each of the main non-work activity groups is represented by a different colour. The figure shows that more time is spent in non-work activities on a weekend than on a weekday. Average time in domestic activities (purple), personal care and sleep (dark blue), recreation and leisure (light blue), and social and community interaction (orange), are all higher on a weekend than on a weekday. Participation in education (green) is highest on a weekday. Thus on average more time is spent on the weekends in rest and relaxation, and in social and community activities, than on Mondays to Fridays. The figure also shows that although the weekend days are more similar to each other than to the weekdays, there are some differences between Saturday and Sunday. In particular, average time in personal care, which includes sleep, and in recreation and leisure, are higher on a Sunday than a Saturday.

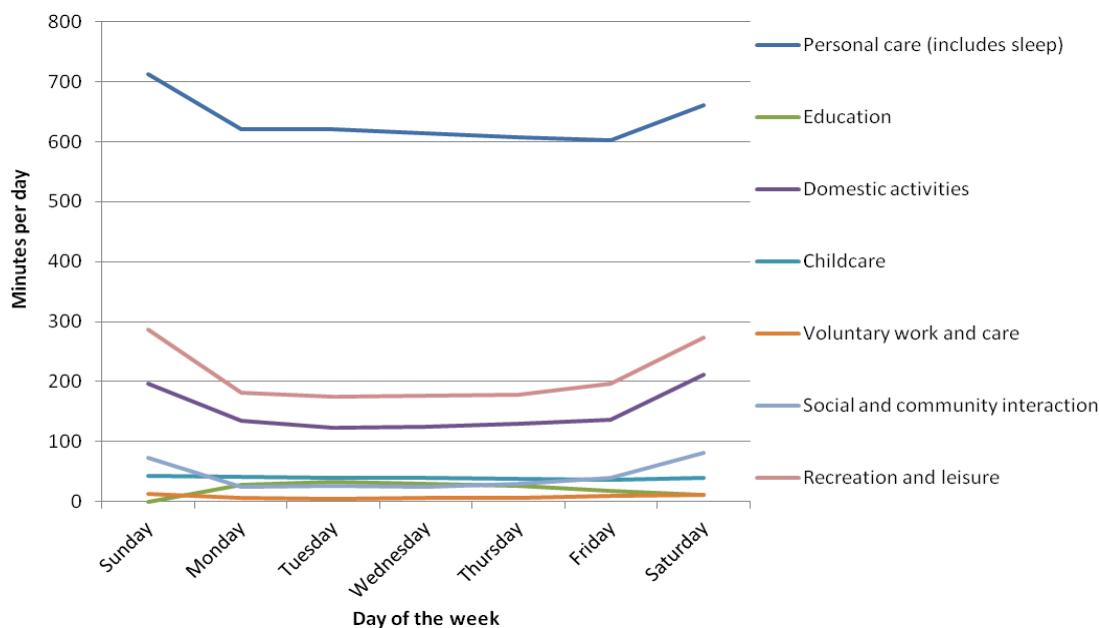


Figure 1: Average minutes per day in non-work activities by day of the week (employed persons aged 15-64)

15 Average patterns of time use are further illustrated by Figure 2, which shows the percentage of employed persons aged 15-64 participating in non-work activities by day of the week and time of day. It shows clear daily patterns of participation in non-work activities, and also that participation levels in non-work activities are very different on weekdays than on weekend days. More people participate in domestic activities, the unpaid work of housework, shopping and home maintenance, on the weekend than on weekdays. Also, more people participate in personal care (which includes sleep), leisure and social and community interaction over the course of a weekend day than over a weekday, with the difference greatest between weekdays and Sundays. On weekdays, participation in social and community interaction, recreation and leisure, and personal care is most often outside the hours of 7 am to 6 pm (Figure 2).

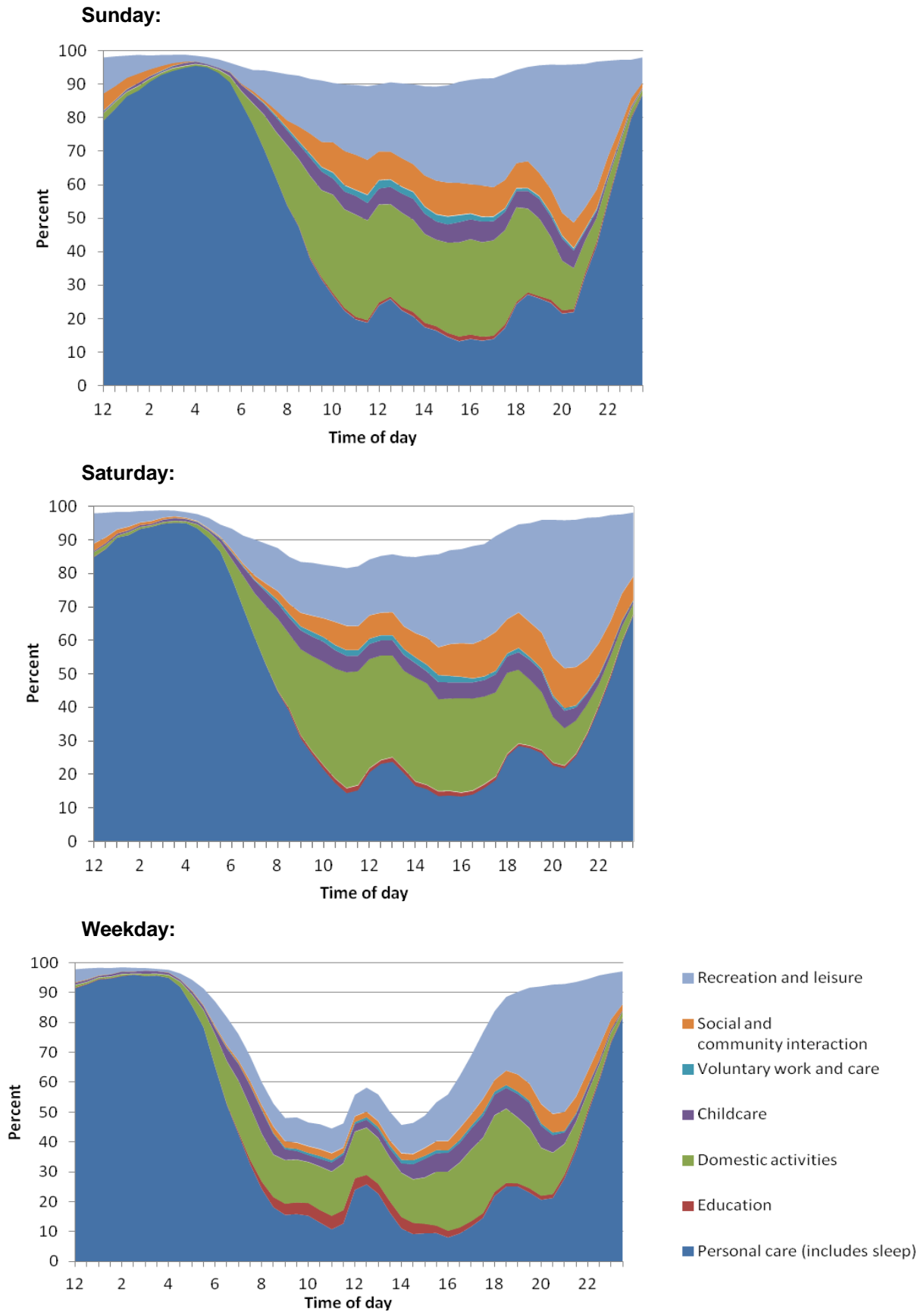


Figure 2: Percentage of employed persons aged 15-64 participating in non-work activities by day of the week and time of day.

- 16 Participation in childcare activities is also higher on a weekend day than on a weekday (Figure 2). Figure 2 shows the participation of the whole sample of employed persons, however, and childcare patterns are particularly relevant to parents. Therefore the time use of parents was separately analysed. Figure 3 shows the percentage of employed parents participating in childcare activities by day of the week and time of day. Fathers' time is shown in the top graph, and mothers' time is shown in the bottom graph. Childcare is subdivided into its component tasks; physical care, teaching, playing, minding children, travel with children, and a small residual category 'other'. More mothers and fathers perform childcare on weekend days and in the evenings than during weekdays 9 am to 5 pm. For fathers, particularly, childcare most often occurs on weekends, and more so on Sunday than on Saturday. Participation in play with children (green), and physical care (blue), are especially higher for fathers on Sunday, suggesting it is this day of the week on which they are most likely to care for and interact with children. Mothers' care is also higher during the day on weekends than on weekdays. On weekdays, there is substantially more participation in the early morning and evening than at other times of the day.

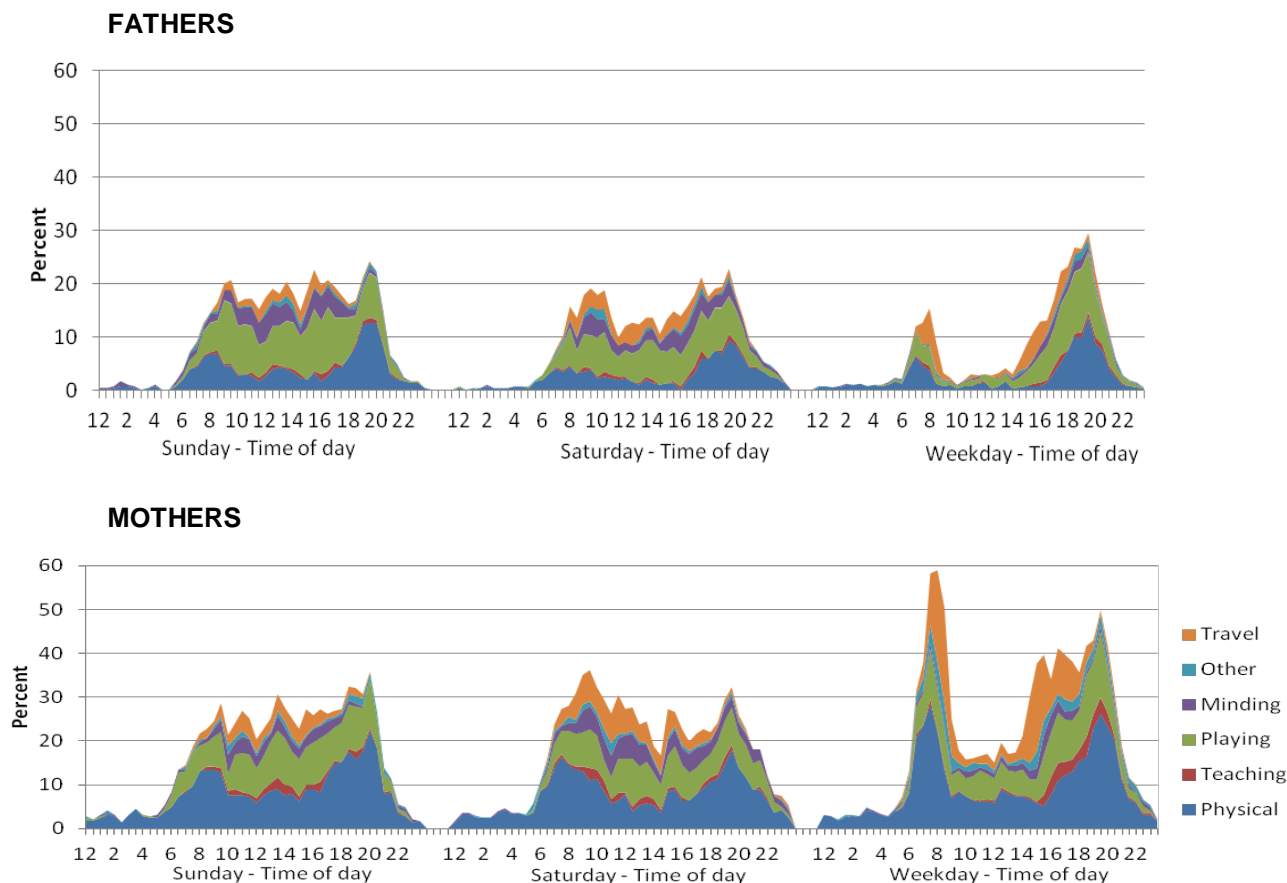


Figure 3: Percentage of employed parents aged 15-64 participating in childcare activities by day of the week and time of day

17 **2. In light of your answer to the previous question and existing research in relation to the consequences and effects of work in unsociable hours, in your opinion what are the consequences for**

- a) employees;**
- b) the families of employees; and**
- c) the community**

when work is performed by those employees at times when non-work activities are generally undertaken?

18 When work is performed at times when non-work activities are generally undertaken, it constrains how employees can spend their non-work time. A consequence is that workers spend less time than others do in non-work activities, and miss out on opportunities others have for rest, recuperation,

exercise, household management, family and social activities and civic participation.

- 19 Table 1 shows the difference between daily time allocation to each of the main activity categories set out on Page 4 by standard-hours workers, and by Sunday (column 1), Saturday (column 2), and evening workers (column 3). The independent effect of working on Sunday, Saturday or in the evening between 6 pm and midnight is isolated out through multivariate regression analyses controlling the effects of other factors which may also impact upon time in the activities (age, gender, education, income, hours worked, age of children and professional status). The differences are denominated in minutes per day, and the asterisks indicate the results which show statistically significant differences between those who work at the nonstandard times and those who do not.
- 20 The results summarized in Table 1 show that the impact of evening, Saturday and Sunday work on daily non-work activity time of employees is strong and extensive. All non-work activities are significantly lower for weekend and evening workers than for those who work standard hours, with the single exception of time spent in education activities for Sunday workers. This loss of time in daily non-work activities is consistent with previous research, as covered in detail in Report One (Craig, 2012). (See for example Barnes, Bryson, & Smith, 2006; Bittman, 2005).

Works...	Sunday		Saturday		Between 6 -12 pm	
Personal care	-105.82	***	-82.77	***	-71.66	***
Education	-4.44		-7.4	**	-5.47	***
Domestic activities	-107.32	***	-137.33	***	-26.63	***
Childcare	-17.30	***	-23.08	***	-9.94	***
Voluntary work and care	-10.59	***	-8.16	***	-1.56	**
Social and community interaction	-6.95	**	-11.26	***	-13.95	***
Leisure and recreation	-125.09	***	-125.09	***	-89.02	***

***p<0.001, **p<0.01, *p<0.05

Table 1: OLS regression results: the impact of Sunday, Saturday and evening work on non-work activities (minutes per day)

- 21 Nonstandard workers lose substantial time in domestic activities, which means they can spend less time performing essential unpaid work and household management such as cooking, cleaning, laundry, shopping, gardening and home maintenance than other workers do. They also have less time than others in personal care, which includes sleeping, eating, washing, and grooming. The loss of time in these necessary self-care and recuperative activities is highest for Sunday workers.
- 22 The activities that Table 1 shows are lower for nonstandard than for standard workers also include those which involve spending time with others; childcare, voluntary work and care, social and community interaction, and leisure and recreation. This means that reduced time in these activities is not only a loss in itself, but also represents a loss of social contact. It demonstrates that a second consequence of performing work at times when non-work activities are generally undertaken is that it puts employees out of sync with their family, friends and community, limiting opportunities for coordinating activities and spending time with others (La Valle, Arthur, Millward, & Scott, 2002).

23 The extent of this consequence is shown clearly when measures of with whom time is spent (co-presence) are analysed directly. Table 2 shows differences between standard-hours workers and Sunday, Saturday and evening workers in time spent alone and in social and community interaction or leisure and recreation time with others, specifically a spouse, other family including children and older family, and friends. These measures of time alone and with others exclude time spent sleeping. Spouse time is calculated only for those in a couple, and child time only for parents. The independent effect of working on Sunday, Saturday or in the evening between 6 pm and midnight is isolated out through multivariate regression analyses controlling the effects of other factors which may also impact upon time in the activities (age, gender, education, income, hours worked, age of children and professional status). The differences are denominated in minutes per day, and the asterisks indicate which are statistically significant.

Works...	Sunday		Saturday		Between 6 -12 pm	
Time alone	36.052	**	45.48	***	12.80	***
Social and community interaction/leisure and recreation with...						
Spouse	-126.49	***	-103.72	***	-	***
Family excluding spouse	-54.46	***	-57.82	***	-	***
Children	-131.06	***	-110.14	***	-	***
Older family	-10.77	***	-5.62		-4.40	***
Friends	-60.03	***	-55.63	***	-	***

***p<0.001, **p<0.01, *p<0.05

Table 2: OLS regression results: the impact of Sunday, Saturday and evening work on time alone or in social interaction or leisure with others (minutes per day)

24 Weekend workers and those working in the evening spend more time alone and less time in social interaction and leisure with friends and family than standard-hours workers do (Table 2). The differences are substantial and statistically significant. With a single exception (time with older family for Saturday workers), social and leisure time with all the categories of significant others is lower for nonstandard than for standard workers. Differences in spouse time, time with children, with older family and with friends are all most for Sunday workers, confirming the research set out in Report One (Craig,

2012) that suggested that Sunday work was associated with most disruption to family time (see for example Bittman, 2005; Kirby, 1992; La Valle et al., 2002; Martin, Wittmer, & Lelchhook, 2011).

- 25 Taken together, the results indicate that on the days they work nonstandard workers lose out on both non-work activities, and on time that standard-hours workers can spend with friends and family. A further question is whether this lost activity or social contact time can be rescheduled to other times, and thereby recouped. This could be ascertained by looking at whether non-work activities or shared social/community interaction and leisure/recreation time is higher for nonstandard than for standard workers on other days of the week. If it were, this would suggest that activity time and social contact lost through weekend work is made up on other days. (Due to data restrictions we could not directly examine whether time lost by evening workers is recouped).

Works on a...	Sunday	Saturday
Personal care	-0.19	0.06
Education	14.23 *	8.88 *
Domestic activities	-0.02	-0.68
Childcare	-8.83 ***	-0.38
Voluntary work and care	2.49	-1.85 *
Social and community interaction	0.03	1.22
Leisure and recreation	-8.05	-6.02

***p<0.001, **p<0.01, *p<0.05

Table 3: OLS regression results: the impact of weekend work on non-work activities on a weekday (minutes per day)

- 26 Table 3 summarizes the results of multivariate regression models testing the impacts of working on a Saturday or Sunday on non-work activities on other days of the week (net of age, gender, education, income, age of children and paid work hours and professional status). Numbers with no asterisk mean that time in the designated activity is not statistically significantly different on a weekday for those who work Sunday and Saturday, respectively, from that of weekday workers. A non-significant result means that the time in the activity is not higher for weekend than for weekday workers, and indicates that activities

that Table 1 showed are lower for weekend workers are not compensated for during the week. Results show that education is the only activity which is higher on weekdays for weekend workers. Personal care, social and community interaction, unpaid work and leisure and recreation time is not higher for weekend workers, so their lost time in these activities is not made up on other days of the week (Table 3). Childcare is neutral for Saturday workers, and negatively affected for Sunday workers. That is, in addition to the losses in this activity on the days they work, Sunday workers do even less childcare through the week than other workers. If Sundays are worked, voluntary work is neutral, so lost time in this activity is not made up, whereas Saturday workers do less on a weekday than other workers. Overall, results suggest that weekend workers are unable to make up for non-work activity time lost and that in some instances, most notably childcare for Sunday workers, there is further time loss during the week.

27 Table 4 shows that weekend workers are also unable to compensate for lost social and community interaction and leisure/recreation time with others. Most results for Saturday workers are neutral, which means that compared with weekday workers their time alone is not less, and shared social and leisure time with family, spouse, and older family is not more, on other days of the week. So they do not compensate for the lost social and leisure time with others noted in Table 2. In the case of shared time with children, they have even less on a weekday than standard-hours workers.

28 Sunday workers' time with others is even more negatively affected than is Saturday workers. Their time disparities with weekday workers at the weekends are deepened by several further negative disparities during the week (Table 4). Specifically, compared to weekday workers, Sunday workers spend significantly more time alone, and have less social interaction and leisure/recreation time with their spouse and other family, including elders, through the week. Together with the results above, this underlines that Sunday is important not only because of what is done on the day, but who it is done with. Opportunities for sharing time with others, including leisure,

recreation and social interaction with friends and family are diminished by all types of nonstandard work, but most especially by Sunday work. This is consistent with the literature reviewed in Report One (Craig, 2012), which found Sunday work to be associated with the most disruption to civic participation and family leisure time, the greatest interference between work and non-work activities, and that workers were unable to make up for foregone activities or social contact during the week (Bittman 2005).

Works on a...	Sunday	Saturday
Time alone	30.78 **	4.75
Social and community interaction/leisure and recreation with...		
Spouse	-31.63 ***	-2.54
Family excluding spouse	-11.85 **	-4.30
Children	-12.28	-8.32 ***
Older family	-3.66 **	-1.84
Friends	6.08	-2.31

***p<0.001, **p<0.01, *p<0.05

Table 4: OLS regression results: the impact of weekend work on time alone or in social interaction or leisure with others on a weekday (minutes per day)

- 29 A large body of literature, reviewed in Report One (Craig, 2012), concludes that the performance of work on weekday evenings and nights, or on Saturdays and on Sundays, has detrimental effects on the employees concerned, their families, and the community. The research suggests the major cause of the adverse outcomes is that employees who work outside standard hours have schedules which limit their ability to participate fully in family, social and community activities and to foster their relationships and cement their bonds with others (see for example Alexander & Baxter, 2005; Baxter, Gray, Alexander, Strazdins, & Bittman, 2007; La Valle et al., 2002; Strazdins & Broom, 2004; Strazdins, Korda, Lim, Broom, & D'Souza, 2004). The analyses above, using the most recent nationally representative Australian time use data, identify the same patterns of time use as those to which the literature attributes these adverse outcomes. They show that Australian employees who work at times when non-work activities are generally undertaken miss out on non-work activities, spend more time alone,

and do not participate in social and community interaction and shared recreation and leisure to the same extent as standard-hours workers.

30 In my opinion, in the light of research reviewed in Report One (Craig, 2012) and on the basis of the analyses presented above, when work is performed at times when non-work activities are generally undertaken, there are likely adverse consequences for

- employees, including physical and mental health problems, psychological distress, job dissatisfaction, social isolation, poor work-life balance and work-family strain;
- the families of employees, including higher marital discord and marital dissolution, more parenting stress, poorer educational and social outcomes for children, higher adolescent depression and anxiety, and more time without the workers' participation in family activities; and
- the community, including less well-functioning families, less effective parenting, less time with elders, lower participation in volunteering and civic activities, lower social productivity and loss of social consistency and cohesion.

EXPERT'S DECLARATION

31 I Jocelyn Craig declare that

- i) I understand that my overriding duty is to assist the court impartially on matters relevant to my area of expertise.
- ii) I have set out in my report what I understand from the instructing solicitors to be the questions regarding which my opinions as an expert are required.
- iii) In responding to the questions asked of me, I have done my best to be as accurate as possible. All of the matters on which I have expressed an opinion lie within my field of expertise.
- iv) I have not included anything in the report that has been suggested to me by anyone, including the solicitors instructing me, without forming my own independent opinion.

- v) At the time of signing the report I consider it to be full and accurate. If for any reason I subsequently consider that the report requires any correction, amendment or qualification, I will notify those instructing me.
 - vi) I understand that this report will be the evidence that I will give under oath, subject to any correction, amendment or qualification I may make before swearing to its veracity.
 - vii) I have attached to this report a list of the documentation reviewed for this report, which include the substance of the facts and instructions given to me which are material to the opinions given in this report or upon which those opinions are based.
- 32 I confirm that the opinions I have expressed represent my true and complete professional opinion.

Assoc Prof Jocelyn (Lyn) Craig

B.A., Dip Soc. Wk., Dip Bus St., B Soc. Sci (Hons) Phd

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APPENDIX A

Curriculum Vitae

Expert Opinion Services

CURRICULUM VITAE Assoc Prof Lyn CRAIG

Qualifications

- PhD, UNSW, 2005
- Bachelor of Social Science (First Class Honours), UNSW, 1999
- Bachelor of Arts (Sociology), Massey University, New Zealand, 1998
- Diploma of Business Studies (Personnel Management/Industrial Relations), Massey University, New Zealand, 1986
- Diploma of Social Work, Victoria University of Wellington, New Zealand, 1981

Present Position

Associate Professor/Australian Research Council (ARC)
Queen Elizabeth II Fellow, Social Policy Research Centre (SPRC),
University of New South Wales (UNSW)

Academic Employment

2011	Deputy Director/Associate Professor/ ARC QE II Fellow, SPRC UNSW
2008 – 2009	Senior Research Fellow/ARC Postdoctoral Fellow, SPRC, UNSW
2006 – 2007	Research Fellow/ARC Postdoctoral Fellow SPRC, UNSW
2005 – 2006	Research Fellow, SPRC, UNSW
2005	Office of the Status of Women Postdoctoral Fellow, SPRC, UNSW

Academic Publications

1. Craig, Lyn and Abigail Powell forthcoming: 'Non-parental childcare, time pressure and the gendered division of paid work, domestic work and parental childcare'
Community, Work and Family (accepted 24/7/12)
2. Craig, Lyn, Abigail Powell and Natasha Cortis forthcoming: 'Self-employment, work-family time and the gender division of labour', *Work, Employment and Society* (accepted 5/10/11)
3. Craig, Lyn and Killian Mullan forthcoming: 'Australian Fathers' Work and Family Time in Comparative and Temporal Perspective' *Journal of Family Studies* (accepted 26/3/12)

4. Craig, Lyn and Abigail Powell forthcoming: 'Dual-earner parents' work-family time: the effects of atypical work patterns and non-parental childcare, *Journal of Population Research* (accepted 21/3/12)
5. Craig, Lyn and Killian Mullan 2012: 'Lone and couple mothers' childcare time within context in four countries', *European Sociological Review* 28 (4): 512-526
6. Craig, Lyn 2012: 'Home and work: unpaid domestic labour' in Berryman, R., (ed.) *Encyclopaedia of Housing and Home*, New York, Elsevier
7. Craig, Lyn and Killian Mullan 2012: 'Shared parent-child leisure time in four countries', *Leisure Studies* 31 (2): 211-229
8. Craig, Lyn and Killian Mullan 2011: 'How fathers and mothers share childcare: a cross-national time-use comparison', *American Sociological Review* 76 (6): 834-861
9. Craig, Lyn and Abigail Powell 2011: 'Nonstandard work schedules, work-family balance and the gendered division of childcare', *Work, Employment and Society* 25 (2): 274-291
10. Craig, Lyn and Peter Siminski 2011: 'If men do more housework, do their wives have more babies?', *Social Indicators Research* 101 (2): 255-258
11. Craig, Lyn and Abigail Powell 2011: 'Strategies for juggling work and family time in Australian dual-earner households' in: L. Chester, M. Johnson, P. Kriesler (Eds.) 10th Australian Society of Heterodox Economists Conference. 5-6 Dec 2011, Sydney, Australia ISBN: 978-0-7334-3078-7
12. Craig, Lyn and Killian Mullan 2010: 'Parenthood, gender and work-family time in USA, Australia, Italy, France and Denmark', *Journal of Marriage and Family* 72 (5): 1344-1361
13. Craig, Lyn and Peter Siminski 2010: 'Men's housework, women's housework and second births in Australia', *Social Politics: International Studies in Gender, State and Society*, 17 (2): 235-266.
14. Craig, Lyn and Abigail Powell 2010: 'Self-employment and Work-Family Balance' the Australian Sociological Association (TASA) Conference Proceedings 2010 ISBN/ISSN 978-0-646-54628-5
15. Craig, Lyn, Killian Mullan and Megan Blaxland 2010: 'Parenthood, policy and work-family time in Australia 1992-2006' *Work, Employment and Society* 24 (1): 1-19
16. Craig, Lyn and Pooja Sawrikar 2009: 'Work and Family: how does the (gender) balance change as children grow?' *Gender, Work and Organisation* 16 (6): 684-709
17. Craig, Lyn and Killian Mullan 2009: 'The policeman and the part-time sales assistant: Household labour supply, family time and subjective time pressure in Australia 1997-2006' *Journal of Comparative Family Studies* 40 (4): 545-560
18. Mullan, Killian and Lyn Craig 2009: 'Harmonising extended measures of parental childcare in the time-diaries of four countries: proximity versus responsibility' *electronic International Journal of Time Use Research* 6 (1): 48-72
19. Craig, Lyn 2008: 'Valuing by doing: policy options to promote sharing the care' *Journal of the Association of Research on Mothering* (special issue on 'Care-giving and care-work: theory and practice') 10 (1): 45-56

20. Craig, Lyn and Pooja Sawrikar 2008: Satisfaction with work-family balance for parents of early adolescents compared to parents of younger children *Journal of Family Studies* 14: 91–106
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31. Craig, Lyn 2006: 'The money or the care? A comparison of couple and sole parent households' time allocation to work and children, *Australian Journal of Social Issues* 40 (4): 521-540

APPENDIX B

Documents Reviewed

- 1. Letter of instruction from A. J. Macken & Co. Lawyers**
- 2. The research literature listed under 'References' in Report One 'Fair Work Australia Review of the Terms of Various Modern Awards' by Jocelyn (Lyn) Craig, provided to A. J. Macken & Co. Lawyers 13 September 12**
- 3. Data from the Australian Bureau of Statistics 4152.0.55.001 - Microdata: Time Use Survey, Basic CURF, Australia, 2006**

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20 September 2012

Professor Lyn Craig
ARC QEII Fellow
Social Policy Research Centre
Faculty of Arts and Social Sciences
University of New South Wales
Sydney NSW 2052

Dear Professor Craig,

We have instructions from our client organisation the Shop Distributive and Allied Employees Association seeking to engage you to prepare a second report that addresses the following:

1. Please identify and describe from data collected by the Australian Bureau of Statistics:
 - (a) the types of non-work activities undertaken by individuals; and
 - (b) the days and times when those non-work activities are generally undertaken.

2. In light of your answer to the previous question and existing research in relation to the consequences and effects of work in unsociable hours, in your opinion what are the consequences for:
 - (a) employees;
 - (b) the families of employees; and
 - (c) the community,

when work is performed by those employees at times when non-work activities are generally undertaken?

It would be appreciated if you would be in a position to submit this report no later than Friday 28 September 2012.

Yours faithfully

A.J.MACKEN & CO

Attachment B

Expert Opinion Services

COMMERCIAL-IN-CONFIDENCE

Report prepared on behalf of Expert Opinion Services
A business of UNSW Global Pty Limited

FAIR WORK AUSTRALIA REVIEW OF THE TERMS OF VARIOUS MODERN AWARDS

for

A.J. Macken & Co.

Your reference: Chrissie Macken

by

Associate Professor Lyn Craig

ARC QEII Fellow Social Policy Research Centre

Date of Issue: 12 September 2012

Our Reference: J082467

Any use of the Report, use of any part of it, or use of the UNSW Global, Expert Opinion Services, University of New South Wales, UNSW, the name of any unit of the University or the name of the Consultant, in direct or in indirect advertising or publicity, is forbidden.

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EXECUTIVE SUMMARY

- 1 This report reviewed existing research and found it supported a conclusion that the performance of work by employees on weekday evenings and nights, or on Saturdays and on Sundays, has adverse effects on the employees concerned, their families, and the community.
 - a) Adverse effects on employees include physical and mental health problems, psychological distress, job dissatisfaction, poor work-life balance and work-family strain. They spend less time with their families, more time alone, and do not participate in family, social and community activities to the same extent as others.
 - b) Adverse effects on the families of the employees concerned include higher marital discord and marital dissolution, more parenting stress, poorer educational and social outcomes for children, higher adolescent depression and anxiety, and more time without the workers' participation in family activities.
 - c) Adverse effects on the community include less well-functioning families, less effective parenting, lower participation in volunteering and civic activities, lower social productivity and loss of social consistency and cohesion.
- 2 The existing research identifies the major cause of the adverse outcomes is that employees who work on weekday evenings and nights, or on Saturdays and on Sundays, have schedules which limit their ability to participate fully in family, social and community activities and to foster their relationships and cement their bonds with others.
- 3 This report reviewed existing research and found it indicates the adverse effects of nonstandard hours vary depending upon whether the work is performed on weekday evenings or nights, on Saturdays or on Sundays.
 - a) Night work is particularly associated with poor physical health, sleep problems, and fatigue.

- b) Evening work is particularly associated with less couple time and supervision of children and with high time commitment and stress.
- c) Weekend work is found to cause emotional exhaustion, job dissatisfaction, work-family strain, stress, burnout and the most interference between work and non-work activities, with the effects particularly pronounced for Sundays.
- d) Sunday is identified in the literature as the least usual and least popular day on which to work. It retains a special status, and is regarded as particularly important for family. Sunday work is associated with the most significant losses and disruption to civic participation and family leisure time, with research finding workers are unable to make up for foregone activities or social contact during the week.

AUTHOR LYN CRAIG

- 4 I am an Associate Professor and Australian Research Council (ARC) Queen Elizabeth II (QEII) Fellow at the Social Policy Research Centre, University of New South Wales. I am recognised internationally as a leading scholar in work-family and gender issues. I have particular expertise in the analysis and interpretation of work and family time allocation, using nationally representative time use data collected by the Australian Bureau of Statistics and comparable international agencies. Over a period of ten years, I have extensively researched the intra-household effects of social and workplace policy, the gendered division of labour, work-family balance, parenthood and gender equity and the intersections between the family and the economy. My research is widely published and highly cited. My academic Curriculum Vitae is attached as Appendix A.

STATEMENT OF INSTRUCTIONS

- 5 I was engaged on 7 August 12 by A.J. Macken & Co. Lawyers, solicitors for the Shop, Distributive and Allied Employees Association, and requested in writing to prepare an expert report for use in proceedings in Fair Work Australia (FWA). The following statements are in response to the questions I

was requested to answer in my report. My responses are based on a review of the existing research literature relevant to the questions.

QUESTIONS AND RESPONSES

- 6 **1) Does existing research support a conclusion that the performance of work by employees on weekday evenings and nights, or on Saturdays and on Sundays has adverse effects on:**

- a) **The employees concerned;**
- b) **The families of the employees; and**
- c) **The community?**

If “yes” to all or some of the above, please identify and outline the research which supports that conclusion and the nature and causes of those adverse effects.

Yes, adverse effects of working nonstandard hours (weekday evenings or nights, or on Saturdays and Sundays) have been identified in a range of previous research.

EMPLOYEES

- 7 Atypical schedules are associated with adverse physical health outcomes for employees. Nonstandard workers have been found to have more health problems than other workers (Jamal, 2004) and research finds negative associations between nonstandard employment and health and general well-being (Costa, 1996; Price & Burgard, 2006; Tausig & Fenwick, 2001). Working non-standard hours affects workers' body temperature, energy levels, and sleep (Presser, Gornick, & Parashar, 2008; Tepas & Price, 2001). Late-hour workers, particularly, are subject to higher risks of heart disease and gastrointestinal problems (Bøggild & Knutsson, 1999). For women, nonstandard hours have been found to be associated with higher rates of breast cancer and problems in pregnancy or childbirth (Presser et al., 2008; Wedderburn, 2000). A Canadian study found men who worked evenings or irregular shifts were more likely to be diagnosed with a chronic health condition than those who worked standard hours (Shields, 2002). Nonstandard hours have been linked to greater fatigue (Tepas & Price, 2001)

and found to be associated with more visits to GPs by nonstandard than by standard workers (Strazdins, Clements, Korda, Broom, & D'Souza, 2006). Australian research also suggests the negative relationship between nonstandard work schedules and health pertains particularly for men in the measures of self-rated health, general health and physical functioning (Ulker, 2006).

8 Adverse effects of nonstandard hours on psychological and mental health of employees have also been found, though research on this is less extensive than on physical health. Nonstandard employees report greater psychological distress than standard employees (Bardasi & Francesconi, 2000; Benach, Gimeno, Benavides, Martinez, & Torne, 2004; Shields, 2002; Tausig & Fenwick, 2001). Some studies have identified associations between nonstandard hours and anxiety and depression (Akerstedt, Fredlund, Gillberg, & Jansson, 2002; Strazdins et al., 2006) and emotional exhaustion (Jamal, 2004). Some scholars find a negative impact on mental health is most likely to occur amongst male nonstandard workers who do not work their preferred hours (Houssard, 2010; Ulker, 2006).

9 Some of these adverse outcomes arise directly from the physical and psychological disruptions caused by working outside usual hours, but many also arise because of spill-over effects on other aspects of the employee's life. Research consistently reports a negative association between nonstandard working hours and work-life balance (Albertsen, Rafnsdóttir, Grimsó, Tómasson, & Kauppinen, 2008; N. Jansen, Kant, Nijhuis, Swaen, & Kristensen, 2004). Adverse effects on employees who work nonstandard hours include greater work-family strain and role strain. As with mental health, this is especially so when workers work nonstandard hours because their job demands it (Beers, 2000; Hosking & Western, 2005; Presser & Cox, 1997). Lower paid and lower status workers are least likely to have job control or to choose to work nonstandard hours voluntarily, and so are likely to suffer the most adverse consequences of nonstandard hours upon their work-life balance (De Bruin & Dupuis, 2004; Hantrais & Ackers, 2005; Millward, 2002;

Presser, 2003a). Nonstandard hours workers have also been found to report greater job dissatisfaction (Benavides, Benach, Diez-Roux, & Roman, 2000).

- 10 A major reason for the negative implications of nonstandard work is the constraints it places upon the way workers can spend their non-work time. Importantly, nonstandard working hours put people out of sync with family and friends; their rhythms of life differ from those around them (Alexander & Baxter, 2005). Their free time more often occurs when other adults are working or children are at school (Wight, Raley, & Bianchi, 2008). This means these workers cannot use their discretionary time the way others do. Workers' social relationships can be adversely affected because they miss out on shared family events, routines and outings (Baxter, Gray, Alexander, Strazdins, & Bittman, 2007; Strazdins, Korda, Lim, Broom, & D'Souza, 2004). More of their free time is spent alone, which can cause feelings of isolation and psychological distress (Strazdins & Broom, 2004). Less of their time is spent with all family members together. If parents more often care for children solo, time with the children is thought less enjoyable and more demanding than if both were present to share the childcare (Craig & Mullan, 2009).
- 11 Working nonstandard shifts can also mean workers are unable to participate in social and civic activities which are open to others, and are important in integrating workers into their communities and cementing social inclusion and social connections. The inability to engage in voluntary work, to join clubs or attend church and social gatherings can also isolate workers from social supports which are essential to full functioning (Presser, 2003b).
- 12 Thus a body of research identifies adverse affects upon nonstandard employees themselves if they do not get the support, down time and convivial relaxation that other workers can enjoy. In addition, it is important to acknowledge that workers do not live in isolation, and that what affects them will also affect their families.

FAMILIES OF THE EMPLOYEES

- 13 Workers live within a family context, so the home and the workplace are not independent of each other (Crompton, 2006; Glucksman, 1995). The relationship runs both ways. Not only do workplace demands and practices affect workers' lives, but families provide support and care to workers, enabling them to participate in paid employment and be productive at work (J. Williams, 2010). Now that more women are employed, both partners require this support, while at the same time households have less time available to provide it (Jacobs & Gerson, 2001). Time is a family resource, which is under more pressure when one or more household members works atypical hours. The work schedules of each family member are important to the wellbeing of all, and to the good functioning of the whole household. When parents work shapes when they are available to their children and to each other (Fagan, 2001; Maher, Lindsay, & Bardoel, 2010). Working evenings, nights or on Saturdays or Sundays changes the temporal structure of family life and a number of adverse effects have been identified.
- 14 Nonstandard hours have been associated with difficulties finding a partner, and thus inhibiting the formation of families in the first place (Shields, 2002). Nonstandard hours workers experience higher work-family conflict and more negative spill-over from work to family than standard-hours workers (Barnett, Gareis, & Brennan, 2008; N. Jansen, Kant, Kristensen, & Nijhuis, 2003). Relationship quality has been found to be affected adversely (Jekielek, 2003) and nonstandard hours have been connected with greater likelihood of marital problems, marriage instability and divorce (Kalil, Ziol-Guest, & Epstein, 2010; Presser, 2000; Shepanski & Diamond, 2007; Shields, 2002). The research further suggests that the increased marital instability does not result from those in troubled marriages seeking nonstandard hours, but rather that the causality runs the other way (Presser et al., 2008).
- 15 These adverse outcomes have been attributed to the constraint that working atypical hours puts upon the time that family members spend with one another (Presser, 2003b; Shepanski & Diamond, 2007). Family psychologists note the

advantages of couples and families spending time together to promote bonding (Strazdins et al., 2006). For couples, it is as important to consider the degree of overlap in work schedules as the impact of each individual's work schedule alone. Time use studies suggest nonstandard work leads to 'de-synchronization', that is, little overlap between the work time of partners (Lesnard, 2008). When partners work in non-overlapping schedules, this leads to couples spending less time together, limits their ability to build strong partnerships, and is associated with the lower relationship quality, increased negative work-family spill over and higher marital discord noted above (Schulz, Cowan, Cowan, & Brennan, 2004).

- 16 The schedule of children also matters. With children requiring supervision for their safety and to participate in sport and other extra-curricular activities, it can be a significant problem if parents are not available when their children are (Wight et al., 2008). School timetables are not flexible and lack of synchronisation between parents and children is challenging for families. It has been suggested that parents work nonstandard hours for childcare reasons, in order to maximise the time that they can be cared for by a parent (Craig & Powell, 2011; Mills & Täht, 2010). Research also finds that parents make efforts to compensate or buffer their children from any disruption from work by forgoing their own leisure or rest (Craig, 2007). However, this can come at a cost to good family functioning, especially if the parents are more stressed as a result (Bogen & Cherlin, 2004). Others prioritise joint family time over time together just as a couple (La Valle, Arthur, Millward, & Scott, 2002). This can also have adverse effects. Couple time is important for the quality of marriage and cementing the partnership, and this is much reduced in households in which one or both parents work nonstandard hours (Wight et al., 2008). The nonstandard hours of one partner can also mean that the other must do more household or care work to compensate, with the implication that neither partner is adequately rested (Craig & Powell, 2011).

- 17 Despite the efforts of parents to protect children from missing out on parental attention, moreover, research finds partners of nonstandard hours workers cannot fully compensate for the reduced time their spouse can spend with children (Barnes, Bryson, & Smith, 2006; Millward, 2002). Nonstandard hours often mean more time in paid work and less time available for domestic work, children and leisure (Brayfield, 1995; Connelly & Kimmel, 2011). Research finds that compared with parents on standard work schedules, family activities are more likely to be limited by work in households in which one or both parents work atypical hours. Those working at 'family times', such as nights, evenings and weekends, spend less time reading, playing and helping children with school work, and are less satisfied with the time they spend with children, than workers on a standard schedule (La Valle et al., 2002).
- 18 The loss of family time caused by nonstandard hours has been found in turn to adversely affect family processes and parenting standards. Compared to parents working standard hours, parents working nonstandard schedules report worse family functioning, less parental monitoring, less parent-child closeness, and less effective parenting (Barnett et al., 2008; Connelly & Kimmel, 2011; Davis, Crouter, & McHale, 2006; Strazdins et al., 2006). Studies relate nonstandard work to poorer parental mental health, which in turn negatively affects children (Bajracharya, 2007; Han, 2005). Atypical work times disrupt family routines, which is stressful for parents and also can diminish parent involvement and responsiveness to children (Davis, Goodman, Pirretti, & Almeida, 2008; Heymann & Earle, 2001; Poissonnet & Véron, 2000; Strazdins et al., 2004; Tausig & Fenwick, 2001). Nonstandard working hours of mothers increases the disturbance of parent-child activities, and negatively affects parent-child relationship quality (Roeters, Van Der Lippe, & Kluwer, 2010). The greater marital discord and likelihood of marital dissolution noted above also has negative implications for children.

- 19 Research also confirms that parent's atypical work schedules have negative effects on children's outcomes (Li et al., 2012). Parents' nonstandard hours are associated with poorer cognitive stimulation, and with lower test scores, among their children (Han, 2005; Heymann, 2001; Heymann & Earle, 2001). Researchers have found relationships between parents' nonstandard hours and childhood obesity (Miller & Han, 2008; Morrissey, Dunifon, & Kalil, 2011). Behavioural problems have also been identified. Young children of parents who work nonstandard hours have higher odds of having behavioural and emotional difficulties (Dunifon, Kalil, & Bajracharya, 2005; Joshi & Bogen, 2007; Rosenbaum & Morett, 2009; Strazdins et al., 2006; Strazdins et al., 2004). These associations are often mediated through family relationships and parent well-being (Li et al., 2012). There is evidence that the difficulty nonstandard working parents have in establishing routines for their children (Roeters et al., 2010) adversely affects children's emotional and social development, particularly in the early years of life (Strazdins et al., 2006). The detrimental effects of parents working at unsocial times are stronger the younger the child, particularly when it is mothers who are working the nonstandard hours (Daniel, Grzywacz, Leerkesa, Tucker, & Han, 2009; Han, 2005).
- 20 It is possible that the negative effects on young children are exacerbated by difficulty nonstandard working parents have in finding suitable substitute care for children, which is harder to access outside typical working times (Connelly & Kimmel, 2011; Kimmel & Powell, 2006; Meyers & Jordan, 2006). This often means parents working nonstandard hours use complex arrangements involving more planning and organisation, and a mix of different childcare providers (Moss, 2009). Arrangements are more likely to be informal, and therefore break down at short notice more frequently than formal childcare, which is more reliable but normally available only during standard working hours (Han, 2004; Le Bihan & Martin, 2004). That nonstandard workers are more likely to rely on informal childcare arrangements means that extended family, particularly grandmothers, are more often called upon (Hank & Buber, 2009; Moss, 2009; Vandell, McCartney, Owen, Booth,

& Clarke-Stewart, 2003). This in turn has implications for the wellbeing and time choices of those relatives who provide childcare. Informal childcare, especially if multiple carers are used, can also mean lower overall quality than formal care (Hank & Buber, 2009; Moss, 2009; Vandell et al., 2003). Thus the negative effects upon children's developmental outcomes might be in part because they are less likely than children of standard-hours workers to be cared for in settings that foster children's school-readiness (Heymann, 2001).

21 It is not only pre-school children who experience adverse consequences of parents' nonstandard hours work. School-aged children are also affected (Heymann & Earle, 2001). Research finds associations between parental nonstandard work and lower school engagement and less participation in extracurricular activities (Li et al., 2012). Parents who work atypical hours, particularly evenings and weekends, spend less time with their school-aged children who as a result receive less help with homework, take part in fewer after school activities and have less supervision than children of standard-hours workers (Heymann & Earle, 2001; Kurz, 2000; Rapoport & Le Bourdais, 2008). There are impacts upon school performance, with US research finding that for each hour a parent works between 6 and 9 in the evening there is a 16 percent increase in the likelihood their children score low in mathematics, and that children of parents who work nights are nearly three times more likely than other children to be suspended from school (Heymann, 2001). Adverse effects on adolescent wellbeing also include less parent-child relationship intimacy, especially between adolescents and fathers (Davis et al., 2006) and higher adolescent depression (Han & Waldfogel, 2007). Night work by mothers and evening work by fathers has been found to be associated with a lower quality home environment, less parent-child closeness and fewer meals together, and in turn significantly linked to increased risk of poor mental health in adolescents (Han & Miller, 2009). Maternal nonstandard hours have been found to predict adolescent overweight (Miller & Han, 2008) and poorer adolescent sleep patterns (Radosevic-Vidacek & Koscec, 2004).

- 22 Research suggests that families in difficult circumstances are particularly likely to experience adverse effects of nonstandard hours. Australian evidence of negative impacts of parents working nonstandard hours upon adolescent wellbeing is found to exist primarily within sole parent families (Dockery, Jianghong, & Kendall, 2009). Sole mothers are particularly vulnerable to adverse effects of working atypical hours, as their childcare arrangements are often piecemeal and contingent (Tekin, 2007). This is exacerbated when the children are adolescent, as they are harder for one parent to supervise (Han & Waldfogel, 2007), and arranging substitute care is more challenging (Kurz, 2000). In addition to sole mothers, others with low incomes may also have more difficulty protecting their children from adverse outcomes (Baxter & Alexander, 2008; Joshi & Bogen, 2007; Tekin, 2007). The association between nonstandard work and adverse effects on child outcomes and family processes is more pronounced in disadvantaged families, especially when parents work nonstandard hours full-time (Li et al., 2012). Parents' nonstandard work can mean children are without adult supervision. For example, research on low-income working US families describes children being left in the care of other children or alone during the evening because of parental work schedules (Heymann, 2000). US research has also found that high-wage nonstandard mothers can provide more care-giving than lower-wage nonstandard mothers (Connelly & Kimmel, 2011). The research suggests lower income workers are both least able to choose their preferred work schedules, and also least able to protect their children from the consequences of family-unfriendly hours (La Valle et al., 2002).
- 23 Indeed research finds that families who actively choose to work nonstandard hours are few (Hosking & Western, 2005; Presser & Cox, 1997). French research finds nonstandard hours are much more commonly imposed by employers than chosen by workers (Lesnard, 2008). UK research found that for fathers, particularly, atypical work is more closely linked to financial necessity and job insecurity than to preference (La Valle et al., 2002). For both mothers and fathers, control over working arrangements depends largely on their labour market position, with parents in lower socioeconomic groups more

likely than those in professional jobs to feel they had no option but to work at atypical times (La Valle et al., 2002). The majority of nonstandard workers view employment during nonstandard hours as an accommodation to labour market needs, not as a personal preference (Beers, 2000; Han, 2004). This appears related to the further research finding that nonstandard hours workers are more likely to have low level occupations and qualifications and therefore relatively weak bargaining power in the workplace (Millward, 2002).

THE COMMUNITY

- 24 The effects of nonstandard hours upon individual employees and their families find echoes in effects upon the wider community. Workers live not only within families but also within communities, and each is interlinked (Li et al., 2012). The good functioning of society depends on an infrastructure of support that families and social networks give each other. This has an economic value. Although often overlooked in standard economic accounting, social production (unpaid domestic labour, raising children, voluntary work and social care) underpins and subsidises the market economy (Folbre, 2007; Ironmonger, 2004). Estimates put the replacement cost of unpaid care work and volunteering in Australia at about \$261 billion, around 48 percent of GDP (ABS, 2006). Furthermore social production and care are goods in themselves (Elson, 2004). Unpaid care-giving for children, or for others who require looking after because of disability, illness or old age, domestic work for the household, and volunteer work are all essential contributions to social wellbeing. They are fundamental to child development, the creation of human and social capital, the fostering of social connectedness, the wellbeing of adult partners, and the welfare of the elderly (Bittman & Pixley, 1997).
- 25 Historically, most social care, voluntary and unpaid work has been performed by women. Now that women are more likely to be employed, and men's work time remains high, it is increasingly difficult for households to find time for these socially necessary but unremunerated tasks (Jacobs & Gerson, 2004; Pocock, 2003). The social risk is that as the economic opportunity cost of providing voluntary work and unpaid care for children and others increases,

the supply will dry up, with adverse impacts on social cohesiveness and community functioning (Lewis & Giullari, 2005; Putnam, 1995; F. Williams, 2009). Curtailing social production has broad consequences because the economic and social benefits generated are only partially enjoyed by those who perform the activities (Caporaso & Levinde, 1992; Folbre, 2007). For example, parents raising children into productive adults create worth that accrues to the government, employers, and the whole community; it is a social service that benefits all (Chesnais, 1998; Crittenden, 2001; Klevmarken & Stafford, 1999). Conversely there are substantial social costs if parents are unable to perform their roles adequately, and ensure children are well-raised (England, 2005; Folbre, 1994, 2001). For example, schools and teachers must input more to failing or troubled students (Li et al., 2012), and children who receive inadequate care may grow into delinquent adolescents or antisocial adults (Heckman & Masterov, 2004).

26 It is particularly difficult to undertake social production or community participation if nonstandard hours are worked. Volunteering, taking part in community activities, religious observance, visiting elderly relatives, and facilitating children's sports, are more difficult for workers whose timetables are not compatible with those prevalent in the community. It is not only the workers own time that is affected; their nonstandard hours may also constrain the civic participation of their family. More than a fifth of Australian children under 12 years old are now cared for regularly by a grandparent (Whelan, 2012), who as noted above are more likely to be involved during nonstandard hours, when other care is less available (Hank & Buber, 2009; Moss, 2009; Vandell et al., 2003). Healthy people in early retirement have historically taken on volunteer civic or community activities, with benefits for their own health and wellbeing, as well as promoting social cohesion and building social capital (Jeannotte, 2003 ; Musick, Herzog, & House, 1999; Putnam, 1995; Thoits & Hewitt, 2001). The aging of the population has led to suggestions that policy should encourage higher workforce participation of women and older people (Daley, McGannon, & Ginnivan, 2012; Productivity_Commission, 2009). One option canvassed is an increase of the

retirement age. This could perversely inhibit the workforce participation of women by taking away grandparents as a childcare alternative (Compton & Pollak, 2011). More broadly, encouraging more adults into the workforce cannot be seen as increasing productivity unless the costs of the socially productive activities that are foregone as a result are also acknowledged. To the extent that more paid work displaces productive unpaid work, net productivity gains are illusory (Elson, 2004; Folbre, 2004, 2007; Glucksman, 1995; Ironmonger & Soupourmas, 2009).

27 As combining work and family becomes more difficult, people may be discouraged from attempting to do so, even to the extent of foregoing childrearing. Cross-national research finds that in countries in which paid work is least compatible with family life, women's fertility is lower (de Laat & Sevilla-Sanz, 2011; Kohler, Billari, & Ortega, 2006). It appears that whereas in the past, women would forego market work in order to have children (Becker, 1965; Mincer, 1962), now the reverse is the case; the more difficult it is for women to combine family responsibilities with paid work, the fewer children they have (McDonald 2000)(de Laat & Sevilla-Sanz, 2011). Recent research has extended this finding to look specifically at the effects of nonstandard hours on fertility, and finds that there is a lower probability of having a first child when the female partner in a couple works a nonstandard schedule (Begall, Mills, & Ganzeboom, 2012).

28 **2) In the event that you identify any adverse effects in answer to the previous question, to what extent does existing research indicate that those effects on the groups identified vary depending upon whether the work is performed on weekday evenings or nights, on Saturdays or on Sundays?**

Although many studies look at nonstandard hours in combination, and find adverse effects of all, they also differentiate between the effects of working on weekday evenings and nights, Saturdays and Sundays.

NIGHTS

- 29 Night work is regarded as particularly likely to have adverse physical health effects, disrupting circadian rhythms and limiting sleep (Costa, 1996). Mothers working nights are especially likely to sacrifice sleep to coordinate childcare and employment (Presser, 2003b). Night work is particularly associated with lower mental health and increased likelihood of depression (Akerstedt et al., 2002). Marriage stability is affected especially by night work, with studies finding married parents who work night shifts are much more likely to face marital dissolution than their counterparts who work standard hours (Kalil et al., 2010; Presser, 2000). Having parents working night schedules has been found to be detrimental for children's involvement in extracurricular activities and school engagement (Han, 2005). Nonstandard hours have a greater impact on mothers' time than fathers' time (Barnes et al., 2006), and extracurricular activity involvement is lower for younger children when the mother has a night schedule even when the father has a standard work schedule (Bajracharya, 2007). Working nights is significantly associated with work family strain for fathers (Alexander & Baxter, 2005). Associations with children's emotional or social difficulties have been found when mothers (but not fathers) worked nights (Strazdins et al., 2004). Night work can mean that children's sleep is also affected, that families do not eat breakfast together, and that children's morning routines suffer (Radosevic-Vidacek & Koscec, 2004; Wight et al., 2008). Even if night-working mothers maintain their time with children by leaving for work after the children go to bed and returning in time to get them up and ready for the day, heightened fatigue can be a problem both for the mothers' health and for the quality of their parenting (Strazdins et al., 2004).

EVENINGS

- 30 Weekday evening work is more directly disruptive to children than night work, because it means parents cannot pick their children up from school or take them to extra-curricular activities, and are absent for evening meals, to help with homework and at children's bedtimes (Han, 2004;

Heymann & Earle, 2001; Wight & Raley, 2009). The disruption in family routines associated with evening work has been found to cause stress for parents (Akerstedt et al., 2002). Evening work is particularly associated with less time spent with a spouse (Wight et al., 2008), and has been found to be related to marital problems for married men and with difficulties finding a partner for single men (Shields, 2002). Afternoon shifts are also identified as more detrimental than night work to voluntary social activities (Albertsen et al., 2008; Skipper, Jung, & Coffey, 1990). For both men and women evening shifts are associated with higher levels of psychological distress (Shields, 2002). For mothers, working evening shifts brings a higher risk of being over-committed. Mothers working an evening shift full-time have been found to spend more time in sole charge of children, in addition to their paid work, so to be particularly over-stretched, with negative implications for their own well-being and that of their families (Hook & Wolfe, 2011).

WEEKENDS

31 Weekend hours require employees to work on days that most people can set aside for family, leisure and socialising, so are considered particularly undesirable (Demerouti, Geurts, Bakker, & Euwema, 2004). Weekend work is associated with higher absenteeism and turnover than weekday work (Harrison, Newman, & Roth, 2006; Presser, 2003b) and organizations need more time to fill vacant positions involving weekend work (Strouse, Carroll-Hernandez, Sherman, & Sheldon, 2003). Weekend work is related to higher job stress and more emotional exhaustion than weekday work (Jamal, 2004). Employees whose schedules include weekend work report higher levels of burnout (Fenwick & Tausig, 2004) and less job satisfaction (Ruggiero, 2005). Studies assessing the effect of nonstandard work schedules on perceived family well-being and daily stressors found weekend workers report more work stressors than weekday workers (Davis et al., 2008). Working weekends are especially associated with lower satisfaction with both work and family life (Martin, Wittmer, & Lelchook, 2011; Presser, 2003b), and with greater work-family strain, particularly for lone mothers (Alexander & Baxter, 2005; Baxter & Alexander, 2008) This is likely

because weekend work hours are associated with particularly significant reductions in social activities and family time (Almeida, 2004; Bittman, 2005) and the most interference between work and family/non-work activities (Fenwick & Tausig, 2001). Weekend work impedes participation in sports and socialising, and curtails joint family time. Research suggests parents use the weekends to make up childcare time lost during week, and this is not possible for weekend workers (Craig & Mullan, 2010; Hook, 2012; Hook & Wolfe, 2011). Associations between nonstandard hours and children's emotional or social difficulties are particularly pronounced when mothers or fathers work weekends (Strazdins et al., 2004). Study has found parents who work nonstandard hours are concerned about how their work times affected their children, and most prefer not to work on weekends (La Valle et al.).

SUNDAYS

- 32 Although both weekend days are important family, leisure and social time, research draws a distinction between Saturday and Sunday. Sunday work is less common than Saturday work (ABS, 2009). A European multinational study identified Sunday work as the least usual type, with Saturday employment about twice as prevalent as Sunday employment (Presser et al., 2008). Consistent with this relative rarity, Sunday is the most unpopular day on which to work. For example, retail employees are more strongly opposed to Sunday than to Saturday work (Deery & Mahony, 1994). This attitude is longstanding. A 1991 study surveyed retail employees in six organizations and found that while only 15 percent of the sample were not prepared to work on a Saturday and 25 percent were not prepared to work evenings, over half (51 per cent) were not willing to work on Sundays (Kirby, 1992). A significant proportion felt that working such hours would be harmful to their relationships with their children, partner and family (Kirby, 1992). More recent research suggests that little has changed in this regard; Sundays are still the least preferred day to work (La Valle et al., 2002; Martin et al., 2011). Research finds that as a result Sunday workers require compensation and inducements to take up these shifts, and also that allowing

- employees control over whether or not they adopted them was important to satisfactory outcomes (Martin et al., 2011; Tausig & Fenwick, 2001).
- 33 The reluctance of employees to work Sunday shifts has been attributed to the special flavour and meaning the day holds (European Sunday Alliance, 2012). Even when both weekend days are looked at together, researchers note that Saturdays and Sundays remain distinct from one another (Presser et al., 2008). Religious observance is less widespread than in times past, but it still occurs in western countries including Australia most commonly on a Sunday (European Sunday Alliance, 2012; Pastoral Projects, 2006). Also, Sunday retains a special status as preserved for family, and international research finds that working on it is associated with even more loss of family time than Saturday. A UK study found that parents who worked on Sundays are considerably more likely than those who worked on other days, including Saturdays, to report that their work frequently disrupted family activities and limited their engagement in family life (La Valle et al., 2002). A study of 31 European states found that working one or more Sundays a month was associated with higher likelihood of reporting one or more health impairments and poorer work-life balance (Wirtz, Nachreiner, & Rolfes, 2011).
- 34 In Australia, a study investigated the incidence and impacts of Sunday work analysed the Australian Bureau of Statistics Australian Time Use Survey 1997 (Bittman, 2005). It found that in 1997, by a substantial margin Sunday was the least likely day of the week for Australians to work and those that did work on it missed out on important activities and social contact. They were less able to coordinate schedules with others, and as a result had lower civic engagement and spent less time with their families, including children. They shared fewer meals and leisure time with others. The research further found that they were unable to make up for foregone activities or social contact during the week, and concluded that at that time Sunday work had net detrimental effects on workers, their families and their communities (Bittman, 2005).

35 Research suggests that the detrimental effects of working Sundays on safety, health, and social well-being should be taken into account when designing work schedules, and that compensation and penalty rates needs to be adequate to make up for the loss of amenity (Allan, Brosnan, & Walsh, 1998). A study taking into account the negative effects of Sunday work concluded that premiums paid would need to be substantial if they were to increase scheduling satisfaction (Martin et al., 2011). Researchers have concluded that better pay for work outside the standard work week and more choice over schedules help offset the difficulties for parents, supplying financial resources for child care and other services (Fenwick & Tausig, 2001; Martin et al., 2011).

EXPERT'S DECLARATION

36 I Jocelyn Craig declare that

- i) I understand that my overriding duty is to assist the court impartially on matters relevant to my area of expertise.
- ii) I have set out in my report what I understand from the instructing solicitors to be the questions regarding which my opinions as an expert are required.
- iii) In responding to the questions asked of me, I have done my best to be as accurate as possible. All of the matters on which I have expressed an opinion lie within my field of expertise.
- iv) I have not included anything in the report that has been suggested to me by anyone, including the solicitors instructing me, without forming my own independent opinion.
- v) At the time of signing the report I consider it to be full and accurate. If for any reason I subsequently consider that the report requires any correction, amendment or qualification, I will notify those instructing me.
- vi) I understand that this report will be the evidence that I will give under oath, subject to any correction, amendment or qualification I may make before swearing to its veracity.
- vii) I have attached to this report a list of the documentation reviewed for this report, which include the substance of the facts and instructions

given to me which are material to the opinions given in this report or upon which those opinions are based.

37 I confirm that the opinions I have expressed represent my true and complete professional opinion.

Jocelyn (Lyn) Craig

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APPENDIX A

Curriculum Vitae

Expert Opinion Services

CURRICULUM VITAE Assoc Prof Lyn CRAIG

Qualifications

- PhD, UNSW, 2005
- Bachelor of Social Science (First Class Honours), UNSW, 1999
- Bachelor of Arts (Sociology), Massey University, New Zealand, 1998
- Diploma of Business Studies (Personnel Management/Industrial Relations), Massey University, New Zealand, 1986
- Diploma of Social Work, Victoria University of Wellington, New Zealand, 1981

Present Position

Associate Professor/Australian Research Council (ARC)
Queen Elizabeth II Fellow, Social Policy Research Centre (SPRC),
University of New South Wales (UNSW)

Academic Employment

2011	Deputy Director/Associate Professor/ ARC QE II Fellow, SPRC UNSW
2008 – 2009	Senior Research Fellow/ARC Postdoctoral Fellow, SPRC, UNSW
2006 – 2007	Research Fellow/ARC Postdoctoral Fellow SPRC, UNSW
2005 – 2006	Research Fellow, SPRC, UNSW
2005	Office of the Status of Women Postdoctoral Fellow, SPRC, UNSW

Academic Publications

1. Craig, Lyn and Abigail Powell forthcoming: 'Non-parental childcare, time pressure and the gendered division of paid work, domestic work and parental childcare'
Community, Work and Family (accepted 24/7/12)
2. Craig, Lyn, Abigail Powell and Natasha Cortis forthcoming: 'Self-employment, work-family time and the gender division of labour', *Work, Employment and Society* (accepted 5/10/11)
3. Craig, Lyn and Killian Mullan forthcoming: 'Australian Fathers' Work and Family Time in Comparative and Temporal Perspective' *Journal of Family Studies* (accepted 26/3/12)

4. Craig, Lyn and Abigail Powell forthcoming: 'Dual-earner parents' work-family time: the effects of atypical work patterns and non-parental childcare, *Journal of Population Research* (accepted 21/3/12)
5. Craig, Lyn and Killian Mullan 2012: 'Lone and couple mothers' childcare time within context in four countries', *European Sociological Review* 28 (4): 512-526
6. Craig, Lyn 2012: 'Home and work: unpaid domestic labour' in Berryman, R., (ed.) *Encyclopaedia of Housing and Home*, New York, Elsevier
7. Craig, Lyn and Killian Mullan 2012: 'Shared parent-child leisure time in four countries', *Leisure Studies* 31 (2): 211-229
8. Craig, Lyn and Killian Mullan 2011: 'How fathers and mothers share childcare: a cross-national time-use comparison', *American Sociological Review* 76 (6): 834-861
9. Craig, Lyn and Abigail Powell 2011: 'Nonstandard work schedules, work-family balance and the gendered division of childcare', *Work, Employment and Society* 25 (2): 274-291
10. Craig, Lyn and Peter Siminski 2011: 'If men do more housework, do their wives have more babies?', *Social Indicators Research* 101 (2): 255-258
11. Craig, Lyn and Abigail Powell 2011: 'Strategies for juggling work and family time in Australian dual-earner households' in: L. Chester, M. Johnson, P. Kriesler (Eds.) 10th Australian Society of Heterodox Economists Conference. 5-6 Dec 2011, Sydney, Australia ISBN: 978-0-7334-3078-7
12. Craig, Lyn and Killian Mullan 2010: 'Parenthood, gender and work-family time in USA, Australia, Italy, France and Denmark', *Journal of Marriage and Family* 72 (5): 1344-1361
13. Craig, Lyn and Peter Siminski 2010: 'Men's housework, women's housework and second births in Australia', *Social Politics: International Studies in Gender, State and Society*, 17 (2): 235-266.
14. Craig, Lyn and Abigail Powell 2010: 'Self-employment and Work-Family Balance' the Australian Sociological Association (TASA) Conference Proceedings 2010 ISBN/ISSN 978-0-646-54628-5
15. Craig, Lyn, Killian Mullan and Megan Blaxland 2010: 'Parenthood, policy and work-family time in Australia 1992-2006' *Work, Employment and Society* 24 (1): 1-19
16. Craig, Lyn and Pooja Sawrikar 2009: 'Work and Family: how does the (gender) balance change as children grow?' *Gender, Work and Organisation* 16 (6): 684-709
17. Craig, Lyn and Killian Mullan 2009: 'The policeman and the part-time sales assistant: Household labour supply, family time and subjective time pressure in Australia 1997-2006' *Journal of Comparative Family Studies* 40 (4): 545-560
18. Mullan, Killian and Lyn Craig 2009: 'Harmonising extended measures of parental childcare in the time-diaries of four countries: proximity versus responsibility' *electronic International Journal of Time Use Research* 6 (1): 48-72
19. Craig, Lyn 2008: 'Valuing by doing: policy options to promote sharing the care' *Journal of the Association of Research on Mothering* (special issue on 'Care-giving and care-work: theory and practice') 10 (1): 45-56

20. Craig, Lyn and Pooja Sawrikar 2008: Satisfaction with work-family balance for parents of early adolescents compared to parents of younger children *Journal of Family Studies* 14: 91-106
21. Craig, Lyn and Michael Bittman 2008: 'The incremental time costs of children: an analysis of children's impact on adult time use in Australia' *Feminist Economics* 14 (2): 57-85
22. Craig, Lyn 2007: *Contemporary Motherhood: The Impact of Children on Adult Time* Aldershot: Ashgate Publishing
23. Craig, Lyn 2007: 'Is there really a "second shift", and if so, who does it? A time-diary investigation' *Feminist Review* 86 (1): 149-170
24. Craig, Lyn 2007: 'How employed mothers in Australia find time for both market work and childcare' *Journal of Family and Economic Issues* 28 (1): 69-87
25. Craig, Lyn 2007: 'Male Domestic Labour and Household Fertility' the Australian Sociological Association (TASA) Conference Proceedings 2007
26. Craig, Lyn 2010: 'Unpaid work' in O'Reilly, A., (ed.) *Encyclopaedia of Motherhood*, Volume 3, pp. 1232-1233, New York, Sage
27. Craig, Lyn 2006: 'Parental education, time in paid work and time with children: an Australian time-diary analysis' *British Journal of Sociology* 57 (4): 553-575 (Top 20 2007 Rosabeth Moss Kanter Award for Excellence in Work-Family Research)
28. Craig, Lyn 2006: 'Do time use patterns influence fertility decisions? A cross-national inquiry' *electronic International Journal for Time Use Research* 3 (1): 60-88
29. Craig, Lyn 2006: 'Children and the Revolution: A time-diary analysis of the impact of motherhood on daily workload' *the Journal of Sociology* 42 (2): 125-143
30. Craig, Lyn 2006: 'Does father care mean fathers share? A comparison of how mothers and fathers in intact families spend time with children' *Gender and Society*, 20 (2): 259-281 (Honorable Mention 2007 Rosabeth Moss Kanter Award for Excellence in Work-Family Research)
31. Craig, Lyn 2006: 'The money or the care? A comparison of couple and sole parent households' time allocation to work and children, *Australian Journal of Social Issues* 40 (4): 521-540

APPENDIX B

Documents reviewed

1. Letter of instruction from A.J. Macken & Co. Lawyers
2. The research literature listed under 'References' above

A. J. MACKEN & CO.

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7 August 2012

Professor Lyn Craig
ARC QEII Fellow
Social Policy Research Centre
Faculty of Arts and Social Sciences
University of New South Wales
Sydney NSW 2052

Dear Professor Craig,

We have instructions from our client, the Shop Distributive and Allied Employees Association (the SDA), to engage you to prepare an expert report for use in certain proceedings in Fair Work Australia (FWA) (the proceeding).

The proceeding concerns a review by FWA of the terms of various modern awards. The review is undertaken pursuant to item 6 of Schedule 5 of the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009*.

The aspect of the proceeding in relation to which the SDA wishes to engage you to prepare an expert report concerns applications made by a number of employer organisations to vary the terms of three modern awards. In general terms, by those applications the employer organisations seek to vary the existing award provisions which provide for or affect the entitlements of employees to be paid penalty rates for work performed at certain times (such as on Sundays) and in certain circumstances. The modern awards in question are: the General Retail Industry Award 2010, the Fast Food Industry Award 2010 and the Hair and Beauty Industry Award 2010.

The SDA requests that you provide a written report for use in the proceeding which addresses the following questions:

1. Does existing research support a conclusion that the performance of work by employees on weekday evenings or nights, or on Saturdays or on Sundays has adverse effects on:
 - (a) the employees concerned;
 - (b) the families of the employees; and
 - (c) the community?

Industrial & Employment Law
- Industrial Advisings
- Executive Contracts & Advice
- Career Planning & Placement

Superannuation Law
Taxation Law
Administrative Law
Australian Polish Relations

Mediation
Human Resources
Media & Publications
Sports Law & Contracts

A. J. Macken & Co

If "yes" to all or some of the above, please identify and outline the research which supports that conclusion and the nature and causes of those adverse effects.

2. In the event that you identify any adverse effects in answer to the previous question, to what extent does existing research indicate that those effects on the groups identified vary depending upon whether the work is performed on weekday evenings or nights, on Saturdays or on Sundays?

Could you also please attach to your report your full curriculum vitae including your professional background, qualifications and expertise.

We require the report to be provided to this office by no later than 14 September 2012.

We will be in contact with you in due course about arrangements for you to give oral evidence in the proceeding in respect of your report. FWA has not as yet made directions for the further hearing of the proceeding.

Please contact the undersigned if you have any questions in relation to this request.

Yours faithfully,

A.J.MACKEN & CO

Attachment C

Expert Report from Associate Professor Sara Charlesworth to the Shop Distributive and Allied Employees Association for use in the Review being undertaken by Fair Work Australia of the terms of various modern awards pursuant to Item 6 of Schedule 5 of the *Fair Work Act (Transitional Provisions and Consequential Amendments) 2009*

1. I am an Associate Professor and Principal Research Fellow at the Centre for Work+Life at the University of South Australia. As set out in my CV (attached), I have a PhD in Legal Studies and significant experience as a researcher in the areas of employment regulation and gender equality.
2. In my report, which addresses the impact of working on weekends and in the evenings on the work-life interference experienced by employees, I draw on two large-scale surveys of employees. The first is the Australian Work and Life Index (AWALI) survey carried out in 2008, one of a series of AWALI surveys, and the second is the Victorian Work and Life (VicWAL) survey run in 2009. Both surveys use the measure of work-life interference developed by Professor Pocock, Dr Williams and Dr Skinner at the Centre for Work & Life in 2007,¹ and refined in 2008.²

The AWALI MEASURE

3. For the purposes of the AWALI measure, 'work' is defined as paid work. 'Life' is defined as the activities outside paid work including activities in the household and with friends, family and community; care activities including self-care and care of others; and community, sporting and other unpaid, voluntary activities. In this way, the definition of 'life' subsumes 'family' issues.³
4. AWALI measures two dimensions of work-life interaction: firstly, the impact of work on respondents' capacity to satisfactorily engage in the activities and responsibilities of the non-work sphere (which is termed a 'general interference' effect); and, secondly, the time available to spend on activities outside work (which is viewed as a 'time strain' effect).⁴ In sum, AWALI measures perceptions of work-life interaction along five dimensions, focussing on:
 - 'General interference' (i.e., the frequency with which work interferes with responsibilities or activities outside work);
 - 'Time strain' (i.e., the frequency with which work restricts time with family or friends);
 - Work-to-community interaction, measuring the frequency with which work affects workers' ability to develop or maintain connections and friendships in their local community;
 - Satisfaction with overall work-life 'balance'; and
 - Frequency of feeling 'rushed or pressed for time'.

¹ The concepts, methods, literature, measures and pre-tests underpinning AWALI are set out in Pocock, B. Williams, P. and Skinner, N. (2007) *The Australian Work and life Index (AWALI): Concepts Methodology & Rationale*, Centre for Work+Life, University of South Australia, Adelaide.

² Skinner, N. and Pocock, B. (2008) *Work-Life and Workplace Culture: The Australian Work and Life Index 2008* Centre for Work+Life, University of South Australia, Adelaide

³ Pocock et al. (2007), p 9.

⁴ Skinner and Pocock (2008), p 15.

5. The AWALI measure brings together these five indicators of work-life interaction to arrive at an overall work-life index that is scaled from 0 (best work-life interaction) to 100 (worst work-life interaction). The work-life index has a satisfactory internal consistency or reliability (Cronbach's α (alpha) = .82). In 2008, the average (mean) AWALI score index was 42.8, and the median was 40.0 (the middle score). Therefore, scores above the average score of around 43 indicate a work-life interaction that is worse than average, and scores below this level indicate a better than average work-life relationship.
-

BACKGROUND TO THE 2008 AWALI SURVEY

6. The AWALI surveys in 2007, 2008, 2009 and 2010 were funded through an Australian Research Council (ARC) Linkage grant in partnership with the South Australian (through SafeWork SA) and Western Australian Governments (through the former State Health Advisory Committee on Work Life Balance). Professor Barbara Pocock was the chief investigator on the project. In 2008, the Victorian Government (through Industrial Relations Victoria) also provided additional support to the 2008 AWALI survey.
7. The 2012 AWALI survey has just been conducted and another is due to be conducted in 2014. These AWALI surveys are also funded by an Australian Research Council Linkage grant in partnership with the SA government (through SafeWork SA) and the Australian Government (through the Department of Education, Employment and Workplace Relations).
8. All AWALI surveys contain a core set of items relating to employment and social demographics, the work-life index items and additional sets of questions on one or two particular themes.
9. AWALI 2008 was a nationally representative survey of 2,831 employed persons (including 387 self-employed). Newspoll conducted the survey using computer assisted telephone interviews (CATI) over four weekends in March and April 2008. A subset of this core sample (1,404 respondents) answered both the core questions and an additional set of items relating to unsocial work time, employment sector (public, private) and organisational culture. These additional questions included the following questions:
 - How often do you work on weekends, Saturdays or Sundays - never, rarely, sometimes, often, almost always;
 - How often do you work evenings/nights past 9 pm - never, rarely, sometimes, often, almost always.

These and other questions related to unsocial work time are scheduled to be asked again in the 2014 AWALI survey.

10. To ensure a nationally representative sample, the survey data was weighted by Australian Bureau of Statistics (ABS) 2007 population data on age, highest level of schooling completed, sex, and area (capital city and balance of state) to adjust for differences in the AWALI sample and the general Australian population on these key demographics.
-

BACKGROUND TO THE 2009 VicWAL SURVEY

11. The Victorian Work and Life Survey (VicWAL), part of the Regional Perspective on Work/Family Balance and Changes in Employment Regulation project, was funded through an ARC Linkage grant in partnership with the Victorian government (through Industrial Relations Victoria and Regional Development Victoria). I was the lead chief investigator on the project and Dr Iain Campbell of RMIT University and Professor Marian Baird of the University of Sydney were also chief investigators.
12. One of the key aims of the VicWAL survey was to investigate how regional and industry differences in employment conditions are associated with the capacity to balance work and family, and work and community life. To that end the VicWAL survey, with the permission of Professor Pocock, also incorporated the five-item AWALI measures in the survey instrument.

13. The VicWAL survey was conducted by the Social Research Centre in Melbourne through a CATI methodology over four weeks in July 2009.⁵ There were a total of 3,007 employee respondents to the survey. The survey questions covered a wide range of topics relating to socio demographics, employment and working time conditions as well as work-life balance. These included the following questions:
- Do you usually work on weekends? - Yes, No;
 - Do you usually work any hours between 7 pm and 7 am? – Yes, No.
14. The VicWAL sample was weighted for age, sex and location, using August 2009 ABS Labour Force data for employed persons aged 15 and over in Victoria to adjust for differences on these key demographics in the VicWAL sample and the general Victorian employee population.

EXPLANATION OF ANALYSIS & STATISTICAL CONVENTIONS USED IN ANALYSIS OF AWALI 2008 and VICWAL 2009 & LIMITATIONS OF THE ANALYSIS

15. The analysis of both the AWALI and the VicWAL surveys follows the social science threshold convention, which sets a minimum of 20 respondents that must be in a cell for that figure to be considered reliable. Estimates that do not meet this threshold requirement are generally marked by an asterisk indicating that this figure should be interpreted with caution. In the analysis undertaken for this report, this convention means that we cannot reliably assess the impact of usually working evenings on retail industry employees from the AWALI 2008 dataset, as the numbers of retail industry employees who usually work in the evenings are too small.
16. All comparisons discussed in this report are statistically significant, unless otherwise noted. A p value where $p < 0.05$ is considered 'statistically significant' (that is, we can be 95% sure that these results did not occur by chance) and a p value where $P < 0.001$ is considered 'statistically highly significant' (where we can be 99% sure that these results did not occur due to chance). The p values in the analysis for this report are provided in the relevant tables in the Appendices.
17. Mean scores are provided for the AWALI index in both surveys. Mean scores are not percentages. In general, average AWALI scores that are below or above the average for all employees indicate better or worse outcomes in terms of work-life interaction. In AWALI 2008 the average AWALI score was 42.8 and in the VicWAL survey 2009 the average AWALI score was 41.27. In particular, as is the case in this report, any differences between average AWALI scores for two groups, such as between those who usually work on weekends and those who do not usually do so, can be assessed in terms of statistical significance.
18. As work hours have an impact on work-life interference (as hours increase work-life interference also tends to increase), work hours have been entered as a covariate in some analyses in which the average AWALI scores of retail employees are compared with those for employees from other industries. This means that the effect of work hours on the index scores is removed, or 'controlled', to observe the effect of, for example, working on weekends or in evenings/7pm to 7am on AWALI scores. This type of analysis essentially asks the 'what if' question of how work-life interference differs between groups (e.g. between those who usually work on weekends and those who do not usually do so) if they worked the same hours. For example, 'what if those who worked weekends and those who don't worked the same hours, would there be any difference in their work-life interference?'⁶ This can be important when comparing retail employees with employees from other industries, as a greater proportion of retail employees work on a part-time basis than do employees generally.

⁵ For details see Haynes, K., Charlesworth, S., Baird, M., Campbell, I. and Bamberly, L. (2010) *Victorian Work and Life Survey (VicWAL); Technical report* Centre for Applied Social Research, RMIT University, Melbourne.

⁶ Skinner and Pocock (2008), p 16.

19. There are some general qualifications to the analysis in this report.

- The question about working weekends in both the AWALI 2008 and VicWAL 2009 surveys was a general one and the results cannot be disaggregated into Saturdays or Sundays.
- There are some small differences between the two surveys in results on similar variables for total employees. Such differences may be partly explained as the AWALI 2008 survey was a nationally representative one whereas the VicWAL survey was representative at the Victorian level. Differences may also be due to the fact that the relevant 2008 AWALI survey questions asked respondents to indicate *how often they worked* on weekends/evenings, whereas the relevant VicWAL questions asked respondents *if they usually worked* on weekends/between 7 pm to 7 am. Further, the phrasing of questions relating to working evenings/nights past 9 pm in AWALI are likely to have elicited different responses to the VicWAL survey, which asked about working between 7 pm to 7 am. However, the overall trends in both surveys are substantially similar.
- While both the AWALI 2008 and VicWAL surveys are generally representative of the relevant Australian and Victorian populations at the time they were run, neither survey was designed to be specifically representative of retail industry employees. However, given the VicWAL survey includes a larger sample of retail industry employees (322 employees) than does the AWALI 2008 survey (118 employees), the results of the specific analysis of retail employees from the VicWAL survey dataset is likely to be more representative.

OVERVIEW OF AWALI 2008 AND VicWAL 2009 ANALYSIS

20. Analysis of the AWALI 2008 and the 2009 VicWAL surveys indicates a strong and consistent trend: employees usually working on weekends or usually working in the evenings/nights or past 9 pm/between 7 pm to 7 am experience worse work-life interference than do employees who do not usually work these hours. The differences in average AWALI scores between employees who usually work weekends or in the evenings and those who do not are statistically highly significant.
21. In terms of the individual measures that comprise the AWALI index, analysis of both the AWALI 2008 and VicWAL 2009 surveys indicates that employees who usually work on weekends are at least *twice as likely* as those who do not, to report that their work often, or almost always, interferes with their responsibilities or activities outside of work *and* that their work keeps them from spending the amount of time they would like with family or friends.
22. Focusing the analysis on employees working in the retail industry the VicWAL survey highlights a similar trend as for employees generally i.e. usually working on weekends has a statistically significant negative impact on employees' work-life balance. In the AWALI 2008 survey, the differences between retail employees who usually work on weekends and those who do not are not, however, statistically significant. While there are insufficient employees in the AWALI 2008 sample to analyse the work life interference effect for retail industry employees working in the evenings, the analysis of the VicWAL data indicates that those retail employees usually working between 7 pm to 7 am experience worse work-life interference than those who do not usually work these hours. The difference in AWALI scores between these two groups of retail industry employees is statistically highly significant.
23. In both the 2008 AWALI and VicWAL surveys, when hours are controlled for, there is no statistically significant difference between retail employees and employees in other industries in terms of the impact of working on weekends on work/life outcomes. The VicWAL survey indicates similar results when comparing the impact of working between 7 pm and 7am on retail employees and on employees from other industries.

ANALYSIS OF SELECTED AWALI 2008 SURVEY DATA

24. AWALI 2008 surveyed 2,831 employed persons (including 387 self-employed). A subset of this core sample (1,404 respondents) answered both the core questions and an additional set of items relating to unsocial work time, employment sector (public, private) and organisational culture. Of this subset, 1,194 were employees of whom:
- 36% worked on weekends (often, almost always);
 - 20% worked on nights/evenings after 9pm (often, almost always);
 - 51% of the 118 employee respondents in the retail industry worked weekends (often, almost always);
 - 14% of the 118 employee respondents in the retail industry worked evenings/nights after 9pm (often, almost always).

All employees

25. Based on the AWALI measure of work-life interference where higher scores indicate worse work-life interference, analysis indicates:
- Those who often or almost always, work weekends have an average AWALI score of 49.09 compared to a score of 36.01 for those who do not. This difference is statistically highly significant;
 - Those who often or almost always work evening after 9pm have an average AWALI score of 53.21 compared to a score of 37.49 for those who do not. This difference is statistically highly significant.
26. Looking at the five individual measures of work-life interference that make up the AWALI index, those who often, or almost always, work weekends are significantly more likely than those who never, rarely or sometimes work weekends, to say:
- Their work almost always, or often, interferes with their responsibilities or activities outside work (34% compared to 9% for those who never, rarely or sometimes work weekends). This difference is statistically highly significant;
 - Their work almost always, or often, keeps them from spending the amount of time they would like with family or friends (37% compared to 16% for those who never, rarely or sometimes work weekends). This difference is statistically highly significant;
 - Their work almost always, or often, interferes with their ability to develop or maintain connections and friendships in their community (30% compared to 11% of those who never, rarely or sometimes work weekends). This difference is statistically highly significant;
 - Thinking about their life in general, 60% said they almost always, or often, feel rushed and pressed for time compared to 22% of those who never, rarely or sometimes work weekends). This difference is statistically highly significant;
 - Thinking about their work right now, 22% said they are not very, or not at all, satisfied with the balance between their work and the rest of their life compared to 15% who never, rarely or sometimes work weekends. This difference is statistically highly significant.

Retail industry employees

27. Based on the AWALI index of work-life interference where higher scores indicate worse work-life interference, analysis of data for retail employees indicates:
- Those who often, or almost always work weekends have an average AWALI score of 42.69 compared to 36.85 for those who do not. However this difference is not statistically significant.
28. Because of the low numbers of retail employees in the AWALI 08 sample who often or almost always, work nights/evenings after 9pm, it is not possible to compare AWALI scores as cell sizes are too small to be reliable.

Retail industry v other employees

29. We can compare the impact of working weekends on work-life interference between retail employees and employees who work in other industries.
30. When controlling for hours worked, working on weekends was significantly associated with higher AWALI scores. Working in the retail industry when compared to working in other industries had no significant effect on average AWALI scores. This means that the influence of working weekends on work life interference was *not* affected by whether or not employees worked in the retail sector.

ANALYSIS OF SELECTED VicWAL 2009 SURVEY DATA

31. VicWAL is a representative survey of 3,007 Victorian employees of whom:
 - 35% usually worked on weekends;
 - 34% usually worked between 7 pm and 7 am;
 - 61% of the 322 employee respondents in the retail industry usually worked weekends;
 - 34% of the 322 employee respondents in the retail industry usually worked between 7 pm and 7 am.

All employees

32. Based on the AWALI index of work-life interference where higher scores indicate worse work-life interference:
 - Those who usually work weekends have an average AWALI score of 46.58 compared to a score of 38.37 for those who do not. This difference is statistically highly significant;
 - Those who usually work between 7 pm and 7 am have an average AWALI score of 47.85 compared to a score of 37.83 for those who do not. This difference is statistically highly significant.
33. Looking at the five measures of work-life interference that make up the AWALI index, those who usually work weekends are significantly more likely than those who do not work weekends to say:
 - Their work almost always, or often, interferes with their responsibilities or activities outside work (30% compared to 16% of those who do not usually work weekends). This difference is statistically highly significant;
 - Their work almost always or often keeps them from spending the amount of time they would like with family or friends (34% compared to 17% of those who do not usually work weekends). This difference is statistically highly significant;
 - Their work almost always, or often, interferes with their ability to develop or maintain connections and friendships in their community (24% compared to 13% of those who do not usually work weekends). This difference is statistically highly significant;
 - Thinking about their work right now, 19% are not very, or not at all, satisfied with the balance between their work and the rest of their life compared to 13% of those who do not work weekends. This difference is statistically highly significant.
34. There was no statistically significant difference between those who usually work on weekends, and those who do not, in their response to the question:
 - Thinking about your life in general how often do you feel rushed and pressed for time: 55% of those who usually work weekends said this was the case almost always, or often, compared to 54% of those who did not usually work weekends.

Retail industry employees

35. Analysis of VicWAL data for retail employees indicates:

- Retail employees who usually work weekends have an average AWALI score of 40.42 compared to 34.82 for those who do not. This difference is statistically significant;
- Retail employees who usually work between 7 pm and 7 am have an average AWALI score of 44.18 compared to 35.18 for those who do not. This difference is statistically highly significant;

Retail industry v other employees

36. We can compare the impact of working weekends and working between 7pm and 7am on work-life interference between retail employees and employees who work in other industries.

37. When hours worked are controlled for, working on weekends was significantly associated with higher AWALI scores. Working in the retail industry had no significant effect on average AWALI scores when compared to those working in other industries. That is, the influence of working weekends on work life interference was not affected by whether or not employees worked in the retail sector.

38. When controlling for hours worked, working between 7pm-7am was significantly associated with higher AWALI scores. Working in the retail industry had no significant effect on average AWALI scores when compared to those working in other industries. That is, the influence of working between 7pm to 7am on work life interference was not affected by whether or not employees worked in the retail sector.

Attachment D

4 September 2012

Lyndall Strazdins
PhD MAPS CCLIN
Associate Professor
ARC Future Fellow

To: AJ Macken & Co, acting for
Shop Distributive and Allied Employees Association

College of Medicine, Biology and the
Environment, National Centre for
Epidemiology and Population Health
Building 62 Mills Road
Canberra ACT 0200 Australia.

Regarding: Fair Work Australia Review of Award Provisions for
the General Retail Industry Award 2010, the Fast Food Industry
Award 2010, and the Hair and Beauty Industry Award 2010.

www.anu.edu.au
CRICOS Provider No. 00120C

Please find below my short report addressing the following:

- 1) *Does the performance of work by workers on evenings and nights and or on weekends have consequences for*
 - a. *The workers who perform such work and*
 - b. *The families of the workers who perform such work?*
- 2) *If the performance of such work does, in my opinion have adverse consequences for any or all of the above groups, please describe the nature of these consequences and that factors which may affect the extent of those consequences.*

A curriculum vitae describing my professional background, qualifications and expertise is appended. References are provided overleaf.

Yours sincerely

✓
Lyndall Margaret Strazdins
PhD, MAPS, Clinical Psychologist
Senior Fellow/Associate Professor
ARC Future Fellow

WORKING WEEKENDS, EVENINGS AND NIGHTS: REVIEW OF RESEARCH ON FAMILIES AND HEALTH OUTCOMES

Scope of the report: This report is based on my research and clinical expertise, which centres on contemporary Australian parents' experience of combining work and family care and its health consequences. The focus is therefore largely on employees who are parents and on health, especially mental health outcomes. The nature and conditions of paid work, including the scheduling of work, and the mechanisms linking work schedules to adult health are one element of this report. The main focus however is on how parent's work conditions (including work schedules) may influence (positively and negatively) family life and family member's health. The notion of linked lives, whereby family members' wellbeing is mutually dependent, is well established in clinical and developmental psychology. It forms the theoretical basis for considering how the work circumstances of mothers and fathers, including the conditions of their jobs, could also affect the health and wellbeing of their children.

Definitions: Standard work schedules are defined as weekday and daytime hours (usually between 7am and 7pm Monday to Friday although studies vary somewhat on exact start and stop times). *Nonstandard work schedules* refer to work usually performed on weekends, evenings or nights.

Patterns of weekend, evening and night work: In 2009 15% of the 8.7 million Australian employees holding a single job usually worked on Saturdays, 9% on Sundays and 28% worked on both weekdays and weekends. Multiple job holders (just over half a million) are much more likely to work evenings, weekends or nights with 40% usually working on Saturdays, 26% on Sundays and 57% working on both weekdays and weekends (ABS, 2009b).

Parents as a subgroup of Australian employees commonly work a combination of standard weekday hours and nonstandard evening, night or weekend hours.¹ In about one half of Australian dual-earner households one or both parents work variable hours or are on call, and in nearly 60% one or both parents work some hours at night (between 7pm and 7am). In over one half of dual earner families one or both parents work a combination of weekdays and weekends, and about one third of lone parents with children also work schedules that span weekdays and weekends. Note that it is not clear the extent these statistics reflect overtime (unpaid or paid) as working long hours, by definition, will involve work outside the standard weekday hours.

Parental preference for weekend, evening and night work: Work times are an important consideration for parents who must fit their work around children's school and care. There is to my knowledge no direct research on Australian parent's preferences for standard or nonstandard work schedules. ABS data indicates that the vast majority of people (including parents and nonparents) who work typical, standard weekday schedules prefer them (96%). This compares with about two thirds of the people who work non-typical, weekend or non-daytime hours (ABS, 2009a). In our own research on parental employment over the period 1981 to 2000 we observed distinct shifts in the proportion of mothers employed within Australian industries (Strazdins, Broom, Meyerkort, & Warren, 2006). In this analysis retail moved from having the third highest to the lowest percentage of mothers among its female workers. The drop in the proportion of mothers working in retail occurred after shop trading hours were deregulated, suggesting that this acted as an important disincentive. Note however that all the above research is based on current pay rates, there is, to my knowledge no research that tests preferences for work schedules that builds into the analysis a reduced pay rate.

Australian data on work schedules and parent work-family conflict (which plausibly could inform preferences) shows few linkages to nonstandard work times. For fathers, regularly working weekends or irregular schedules (rotating shifts, on call or split shifts) are associated with more work-family conflict (Hosking & Western, 2008), but there is no association between the timing of work and mother's work schedules. In the US, about a third of married mothers who work nonstandard hours prefer these times because they help with child care arrangements (H. B. Presser & Cox, 1997). Child care costs are therefore minimized or avoided, and working around fathers' work schedules (what is often termed 'shift parenting') can lead to greater involvement by fathers (Averett, Gennetian, & Peters, 2000; Brayfield, 1995; Riley & Glass, 2002; Täht & Mills, 2012). Studies in the US and UK indicate that, while some parents prefer evening, night or weekend work times to help with child care, a sizable group of parents find that these nonstandard schedules can also interfere with family routines, meals and time together (La Valle, Arthur, Millward, Scott, & Clayden, 2002; Presser, 2003). In La Valle et al's (2002) study of UK families, nearly half of the mothers who

¹ In nearly two thirds of all couple families, both mothers and fathers are employed (dual earner families). Similarly, about 60% of all lone parents hold a job (ABS, 2009b).

worked shifts and two thirds of those working weekends wanted different work times, signaling that in at least some families, nonstandard work schedules can create problems as well as solutions. Fagan and Burchell's (2002) study of European employees found that regular Sunday work was viewed as the least compatible work schedule for family or other commitments (39%), followed by evenings or night schedules (33%) and regular Saturday schedules (31%).

Associations between parent weekend, evening and night work and parent and child health: Along with positive outcomes such as flexibility and sharing care in couple households, there is evidence that work in the evenings, nights, and weekends can make it harder to maintain family rituals, routines, and social activities that are important for closeness (Presser 2003; La Valle et al., 2002). These strains can influence the mental health of parents, marital stability, and the way parents interact with each other and with their children. In turn, all these elements can affect children's mental health and wellbeing.

Two studies have found higher rates of separation or divorce when parents work night or evening shifts ((H. B. Presser, 2000; White & Keith, 1990). Presser's (2000) longitudinal study found that the timing of work was associated with separation among parents but not childless couples, suggesting that the presence of children increases the strains and complexity presented by nonstandard work times. Nonstandard work times may contribute to parents' health (including mental health) via fatigue and disruption to biological systems (in the case of night work), and because parents find it harder to maintain the social and family relationships important to their own well-being (Taylor, Briner, & Folkard, 1997). Both cross-sectional and longitudinal evidence shows an elevated risk for depression when employees work nights, evenings, or rotating schedules (Akerstedt, Knutsson, Alfredsson, & Theorell, 1984; Bildt & Michelsen, 2002; Costa, 1996; Poissonnet & Veron, 2000). Evening and night work is associated with increased risk for injury (Dembe, Erickson, Delbos, & Banks, 2006) and some reviews point to associations with cardiovascular disease and gastrointestinal disorders (Harrington, 2001). It is not known whether weekend work increases the risk for parent mental or physical health problems. Although it may disrupt social and family relationships (La Valle et al., 2002), weekend work is unlikely to alter sleep and physiology. No study, to my knowledge has demonstrated positive health outcomes associated with working nonstandard schedules.

My own research on children's outcomes is based on Canadian data as Australian data was not then available (Strazdins, Clements, Korda, Broom, & D'Souza, 2006; Strazdins, Korda, Lim, Broom, & D'Souza, 2004). It should be noted that the studies are cross sectional and no causal influence can be made. In these studies we found associations between nonstandard work schedules worked by parents and children's emotional and behavioural difficulties, especially for younger aged children (under five years old). These associations were evident when either or both parents worked nonstandard times. We tested pathways through poorer family functioning, parent depressive symptoms, and more hostile and ineffective parenting and found that these were also associated with parent work at nonstandard times. These pathways partially explained the associations with children's wellbeing. Furthermore, we found evidence that the strength of association tended to be stronger among the less socioeconomically advantaged families, and speculated that lower income explained this vulnerability. Our study was of dual earner, couple headed families. Another study using Australian data found evidence of an association between parent work at nonstandard times and poorer adolescent mental health. This association was only observed in lone parent (and not dual parent) families (Dockery, Li, & Kendall, 2009).

A recent review of the association between children's wellbeing and parental work at nonstandard times found that the majority of research points to negative health impacts on children (Li et al., 2012). Not all studies however find negative effects (e.g., there is no evidence to date that rates of

childhood obesity varies by parental work schedules), however none of the studies reviewed have shown positive effects on child outcomes. The review concludes that where there is any negative association with children's outcomes the links vary according to children's age. Poorer mental health and cognitive functioning tends to be evident in younger aged children, whereas the association between adolescent health and parent nonstandard work schedules is mostly confined to externalizing or risky behaviours. The review also identified that children in low socioeconomic status families appear to be at particular risk from any negative health impacts when their parents work on weekends, evenings or nights (Li et al., 2012).

Based on the above review of the evidence my answers to the following are:

1a. Does the performance of work by workers on evenings and nights and on weekends have consequences for the workers who perform such work? In terms of employed parents there is evidence of mental and physical health impacts, however much of the research has considered night and evening schedules, less attention has been given to weekend work and its possible health impacts. In my view the major impacts of weekend work on adults will be socially based that is, flow from disruptions to family, social and community engagements. It should be noted that some parents do choose and prefer to work weekends, evening and nights, although such preferences might be based on the extra income this work affords (in terms of current pay loadings) as well as being able to share parenting.

1b. The families of the workers who perform such work? There is a reasonable body of evidence showing associations to poorer cognitive outcomes and poorer mental health in children when their parents (mothers or fathers) work at nonstandard times. A few studies do not find a negative effect, and no study points to a positive association with child outcomes.

2. If the performance of such work does, in my opinion have adverse consequences for any or all of the above groups, please describe the nature of these consequences and that factors which may affect the extent of those consequences. My review focusses on health outcomes and (in the case of children) the family environment. The nature of these consequences is detailed above. To date research has identified low socioeconomic resources as a factor that may amplify negative associations with children's health. Socioeconomic resources include income, parent education and the skills and status jobs confer. In my previous research I have recommended that one way to support families when parents work nonstandard times (and therefore avert possible health impacts) is to increase family resources, including income, to help buffer any strain.

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CURRICULUM VITAE

NAME Lyndall Margaret STRAZDINS

DATE AND PLACE OF BIRTH 1 May 1960; Wollongong, NSW, Australia

CITIZENSHIP Australian and Latvian

CURRENT POSITIONS Future Fellow/Associate Professor
National Centre for Epidemiology and Population Health
The Australian National University
Canberra, ACT 0200

Clinical Psychologist
Optimal Health and Performance Pty. Ltd, Belconnen ACT

UNIVERSITY EDUCATION

2001 Doctor of Philosophy (Psychology) The Australian National University, Canberra, ACT 31 July 2001
Thesis: *Emotional work: a psychological theory*

1994 Master of Clinical Psychology, The Australian National University, Canberra, ACT
Thesis: *Gender and distress: the effects of the division of labor on depressive symptoms, marital love and marital conflict during the early child rearing stage of family life*

1988 Graduate Diploma of Science (Psychology) with merit, The Australian National University, Canberra, ACT

1985 Bachelor of Fine Arts, University of Tasmania, Hobart (major Psychology)

RESEARCH INTERESTS

Contemporary predicaments of work and care and their health consequences; mechanisms linking the quality and conditions of work to adult and child health; time scarcity as a risk factor for inequalities in health and family wellbeing; integration of time and time/income combinations into a new theory of health inequality, work and families.

I lead the *Society, culture and health: life choices + life chances* theme at the Centre.

CURRENT RESEARCH

1. Time scarcity and health. A major 4 year partnership with a Federal policy department was awarded in 2010 under the ARC Linkage scheme *Time scarcity in Australian families: another health inequality?* This research uses a multi-disciplinary approach to capture epidemiological, spatial, economic, lived experience and social-structural elements of time and its relationship with health. The multi-institution team combines experts in work and family, gender inequities, health inequities, health economics, socio-cultural determinants of health, and health geography who are undertaking a program of five sequenced studies. This program of research forms the basis of my Future Fellowship award *Addressing time scarcity: Feasible strategies for a healthy future* (2011-2015).

2. Work, family and children's health. My ARC Discovery Project (2007-9) *Job quality and the mental health and well-being of working parents and their children* involved 4 research institutions and established a new field linking labour markets and job conditions to parent and child wellbeing. This research has resulted in collaborations with: the Telethon Institute for Child Health Research (Foundation for Children Grant *Impact of parental work on mental health in Australian children*; led by Dr Li); the Institute for Social Science Research, University of Queensland (*Paid Parental Leave Evaluation*, led by Prof. Martin); ACERH (ANU) (investigator on ARC Linkage Grant *Working while breastfeeding: best practice strategies for workplaces and childcare centres*, led by Dr Smith); ADSRI (ANU) (investigator on ARC Discovery Project *Consistency and continuity in childhood adversity: the nature and history of multiple disadvantage in families with young children*, led by Prof Rodgers); on-going academic networks and a proposed book (supported by Academy of Social Science Grant *Children of the recession: Social consequences of an economic downturn* led by CI Bittman); Murdoch Children's Research Institute (with CI Nicholson) and a new partnership with the Parenting Research Centre in Melbourne. Another ARC Discovery project application (for 2012 round) extends this research to include a major qualitative as well as quantitative component collaborating with Prof Pocock (Uni.SA), Dr Leach (CMHR, ANU) and Prof Rodgers ADSRI, ANU). This is a 3 year study titled *How families work: Children's wellbeing, parents' jobs and the shaping of Australia's work and care future* (requested funding 2013 \$222,000; 2014 \$229,000, 2015 \$237,000 Total requested \$694,841).

PREVIOUS APPOINTMENTS

2008-2011	Fellow, National Centre for Epidemiology and Population Health, The Australian National University
2002-2007	Research Fellow, National Centre for Epidemiology and Population Health, The Australian National University
1999-2002	Visiting Fellow, Research Fellow (part-time 1999-2001) National Centre for Epidemiology and Population Health, The Australian National University
1997-1999	Consultant (Organisational and Clinical Psychology, partner Monika Reinhart) Client: Comcare, Centrelink and Health Insurance Commission

1995–2002

Clinical Psychologist Professional Psychology Services Canberra

Prior to 1995 I held a range of clinical psychology positions in Mental Health (Adult and Child and Adolescent) and in Community Health Services in the ACT and region, providing group, family and individual psychological services (details available). I also lectured at the University of Canberra, developing and teaching the Social Psychology unit, as well as gender issues in counseling (details available on request).

RESEARCH METHODS TRAINING

My professional development and training has focused on developing technical, communication and research-policy-practitioner translation skills (full details available). Building on existing well developed quantitative analysis experience, I have undertaken intensive, interactive workshops on measurement and psychometrics, longitudinal data analysis, generalized linear models, multi-level modeling, item response theory and structural equation modeling. I have also undertaken intensive workshops in writing and scientific communication, qualitative analyses and workshops on research-policy communication and translation.

MANAGEMENT & MEDIA TRAINING

To support leadership roles and responsibilities I have undertaken intensive training with consultants from the Australian Institute of Management and the ANU Organisational Development Unit. This includes: the provision of strategic advice, human resources and project management, outreach and media liaison skills, and the supervision and professional development of my staff (full list available on request).

CLINICAL TRAINING

I receive clinical supervision throughout my employment as a clinical psychologist. I attend training and workshops on etiology of mental health, measurement and treatment approaches, with a focus on depression, stress and trauma responses and on occupational health as required by my professional board. A full list is available on request.

HONOURS AND AWARDS

- | | |
|------|--|
| 2011 | ARC Future Fellowship 2011-2015 |
| 2010 | ANU 2010 Top Supervisor Award |
| 2010 | Selected for a development program for outstanding ANU mid-career researcher 'Creative thinking: Innovative practice'. |

- 2008 Nominee for the Rosabeth Moss Kanter Award for Excellence in Work–Family Research. Our paper was ranked in the top 20 papers published for that year, selected by a panel of experts from 2000 papers. (Publication #24).
- 2003 Contributed (with Professor Gabriele Bammer) to the ANU program which led to the university being awarded the Category 9 Award ‘Best Health and Safety Month Initiative’ in the ACT Occupational Health and Safety Excellence Awards 2003.
- 1994–1998 ANU PhD Scholarship
- 1989–1991 ANU Masters Scholarship

GRANTS RECEIVED

- 2012-2014 Preventative health research grant program Banwell, C, Strazdins, L., Dixon, J, Broom, D, Hare, M, Lilley, H, Newman, L. *What roles do time, money and social position play in driving participation in a workplace health promotion program* \$157,450 (2 years).
- 2012-2014 VicHealth Participation and Equity for Health grant. Nicholson JM, Zubrick SR, Green J, Hackworth N, Strazdins L, Matthews J, Cooklin A, D’Esposito F, Parcel, G. ‘Parental fear as a barrier to children’s independent mobility and resultant physical activity’ \$600,000 (3 years).
- 2011–2015 Australian Research Council Future Fellowship FT110100686: ‘Addressing time scarcity: Feasible strategies for a healthy future’ \$614,694 (4 years).
- 2011 Community, Family and Work in the ACT: The protective role of social participation for mental health and wellbeing. Funding Source: ACT Health and Medical Research Support Program \$95,451.74 (1 year) CIs: Léan OBrien, Helen Berry. AIs: Lyndall Strazdins, Kate Reynolds, Tony McMichael.
- 2010–2013 Australian Research Council Linkage Learned Academies Special Projects Funding LS01000001: ‘Children of the recession: Social consequences of an economic downturn’ (Prof MP Bittman; DH Broom; DS Ironmonger; S Richardson; with L Strazdins; B Rodgers; J Nicholson; M Clements; R D’Souza; S Charlesworth; G Whitehouse; M Baird) \$300,000 (3 years).
- 2010–2012 Foundation for Children: ‘Impact of parental work on mental health in Australian children’ (Dr Jianghong Li, Dr Garth Kendall, Dr Lyndall Strazdins) \$160,000 (2 years).
- 2010–2013 Australian Research Council Linkage LP100100106: ‘Time scarcity in Australian families: Another inequity?’ (Dr L Strazdins (20%), Prof D Broom, Ass. Prof J Glover, Dr C Banwell, Dr J Dixon, Dr A Griffin, Dr R Korda, Ms M Shipley, Dr F Paolucci, Dr M Esler, Dr S Corbett). Australian Research Council \$325,000; Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) \$140,000 (4 years).

- 2009–2012 Australian Research Council Linkage LP0990975: 'Working while breastfeeding: best practice strategies for workplaces and childcare centres' (Dr JP Smith; Ms KF Mortensen; Prof DH Broom; Dr E McIntyre; Dr S Javanparast; Dr JP Craig; Dr L Strazdins (3%)) \$132,056 (4 years).
- 2009–2011 Australian Research Council Discovery DP0985557: 'Consistency and continuity in childhood adversity: the nature and history of multiple disadvantage in families with young children' (Prof B Rodgers; Dr L Strazdins (10%); Dr TM Caldwell; Dr PJ Butterworth; Dr TR Crosier) \$240,000 (3 years).
- 2008 Australian Research Alliance for Children and Youth—Australian Research Council seed funding: 'Impact of the labour market on the wellbeing of Australian children and youth' (CIs: Jianghong Li, Mike Dockery, Garth Kendall, Lyndall Strazdins, Sonia Andrews. International collaborators: Prof. Joachim Singelmann, Ass. Prof Wen-Jui Han)\$25,000.
- 2008 ARACY Encouragement grant: 'Children's stake in parent's jobs: cross national comparisons of job quality, parent's health and children's wellbeing' (L Strazdins (5%), G Bammer, S Richardson, with policy commentators W Adema (OECD), L Pascal, A Field, K Wisener (FaHCSIA), S Williamson (Office for Women), H Campbell (Department of Education, Employment and Workplace Relations) \$10,000.
- 2007 Faculty Research Development Grant, Deakin University: 'Strategies to promote mental health in childcare settings: A qualitative study of facilitators, barriers and needs' (E Davis, E Waters, H Herrman, J Nicholson, L Harrison, K Cook, M Sims, B Marshall, B Davies, L Strazdins) \$12,000.
- 2007–2009 Australian Research Council Discovery DP0774439: 'Job quality and the mental health and well-being of working parents and their children' (L Strazdins (30%), B Rodgers, S Charlesworth, M Bittman, J Nicholson, R D'Souza, D Broom, M Clements) \$225,000 (3 years).
- 2006–2008 Social Policy Research, Department of Family, Community Services and Indigenous Affairs: 'Parent and child well-being and the influence of work and family arrangements over the life cycle' (L Strazdins (15%), B Rodgers, H Berry, collaboration with FACSIA staff K Wisener, J Gibbings and T Blakemore) \$150,000 (3 years).
- 2005–2006 Rotary Health Research Fund: 'Job quality and the mental health of working parents and their children' (L Strazdins, J Nicholson, B Rodgers, M Bittman, M Sawyer) \$80,250.
- 2005–2007 Australian Research Council Linkage LP0561891: 'Impact of parent employment on children's well-being: the influence of employment quality, time and activities with children and parenting practices' (M Bittman, J Nicholson, L Strazdins) \$ 87,525.
- 2003–2006 National Health & Medical Research Council: 'Intergenerational transmission of health inequalities: effects of parent work conditions on parent resources and child health' (D Broom, L Strazdins, T McMichael, J Kyd, J Bowes, L Lim) \$462,000.

CONSULTANCIES

- 2010–2013 Expert consultant to Institute of Social Science research (University of Queensland) 'Paid Parental Leave Evaluation' \$2,700,000 (exc. GST). Funding organisation: Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). Led by Bill Martin, Mark Western, Janeen Baxter, Gillian Whitehouse, Maria Zadoroznyj, Andrew Jones, and Warren Laffan.
- 2003–2005 Subcontract with Queensland University of Technology for [Public Health Education and research program, PHERP Innovations project 'Lifecourse Perspectives on Health' (\$50,000). PHERP Innovations Grant (Department of Health and Ageing) 'Lifecourse perspectives on health and wellbeing: Strengthening and Extending the Population Health Workforce and Research Capacity'. Led by Jan Nicholson, Beth Newman, Steve Zubrick. 2002–2005 (\$570,240).
- 2002 ongoing Scientific advisor and design team leader, Consortium Advisory Group, for the *Growing Up in Australia* Longitudinal Study of Australian Children. This multi-million dollar national cohort study is funded by the Federal Department of Families, Housing, Community Services, and Indigenous Affairs, and led by the Australian Institute of Family Studies, with the Australian Bureau of Statistics.

POLICY-RESEARCH EVENTS CONVENED

- 2007 National Family Wellbeing Symposium, Canberra, June 20–21.
The Symposium was an initiative of Families Australia, Australia's peak independent not-for-profit body representing the interests of families, in conjunction with the National Centre for Epidemiology and Population Health. The Symposium aimed to build understandings and agreement on the main elements of a national family wellbeing framework and involved 120 invited participants from a range of community, political, government and academic backgrounds. International and Australian attendee experts included: senior Australian and New Zealand policy makers, academics and State statisticians; Dr Willem Adema, OECD Directorate for Employment, Labour & Social Affairs, Paris; Eva Jespersen, UNICEF Innocenti Centre, Florence; and Laura Lippman, Senior Research Associate, Child Trends USA.
- 2006 Work, Families and Wellbeing Forum, Canberra, May.
Leader of the forum organising committee, in collaboration with Brian Babbington, CEO, Families Australia and Jenny Earle, ACT Human Rights Office. Role included obtaining funding and sponsorship, speaker selection and liaison, intellectual oversight of program and presentations. Invited speakers included Linda Duxbury (Canada) and Willem Adema (OECD). Aims were to:
- present the latest Australian and international research evidence on work, families and wellbeing;
 - consider the intersection of economic, social and health policy agendas;

- engage with key policy challenges associated with demographic, industrial and social trends;
- encourage dialogue and collaborative working between academic researchers and policy analysts across key sectors; and
- identify research gaps and future priorities.

2003 Work, Families and Health Forum, Canberra, August.
 Joint organizer with Jenny Earle (then Director of Work and Family Unit, Department of Employment and Workplace Relations). Forum speakers and attendees included key Australian academics, policy makers, business, union officials and childcare representatives.

INVITED PAPERS & PRESENTATIONS, SCIENTIFIC MEETINGS

- 2012 Invited presentation. Work, family and mental health: Connecting the dots. Mental Health in the Workplace Symposium, Hobart, February.
- 2011 Invited presentation. Work and family strain: A new health risk for children? Australian Academy of social sciences workshop on Work, Family and Wellbeing over the Life Course. Brisbane, October.
- 2011 Invited presentation. Climate change, children and young people: likely futures, new inequities? National Investment for the Early Years and Centre for Community Child Health Conference, Sydney.
- 2011 Invited presentation. Family Assets? Pushed for time. Social Policy Research Workshop, Department of Families, Housing, Community and Indigenous Affairs, Canberra.
- 2011 Invited paper. Strazdins, Leach & Butterworth. Rethinking family friendliness: elements of jobs that influence child wellbeing. Advancing child and family policy through research, perspectives from the US and Australia, Canberra.
- 2010 Invited keynote presentation. Family assets? Pushed for time. Families, health and time scarcity. Strengths and Assets Summit, Newcastle, Australia.
- 2010 Invited presentation. Nicholson, J & Strazdins, L. Parents' job quality, parenting and children's emotional development. Academy of Social Sciences in Australia Symposium Family Fortunes and the Global Financial Crisis, Canberra, 9 November.
- 2010 Invited presentation. Strazdins, L & Broom, D. Quality and inequality: links between parents' jobs and children's wellbeing. Academy of Social Sciences in Australia Children of the Recession, Sydney 16-18 February.
- 2009 Invited presentation. Strazdins, L, Broom, DH, Banwell, C, Dixon, J, Korda, R, Griffin, A, Glover, J, Shipley, M, Esler, M and Paoloucci, F. Time scarcity: Another health

- inequity? Time-Space and Life-Course Seminar 5, Newcastle University, UK, 14 September.
- 2008 Invited presentation. Strazdins, L, D'Souza, R & Broom, DH. Mental health: Could better jobs make all the difference? 5th World Congress on the Promotion of Mental Health and the Prevention of Mental and Behavioural Disorders, Melbourne.
- 2007 Invited keynote presentation. Strazdins, L and Shipley M. Can we make jobs really family-friendly? Inaugural Growing Up in Australia Conference, Melbourne, December.
- 2007 Invited presentation. Strazdins, L and Mathews, R. Work, family and wellbeing: Research and methods for policy integration. Intergenerational health research methods seminar, Centre for Military and Veterans' Health, Brisbane, March.
- 2006 Invited presentation. Strazdins, L & Shipley, M. Policy perspective: the intersection of economic, social and health policy agendas in addressing issues of work/life integration. Balancing work and life conference 2006, Queensland Department of Industrial Relations and the Centre for Work, Leisure and Community Studies, Griffith University, Brisbane.
- 2006 Invited presentation. Designs for the times: Work, families and sustainable cities. Urbanism, Environment and health, Fenner Conference, Australian Academy of Science, Canberra, May.
- 2006 Roundtable discussion for Academy of the Social Sciences Australia Workshop: Childcare: a better policy framework for Australia. Barbara Pocock, University of Adelaide and Elizabeth Hill, The University of Sydney, Sydney, July.
- 2005 Invited presentation. Strazdins, L, Broom, DH, Shipley, M, & George, E. What does family friendly really mean? Defining optimal jobs for parents. Academy of Social Science Workshop, Taking Care of Work and Family: Policy Agendas for Australia, Sydney, November.
- 2004 Invited presentation. Work, family and health: exploring gender differences in musculoskeletal problems. National Rehabilitation and Injury Management Conference, Canberra.
- 2003 Invited presentation. Around the clock—parent work schedules and child well-being in a 24-hour economy. QUT Summer School, Life Course Perspectives on Health, Brisbane.

INVITED SEMINARS & WORKSHOPS

- 2012 Public Lecture Work, family and mental health: Connecting the dots. Workcover staff, Hobart, February.

- 2010 Departmental seminar. Work, families, parent and child wellbeing: what does family friendly really mean? Department of Health and Ageing, Canberra, August.
- 2009 Public Lecture and panel. Strazdins, L & Sims, S. Child friendly jobs? National and international differences. ARACY Annual Forum, Canberra, May.
- 2008 Public lecture. Strazdins, L & McDonald, T. Our experience of time and its importance for health and environmental policy. Nature and Society Forum, Canberra, October.
- 2008 Public lecture. Strazdins, L and McDonald, T. Timekit: addressing time impacts of health and environmental policy. CSIRO Sustainable Ecosystems Seminar, Canberra, August.
- 2008 Invited keynote speech. What does family friendly really mean? Opening address for National Families Week hosted by the federal Department of Families, Housing, Community Services and Indigenous Affairs, Canberra, May. Also presented to the Department of Treasury, May.
- 2008 Too Busy: Why time is a health, environmental (and volunteering?) problem. APEX ACT and NSW Convention, Canberra, March.
- 2007 Strazdins, L, Shipley, M, George, E, & Rodgers, B. Work, family and the mental health of working parents and their children. Rotary District Conference, Canberra, March.
- 2006 ongoing Work, families and health: gendered issues. Gender and population studies unit (post graduate), The Australian National University, Canberra
- 2005 Cortisol, stress and children. Presentation to the steering committee for the Australian Longitudinal Study of Indigenous Children, Canberra.
- 2004 Women, work and musculoskeletal health. ACT Physiotherapy Association, Canberra.
- 2004 Work, Families and Health. Medical Research Council Social and Public Health Sciences Unit, University of Glasgow.

SUBMISSIONS, EXPERT TESTIMONY, ADVISORY PANELS

- 2011 Invited participant for Safe Work Australia workshop for the new National Health and Safety Strategy 2012–2022, Canberra, June.
- 2010 ongoing Partnership with the Parenting Research Centre: Analysis of data from the nationally representative Longitudinal Study of Australian Children (LSAC) to produce a series of papers on parenting and child wellbeing. The theme focuses on the relationships between structural factors such as job quality and access to paid parental leave, and

maternal wellbeing in the first year following childbirth. Australian National University: Dr Lyndall Strazdins; Parenting Research Centre: Dr Amanda Cooklin; Murdoch Children's Research Institute: Associate Professor Jan Nicholson.

- 2010 Advisor to the Australia Institute for the National Go Home on Time Day background paper (lead author Josh Fear).
- 2010 ongoing Invited scientific advisor for the ACT Government Healthy Workplaces Advisory Group. The ACT Government Health Directorate, Healthy Workplaces Advisory Group was formed to provide high-level advice on the development, implementation and evaluation of strategies that work towards a healthier workforce in the ACT.
- 2009–2011 Invited expert reviewer for the Rosabeth Moss Kanter Excellence in Work-Family Research Awards (international).
- 2009–2011 Invited scientific advisor, Family Study Program, Department of Veteran Affairs.
- 2008 ongoing Ambassador for Families Australia.
- 2008 ongoing Invited member of the Work and Family Policy Roundtable. Academics form the roundtable, which aims to propose, comment upon, collect and disseminate relevant policy research to inform good, evidence-based public policy in Australia.
- 2008 Co-author submission to Parliamentary Enquiry into Obesity in Australia, Standing Committee on Health and Ageing, June 2008. With C Banwell, D Broom, A Davies, J Dixon, L Hattersley and S Hinde.
- 2008 Invited participant for the ACT 2020 summit on Australia's future.
- 2007 Advisor, NSW Commission for Children and Young People on policy and action addressing climate change impacts on children and young people.
- 2007 Interviewed for report on work and family policy prepared for Senator Stott Despoja (author Rebekha Tai).
- 2007 Delphi panel expert, for social security, health, disability and work policy changes in New Zealand. Centre for Social Research and Evaluation, Ministry of Social Development.
- 2007 Work and family, expert discussant for Relationships Australia workshop, Canberra, February.
- 2006 Academic advisory panel member for Australian Human Rights and Equal Opportunities Commission, *Striking the Balance* report.
- 2006 ongoing Expert reviewer for the Raising Children Network, part of the Stronger Families and Communities Invest to Grow Initiative.

- 2005–2006 Expert consultant on *Life at One*, a federally funded documentary series, <http://abc.net.au/tv/life/>. Supplied advice on work-family issues and cortisol method and interpretation.
- 2004 September Expert witness for Work and Family Test Case on parent work and child well-being, Industrial Relations Commission, Melbourne.
- 2003 November Briefing to House Environment and Heritage Committee on work, family and urban design, Canberra.

MEDIA

- 2011 Opinion piece for the *Age*, 6 July 'Climate inaction risks children's wellbeing'. Reprinted National Times, Sydney Morning Herald.
- 2010 Advisor for BBC documentary on parenting, work and adolescent mental health; advisor for VIC Health publication on work and health (Issue number 35, October 2010); advisor to the Australia Institute, survey and background paper, *Go home on time day* (24 November).
- 2009 Australian Science Media Centre briefing, October 2009; Climate change and mental health (panel briefing with Helen Berry and Brian Kelly); interview *The Australian* ('Mothers pay for taking time out') 2 November 2009; radio interviews including Radio National and 666, 2 November 2009.
- 2008 *Sunday Age* article on 'Maternity Leave' 23 March; radio interviews as part of family week 11–17 May: Tuesday 13 May 2CC, ABC Brisbane, ABC National Radio News; *Sunday Times* article 18 May; *Government News Magazine* (published on the web) on the hour-glass ceiling, 18 May; *AGE Insight*, Saturday 26 July 2008, on hour-glass ceiling and work-life balance; ABC Canberra on TimeKit, 31 July; *Canberra Sunday Times* on time costs of living, 3 August; *Canberra Times* article on time pressures and exercise and sustainability, 15 October; radio interviews ABC 666 and 2CC, 15 October.
- 2007 Research on mental health and work conditions such as heavy workloads, insecurity and low control has been featured in the *Age* and the *Weekend Australian*. Research on parent and child wellbeing and work conditions such as nonstandard work times and poor quality jobs was featured in an interview with Radio National (Life Matters), and in an article in the *Sydney Morning Herald*. The 2007 family wellbeing symposium featured in Radio National (Perspective), ABC Newcastle Drive, 2CC Canberra news radio, and *Canberra Sunday Times*. My research on work times and parent-and-child wellbeing was a major focus of a report by the Relationships Foundation (Australia) with feature newspaper coverage in the *Sydney Morning Herald* and the *Australian*.
- 2006 Research linking parent nonstandard work times to family and child wellbeing was featured in *Journal of Marriage and the Family* press release (US media), with articles based on this paper published in several US parenting magazines. Research on job

quality and parent-and-child mental health was featured in the *Australian Workplace Express* (IR and HR news).

REVIEWS FOR JOURNALS AND RESEARCH FUNDING BODIES

- 2011 *Social Science and Medicine*, ACT Health Promotion capacity building grants, *Time & Society*, ARC Discovery and Early Career Fellowships, *Journal of Marriage and the Family*, *Journal of Occupational and Environmental Medicine*, VICHealth/NH&MRC partnership grants
- 2010, 2011 Expert reviewer for the Rosabeth Moss Kanter Work and Family Award and annual award for the top peer-reviewed publication in the field
- 2010 *Australian Social Policy Journal*, ARC Discovery, *International Journal of Health Promotion*
- 2009 *Journal of Comparative Family Sociology*, *BMC Public Health*, ARC Discovery Grant Proposals, *Journal of Epidemiology and Community Health*, *Journal of Urban Health*
- 2008 Member Honorary Editorial Board, Environmental Health Insights LIBERTAS ACADEMICA, Reviewer for ARC Discovery Grant Proposals, *Journal of Marriage and the Family*, *Social Science and Medicine*
- 2006 ARC Discovery Grants, *Journal of Marriage and the Family*, *Social Science and Medicine*, *Social Forces*, *Perceptual and Motor Skills*, *Psychological Reports*, *Women and Health*
- 2006 Nominated as an expert of international standing by the Australian Research Council (ARC) College of Experts
- 2005 National Health & Medical Research Council project grants, *Scandinavian Journal of Public Health*, *Journal of Family Issues*, Wellcome Trust, *Social Science and Medicine*, *Journal of Marriage and the Family*
- 2004 NH&MRC, HRC (New Zealand), *Social Science and Medicine*, *Journal of Family Issues*

STUDENT SUPERVISION

(* indicates main supervisor; ^ indicates supervisor)

<u>Year</u>	<u>Student</u>	<u>Field and degree</u>
2004	Phillip Meyerkort*	Honors, Medicine, USYD
2004	Carmen Cubillo*	Graduate Diploma in Psychology, ANU (This Indigenous student was subsequently accepted into a Clinical Masters Program and is now undertaking her PhD to become the third Indigenous Clinical Psychologist in Australia.)
2005	Melanie Mann*	Honors, Psychology, ANU
2004–2005	Karen Lees^	PhD Public Health, ANU

2005–2010	Annie Carroll^	PhD Public Health, ANU
2004–2005	Belinda Warren	Summer scholar. Co-supervisor.
2005–2006	Belinda Reeve	Summer scholar. Co-supervisor.
2006–2007	Prue Hogg^	Summer scholar. As a result of summer scholarship work
	Belinda Reeve has led a joint publication and Belinda Warren was a co-author.	
2008 ongoing	Chair: Kizzy Gandy	PhD Public Health
2009 ongoing	Chair: Su Mon Kyaw-Myint	PhD Public Health
2008–2009	Nina Borojevic and Monica Bershara	Summer scholars: on time and health studies, to inform time and health publications
2010 ongoing	Rose Butler^	PhD Anthropology: on children and the social representation of climate change
2010–2011	Stacey Dobbie	Summer scholar: on time and income, to inform time and health publications
2011 ongoing	Nicole Steele^	PhD Demography: on work climate, stress and defense force personnel wellbeing and organisational performance
2011 ongoing	Chair: Megan Shipley	PhD Psychology: Time scarcity in families and impact on child health

PhD Thesis examinations: 2010, Public Health ,Psychology; 2011 Clinical Psychology

PROFESSIONAL ORGANIZATIONS

Australian College of Clinical Psychologists—Member
 Australian National Institute for Public Policy
 Australian Psychological Society—Member
 Australian Research Alliance for Children and Youth
 Australian Society for Psychiatric Research
 International Association for Ecology and Health
 International Association of Applied Psychologists
 Public Health Association of Australia

PUBLICATIONS

REFEREED PAPERS

1. (in press, accepted August 29th, 2012). Johnson, S, Li, J, Kendall, G, Strazdins, L. Mothers' and Fathers' Work Hours, Child Gender and Behavior in Middle Childhood. *Journal of Marriage and Family*. ERA A*
2. (in press, accepted July 3rd, 2012) Heightened maternal separation anxiety in the postpartum: The role of socio-economic disadvantage. Cooklin, A.R., Lucas, N., Strazdins, L., Westrupp, E., Giallo, R., Canterford, L., Nicholson, JM. *Journal of Family Issues*. ERA A
3. (in press, accepted June 5, 2012). Gubhaju, B., Rodgers, B., Strazdins, L., Davidson, T., Butterworth, P., Crosier, T. Developing prospective measures of adversity among Australian families with young children. *Social Indicators Research*. ERA A
4. Reeve, BH, Broom, DH, **Strazdins, L**, Shipley, M. (2012). Regulation, managerial discretion and family friendliness in the changing Australian industrial environment. *Journal of Industrial Relations*. 54, (1), 57- 74. ERA A
5. (2011) Butterworth, P, Leach L, Rodgers B, Broom, DH, Olesen, SC and **Strazdins, L**. Psychosocial job adversity and health in Australia: analysis of data from the HILDA Survey. *Australian and New Zealand Journal of Public Health*, 35,(6) 564-571. ERA B
6. Hogan, Anthony, Shipley, M, **Strazdins, L**, Purcell, A & Baker, E. (2011) Risks to mental health among children with hearing loss—a preliminary study. *Australian and New Zealand Journal of Public Health* 35 (4) 377-383 ERA B
7. Butterworth, P, Leach, L, **Strazdins, L**, Rodgers, B, Broom, D (2011). The psychosocial quality of work determines whether employment has benefits for mental health: Results from a longitudinal national household panel survey. *Occupational and Environmental Medicine*, 68, 806-812. ERA C (IF 3.65) Nominated for press release by this international journal.
8. Charlesworth, S, **Strazdins, L**, OBrien, L & Sims, S. (2011) Parents' jobs in Australia: Work hours polarisation and the consequences for job quality and gender equality. *Australian Journal of Labour Economics*, 14 (1) 35-57. ERA B
9. Cooklin, AR, Canterford, L, **Strazdins, L** & Nicholson, J (2011). Employment conditions and maternal postpartum mental health: Results from the Longitudinal Study of Australian Children. *Archives of Women's Mental Health*, 14 (3) 217–225. ERA C
10. **Strazdins, L**, Broom, DH, Banwell, C, McDonald T & Skeat, H (2011). Time limits? Reflecting and responding to time barriers for healthy, sustainable living in Australia. *Health Promotion International*, 26 (1) 46–54. ERA B First published online October 15, 2010. DOI 10.1093/heapro/daq060
11. Seubsman, S, Kelly, M, Yiengprugsawan, V, Sleigh A and the Thai Cohort Study Team (**Strazdins,L**), (2011). Gender, socioeconomic status and self-rated health in a transitional middle income setting: evidence from Thailand. *Asia Pacific Journal of Public Health* 23 (5); 742 - 753, Epub: doi:10.1177/1010539509356807
12. **Strazdins L**, Griffin AL, Broom DH, Banwell, C, Korda R, Dixon J, Shipley, M, Paoloucci, F, Esler, M, Glover, J (2011). Time scarcity: Another health inequity? Time-Space and Life-Course. *Environment and Planning A*, 43, 3, 545–559. ERA A

13. **Strazdins, L, D'Souza, RM, Clements, M, Broom, DH, Rodgers, B, & Berry H** (2011). Could better jobs improve mental health? A prospective study of change in work conditions and mental health in mid-age adults. *Journal of Epidemiology and Community Health*, 65, 529–534. DOI 10.1136/jech.2009.093732 ERA A
14. **Yiengprugsawan V, Seubsman S, Lim L-Y L, Sleight AC and the Thai Cohort Study Team (L.Strazdins)**. (2011) Social capital, economic stress and religion in a national cohort of 87,134 adults in Thailand. *Journal of Population and Social Studies* 19(2): 183-196
15. **Leach, L, Butterworth, P, Strazdins, L, Rodgers, B, Broom, D, Olesen, S** (2010). No magic bullet: The limitations of employment as a tool for social inclusion policy. *BMC Public Health* 10, 621. ERA B <http://www.biomedcentral.com/1471-2458/10/621>
16. **Strazdins L, Shipley, M, Clements, M, Obrien, LV, Broom, DH** (2010). Job quality and inequality: Parents' jobs and children's emotional and behavioural difficulties. *Social Science & Medicine* 70, 12, 2052–2060. DOI 10.1016/j.socscimed.2010.02.041 ERA A*
17. **Davis, E, Priest, N, Davies, B, Sims, M, Harrison, L, Herrman, H, Waters, E, Strazdins, L, Marshall, B & Cook, K** (2010). Promoting mental health and social and emotional wellbeing in childcare centres within low socioeconomic areas: Strategies, facilitators and challenges. *Australasian Journal of Early Childhood* 35 (3 Online Annex), 77–86. ERA A
18. **Hanna, EG, McCubbin, J, Strazdins, L & Horton, G** (2010). Australia, Lucky Country or Climate Change Canary: what future for her rural children. *International Public Health Journal* (Special Issue) 2 (4) 501-512. ERA C
19. **Strazdins, L, Friel, S, McMichael, AJ, Woldenberg Butler, S & Hanna, E** (2010). Climate change: an Australian intergenerational health equity analysis. *International Public Health Journal* 2, (4) (Special Issue) 493–500. ERA C
20. **Leach, L, Butterworth, P, Rodgers, B & Strazdins, L** (2010). Deriving an evidence-based measure of job quality from the HILDA survey. *Australian Social Policy*, 9, 67–86. ERA C
21. **Kelly, M, Strazdins L, Dellora, T, Seubsman, S & Sleight, A** (2010). Thailand's Work and Health Transition. *International Labour Review*. No. 3 149, 3; 373–386. ERA B
22. **Tawatsupa B, Lim L-L, Kjellstrom T, Seubsman S, Sleight A and the Thai Cohort Study Team (Strazdins, L)**, (2010). The association between overall health, psychological distress and occupational heat stress among a large national cohort of 40,913 Thai workers. *Global Health Action* 3: 5034 - DOI: 10.3402/gha.v3i0.5034
23. **Blakemore, T, Strazdins, L & Gibbings J** (2009). Measuring family socio-economic position. *Australian Social Policy*, 8, 121–168. ERA C
24. **Sleight, AC, Seubsman, S, Bain C, and the Thai Cohort Study Team (L Strazdins)** (2008). Cohort Profile: The Thai Cohort of 87,134 Open University students. *International Journal of Epidemiology*, Vol. 37, 266–272. ERA A*
25. **Strazdins, L & Loughrey, B** (2007). Too busy: Why time is a health and environmental problem. *NSW Public Health Bulletin*, 18 (11–12) 219–221. ERA C This paper is featured in the *Oxford Health Alliance UK website knowledge section: <http://www.oxha.org/knowledge/publications>*. It is also reprinted in *Family, Issue No 9, March 2009, Families Australia's bulletin about national family issues and a version of the paper was reprinted in the Children's Services Magazine 'Foundations'*.

26. Strazdins, L & Broom, DH (2007). The mental health costs and benefits of giving social support. *International Journal of Stress Management*, 14 (4) 370–385. ERA B
27. Strazdins, L, Shipley, M & Broom, DH (2007). What does family-friendly really mean? Wellbeing, time, and the quality of parents' jobs. Special issue, *Australian Bulletin of Labour*, 33 (2) 202–225. This paper was requested to be republished in The Commission on Social Determinants of Health –World Health Organization–Final Report Closing the gap in a generation: Health equity through action on the social determinants of health, 2009. ERA C
28. D'Souza, RM, Strazdins, L, Broom, DH, Rodgers, B & Berry HL (2006). Work demands, job insecurity and sickness absence from work. How productive is the new, flexible labour force? *Australian and New Zealand Journal of Public Health*, 30, (3) 205–212. ERA B
29. Broom, DH, D'Souza, RM, Strazdins, L, Butterworth, P, Rodgers, B (2006). The lesser evil: bad jobs or unemployment? A study of mid-aged Australians. *Social Science & Medicine*, 63 (3) 575–586. ERA A*
30. Strazdins, L, Broom, DH, Meyerkort, S & Warren, B (2006). Voting with their feet? Parent employment in Australian industry, 1981–2001. *Australian Bulletin of Labour*, 32 (4) 381–400. ERA C
31. Strazdins, L, Clements, M., Korda, RJ, Broom, DH & D'Souza, RM (2006). Unsociable work? Nonstandard work schedules, family relationships and children's well-being. *Journal of Marriage and the Family*, 68 (2) 394–410. This paper ranked in the top 20 papers published for that year and was nominated for the 2008 Rosabeth Moss Kanter Award for Excellence in Work-Family Research. ERA A* Nominated for press release by this international journal.
32. Strazdins, L, Meyerkort, S, Brent, V, D'Souza, RM, Broom, DH & Kyd, J (2005). Impact of saliva collection methods on sIgA and cortisol assays and acceptability to participants. Brief report. *Journal of Immunological Methods*, 307 (1–2) 167–171. ERA B
33. Parslow, RA, Jorm, AF, Christensen, H, Rodgers, B, Strazdins, L, D'Souza, RM (2004). A comparison of the effects of work stress on the mental health of organisationally employed and self-employed workers: Analysis from a community sample. *Work and Stress*, 18 (3) 231–244. ERA B
34. D'Souza, RM, Strazdins, L, Clements, MS, Broom, DH, Parslow, R & Rodgers, B (2005). The health effects of jobs: status, working conditions or both? *Australian and New Zealand Journal of Public Health*, 29, 3, 222–227. ERA B
35. Parslow, RA, Jorm, AF, Christensen, H, Broom, DH, Strazdins, L, D'Souza, RM (2004). The impact of employee level and work stress on mental health and GP service use: an analysis of a sample of Australian government employees. *BMC Public Health*, 4: 41 (9 pages). ERA B
36. Strazdins, L, D'Souza, RM, Lim, L-Y, Broom, DH, & Rogers, B (2004). Job strain, job insecurity and health: rethinking the relationship. *Journal of Occupational Health Psychology*, 9 (4) 296–321. ERA A
37. Strazdins, L, Korda, RJ, Lim, LL-Y, Broom, DH, D'Souza, RM (2004). Around-the-clock: parent non-standard work times and children's wellbeing in a 24-hour economy. *Social Science and Medicine*, 59, 1517–1527. ERA A*
38. Strazdins, L & Broom, DH (2004). Acts of love (and work): Gender imbalance in emotional work and women's psychological distress. *Journal of Family Issues*, 25 (3) 356–378. ERA B
39. Strazdins, L & Bammer, G (2004). Women, work and musculoskeletal health. *Social Science and Medicine*, 58 (6) 997–1005. ERA A*

40. D'Souza, RM, Strazdins, L, Lim, LL-Y, Broom, DH & Rogers, B (2003). Work and health in contemporary society: demands, control and insecurity. *Journal of Epidemiology and Community Health*, 57, 849–854. ERA A
41. Korda, RJ, Strazdins, L, Broom, DH & Lim, L (2002). The health of the Australian workforce. *Australian and New Zealand Journal of Public Health*, 26 (4) 325–331. ERA B
42. Strazdins, L (2002). Emotional work and emotional contagion. In N Ashkanasky, W Zerbe and C Hartel (Eds), *Managing emotions in the workplace*, 232–250. New York: ME Sharpe. ERA – *not rated*
43. Strazdins, L (2000). Integrating emotions: multiple role measurement of emotional work. *Australian Journal of Psychology*, 52, 41–50. ERA C
44. Strazdins, L, Galligan, RF & Scannell, ED (1997). Gender and depressive symptoms: Sharing the instrumental and expressive tasks when the children are young. *Journal of Family Psychology*, 11, 222–233. ERA A

SUBMITTED OR UNDER REVISION

45. Under revision. Dixon, J, Woodman, D, Strazdins, L, Banwell, C, Burges, J & Welsh, J Are deregulated labour markets a threat to public health? Labour time and healthy eating.
46. Submitted. Andrews S, Li, J, Johnson, S, Han, W-J, Kendall, G, Strazdins, L & Dockery, M. Parents' nonstandard work schedules and child wellbeing: What do we know and where do we go from here? *Child Development*.
47. Resubmitted. Strazdins, L, O'Brien, L, Lucas, N & Rodgers, B. Work-family strain in Australia: A new mental health risk for children? *Journal of Marriage and Family*.
48. Under review. Nicholson, J., Strazdins, L., Brown, J & Bittman, M. How parents' income, time and job quality affect children's health and development' *Australian Journal of Social Issues*

REFEREED REPORTS

49. In press. Strazdins, L, Lucas, N, Mathews, B, Shipley, M, Berry, H, Rodgers, B and Davies, A. *Parent and child wellbeing and the influence of work and family arrangements: a three cohort study*. Social Policy Research Paper, Canberra.
50. Dockery, AM, Kendall, G, Li, J, Mahendran, A, Ong, R and Strazdins, L (2010). Housing and Development Outcomes for Children: A Scoping Study. *Final Report 149 Australian Housing and Urban Research Institute*. AHURI, Melbourne.
51. Baxter, J, Gray, M, Alexander, M, Strazdins, L & Bittman, M (2007). *Mothers and fathers with young children: Paid employment, caring and wellbeing. An analysis of Growing Up in Australia: the Longitudinal Study of Australian Children*. Social Policy Research Paper no. 30, Canberra.

COMMISSIONED REPORTS AND DISCUSSION PAPERS

52. Martin, B, Hewitt, B, Baird, M, Baxter, J, Heron, A, Whitehouse, G, Zadoroznyj, M, Xiang, N, Broom, D, Connelly, L, Jones, A, Kalb, G, McVicar, D, **Strazdins, L**, Walter, M, Western, M, Wooden, M. (2011). *Paid Parental Leave Phase 1 Baseline Report*, Occasional Paper no. 44, Department of Families, Housing, Community Services and Indigenous Affairs.
53. **Strazdins, L** & Skeat, H (2011). *Weathering the Future: Climate Change, Children and Young People, and Decision Making*. Report to the Australian Research Alliance for Children and Youth. 46 pages. http://www.aracy.org.au/index.cfm?pageName=Climatechange_children
54. Gubhaju, B, Rodgers, B, Sims, S, Viertelmayr, A, **Strazdins, L**, Davidson, T, and Butterworth, P (2010). *Developing prospective measure of childhood adversity: a profile of risk in the Longitudinal Study of Australian Children*. Report commissioned by the Department of Families, Housing, Community Services and Indigenous Affairs under the Social Policy Research agreement with the ANU.
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Attachment E

Economic Conditions in the Retail Industry

Being a Report Prepared for the Shop Distributive and Allied Employees Association (SDA) on Matters Pertaining to Economic Conditions in the “General Retail Industry”

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Report Finalised on 3rd October, 2012

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Terms of Reference

On 10th September 2012 the Shop Distributive and Allied Employees Association (SDA), via A. J. Macken & Co., requested that I [Kevin Kirchner] prepare an expert report for use in certain proceedings to take place within Fair Work Australia.

A. J. Macken advised that “... *the aspect of the proceedings in relation to which the SDA wishes to engage you to prepare an expert report concerns applications made by a number of employer organisations to vary the terms of the General Retail Trade Award 2010*”.

I was requested to prepare a report which addressed the following questions:

1. By reference to available economic data, to what extent, if any, have economic conditions in the national general retail industry as they impact on retailers changed between January 2010 and the present time? Please describe the nature and extent of any changes you identify.
2. By reference to available economic data, how do economic conditions between January 2010 and the present time as they impact on retailers in the national general retail industry compare to economic conditions over the previous 30 years?
3. Further to the previous question, to the extent that there has been any deterioration in economic conditions as they impact on retailers in the national general retail industry between January 2010 and the present time as compared to earlier periods, in your opinion, what were the causes of that deterioration?
4. By reference to available economic data, how does the level of aggregate profitability in the national general retail industry compare with the level of aggregate profitability in other industries?
5. By reference to available economic data, what is the proportion of total national retail sales which is attributable to:
 - a) on-line sales generally; and
 - b) overseas on-line sales in particular?

What implications, if any, does this have for retailers in the general retail industry?

Executive Summary

The definition of the “general retail industry” used in this report is as defined in the General Retail Industry Award 2010. This definition is provided at Appendix A to this report. The data presented in this report is generally consistent with this definition and we have no reason to believe that the data does not present an accurate picture of economic conditions in the General Retail Trade Industry.

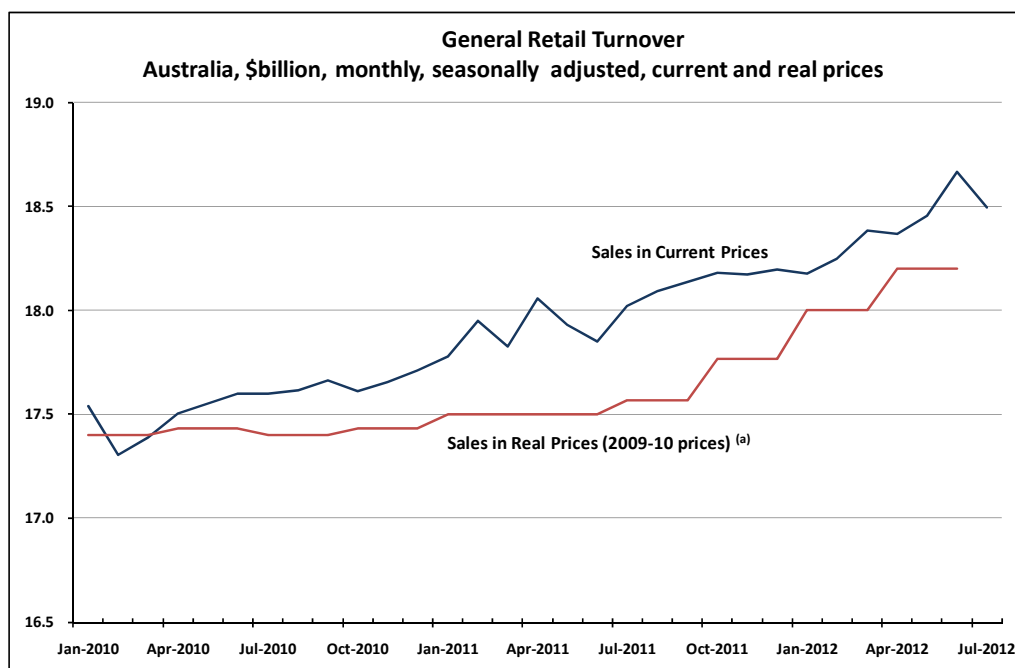
Question 1

By reference to available economic data, to what extent, if any, have economic conditions in the national general retail industry as they impact on retailers changed between January 2010 and the present time? Please describe the nature and extent of any changes you identify.

General retail sales have only increased slowly since January 2010, with sales in the 3 months ended July 2012 (the latest month for which data is available) being only 6.7% higher in nominal terms than in the 3 months ended March 2010 (seasonally adjusted).

The pattern of growth in general retail sales since January 2010 is illustrated by Graph ES1.

Graph ES1



(a) Data for retail turnover in real terms is only available on a quarterly basis. Hence, the data shown in this graph for real retail sales is simply the appropriate quarterly data divided by 3, to give an indicative monthly number. The base year for chain volume measures (ie real price data) is 2009-10.

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

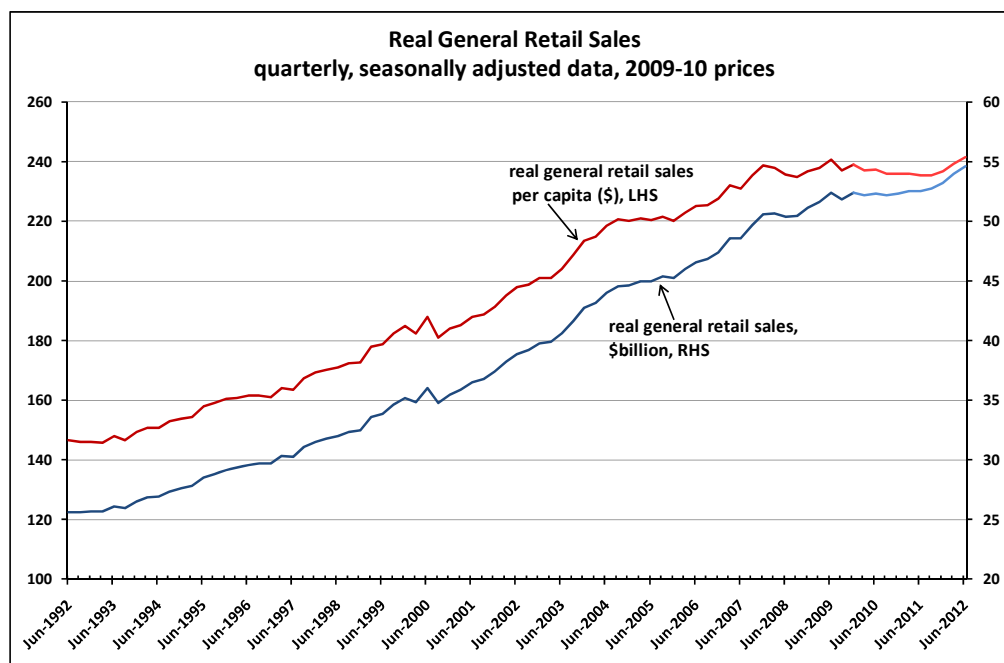
While general retail sales in nominal terms have exhibited slow growth throughout the period since January 2010, sales in real terms, which is the better indicator of underlying economic conditions within the retail trade sector, were flat through 2010 and in the first half of 2011, before starting to grow again from around the middle of 2011. Growth in real general retail sales has continued since then, so that sales in the June quarter 2012 were 3.9% greater in real terms than in the June quarter 2011.

Furthermore, sales growth in all sectors of the retail industry has strengthened over this period, with sales in some sectors now growing strongly, in real terms. The strongest growth is occurring in food retail (up 5.1% in real terms in the June quarter 2012 compared to sales in the June quarter 2011), in ‘other retailing’ (up 5.3% across the same period) and, to a lesser extent, in department stores (up

3.2%). And even in those sectors where growth is not yet strong – namely, household goods retailing and clothing, footwear and personal accessories retailing – it is at least now positive in real terms. Data is provided at Table 1 in the report.

It is instructive to put the recent performance of general retail sales in historical context. The relevant data is provided at Graph ES2. The graph shows that notwithstanding the weakness in general retail sales growth through 2010 and 2011, general retail sales have remained around historically high levels in the period since January 2010. Of particular significance is the fact that general retail sales *per capita* remain much higher than in earlier periods.

Graph ES2



Profitability in the general retail trade industry, as in any industry, can be considered at two levels, namely:

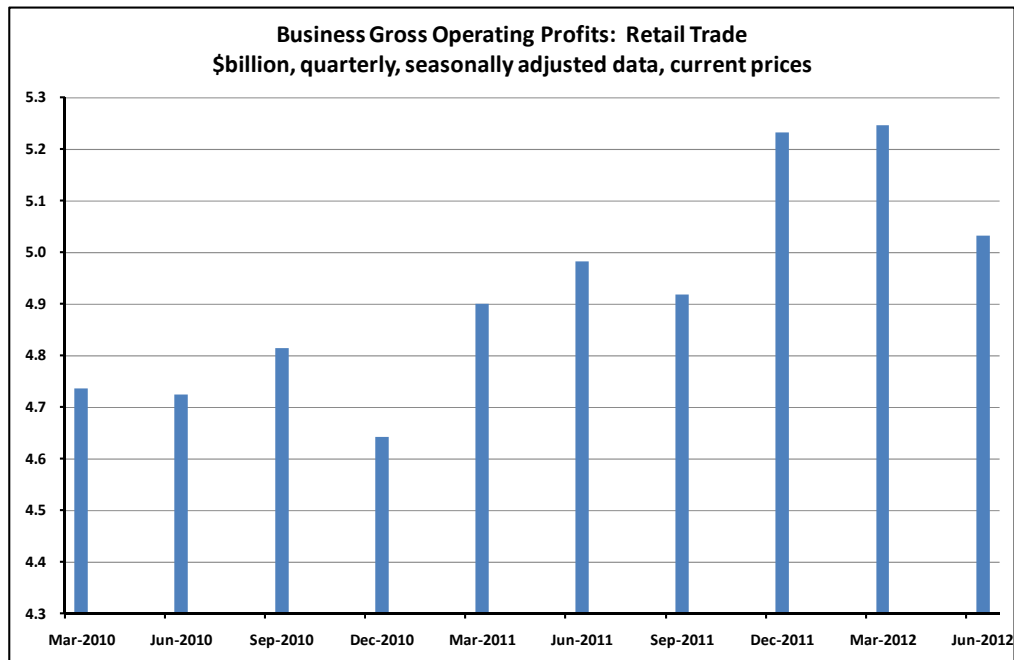
- i. aggregate profitability across the industry as a whole; and
- ii. profitability of individual businesses.

The pattern of **aggregate profitability** of the retail industry since January 2010 is illustrated by Graph ES3.

Gross Operating Profit of the Retail Trade sector in the December quarter 2011 was 12.7% greater than in the previous December quarter, with profit in March quarter 2012 being 7.0% greater than in the previous March quarter (in current prices). Profit in the June quarter 2012 was only 1.0% greater than in the previous June quarter. Nevertheless, if we add all this up and consider it on an annual basis then the outcome is that total profitability of the retail trade sector in 2011-12 was 6.2% greater (in nominal terms) than profitability in 2010-11.

It also can be noted that gross operating profit is calculated *exclusive of interest payments*. Consequently, the above data would, to at least a small extent, under-estimate the extent to which profitability in the retail trade sector has improved over the past twelve months, given the decline in interest rates in this period. The RBA has progressively reduced the target cash rate from 4.75% last October to its current level of 3.25%.

Graph ES3



(a) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au

In respect of trends in **profitability of individual retailers**, it seems clear that trading conditions for individual retailers have been more difficult across much of the period since January 2010 and that there has been an increase in the number of retailers recording a loss in this period. However, these trends were already evident prior to January 2010 and, as suggested above, retail trading conditions have begun to improve over recent quarters.

Two other indicators of changes in economic conditions in the Retail Trade sector are **employment** trends and conditions in **retail property markets**. The number of persons employed in the Retail Trade industry as at August 2012 was essentially the same as at February 2010. This suggests that there has been no severe deterioration in economic conditions in the retail industry over this period, for if there had been employment certainly would have fallen sharply. Similarly, recent developments in retail property markets are also not reflective of any serious decline in the retail trade sector since January 2010. For example, Jones Lang Lasalle in their most recent *Shopping Centre Investment Review and Outlook* state that the level of retail vacancy remains moderate and "... across all retail sub-categories, specialty store vacancy remains at around or below the average level of the last 15 years".

Question 2

By reference to available economic data, how do economic conditions between January 2010 and the present time as they impact on retailers in the national general retail industry compare to economic conditions over the previous 30 years?

Table ES1 provides data on the average annual growth in real general retail sales across five distinct economic periods over the past 30 years.

The data of Table ES1 shows that both the average annual growth in real general retail sales and sales on a per capita basis varied significantly across these five separate periods.

Table ES1: Average Annual Growth in Real General Retail Sales

	Average Annual Growth in Real General Retail Sales (%)	Average Annual Growth in Real General Retail Sales per Capita (%)
1984/85 – 1989/90	2.7	0.9
1990/91 – 1991/92	2.9	2.1
1992/93 – 1996/97	3.5	2.2
1997/98 - 2007/08	4.8	3.4
2008/09 – 2011/12	1.7	0.6

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

Clearly, the period recording the weakest growth has been the latest period, from 2008-09 through to 2011-12.

However, the real standout period for the retail trade industry was the period 1997-98 to 2007-08, when general retail sales grew 4.8% per annum on average, in real terms; and general retail sales per capita grew 3.4% per annum on average, in real terms. This is very strong growth and the fact that it was sustained over a period of eleven years – a historically long period of sustained growth - only serves to further indicate just how strong this growth period was.

In short, the period 1997-98 to 2007-08 was a ‘boom period’ for the Australian retail industry.

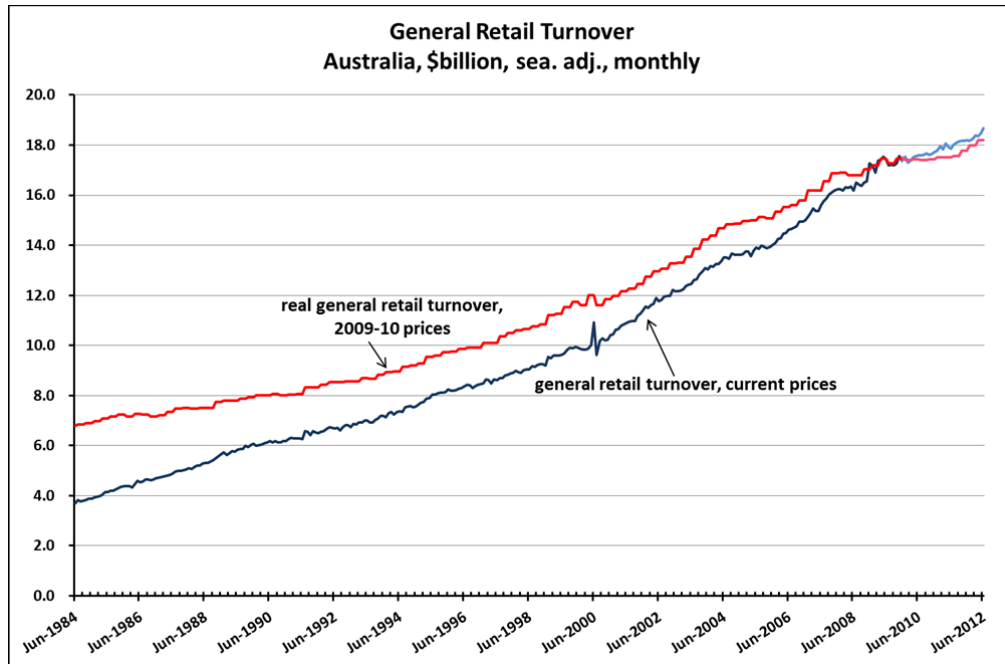
A useful way to illustrate the extent of the growth that occurred across this period and, at the same time, put another perspective on current economic conditions in the retail industry, is to note that even after four years of relatively weak growth of retail sales as at the June quarter 2012 (ie the latest period for which data is available) real general retail turnover was still 12.3% greater than in the same quarter 5 years earlier (June quarter 2007), 40% greater than in the same quarter 10 years earlier (June quarter 2002), and 79% greater than 15 years earlier (ie June quarter 1997). Graph ES4 illustrates this very strong growth.

Graph ES5 illustrates the growth in **employment** in the retail trade sector across the past 28 years. Perhaps the most notable points to observe from the graph are, firstly, the very strong growth in employment across the boom period 1997-98 to 2007-08 and, secondly, the fact that despite the weakness in retail sales growth in recent years employment levels have generally trended flat, rather than declined in this period.

Graph ES6 illustrates the trends in **profitability** of the retail sector since 1986. Despite this series being somewhat disjointed due to changes in the scope and coverage of the series over time (refer the footnotes to the graph for further information), there are nevertheless some useful points that can be taken from the data. First, we can note that aggregate profitability of the Retail Trade sector increased strongly over the period 1997/98 to 2007/08, albeit after a slow start. Second, it is

notable that despite the weaker growth in retail sales in the period since 2007/08 aggregate profitability of the Retail Trade sector has remained at a high level through to the current time, albeit with some lessening of profitability through 2010 and the first half of 2011.

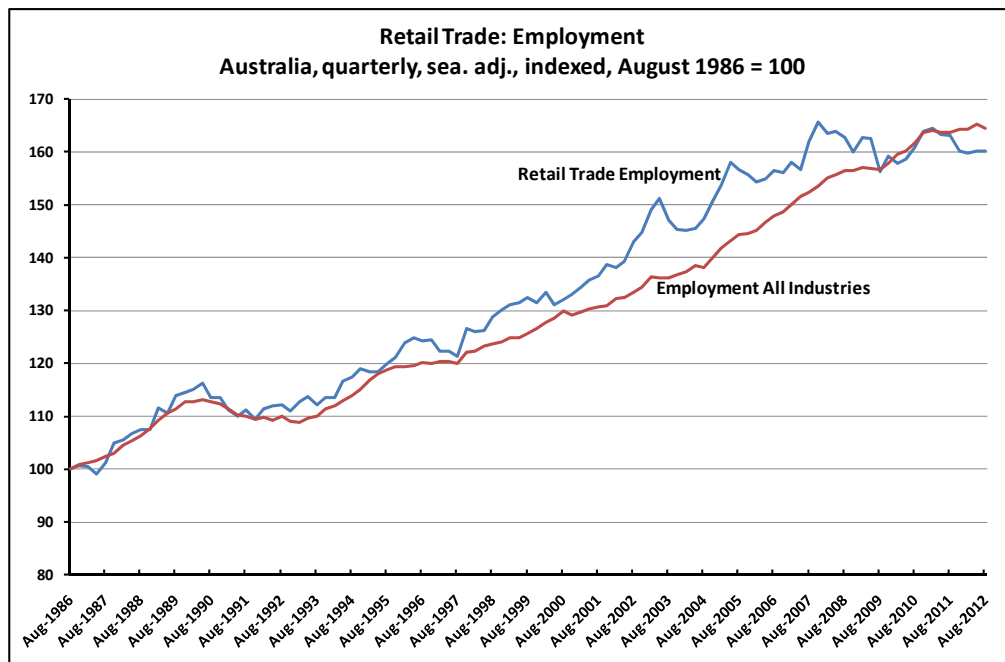
Graph ES4



(a) Data for retail turnover in real terms is only available on a quarterly basis. Hence, the data shown in this graph for real retail sales is simply the appropriate quarterly data divided by 3, to give an indicative monthly number. The base year for chain volume measures (ie real price data) is 2009-10.

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

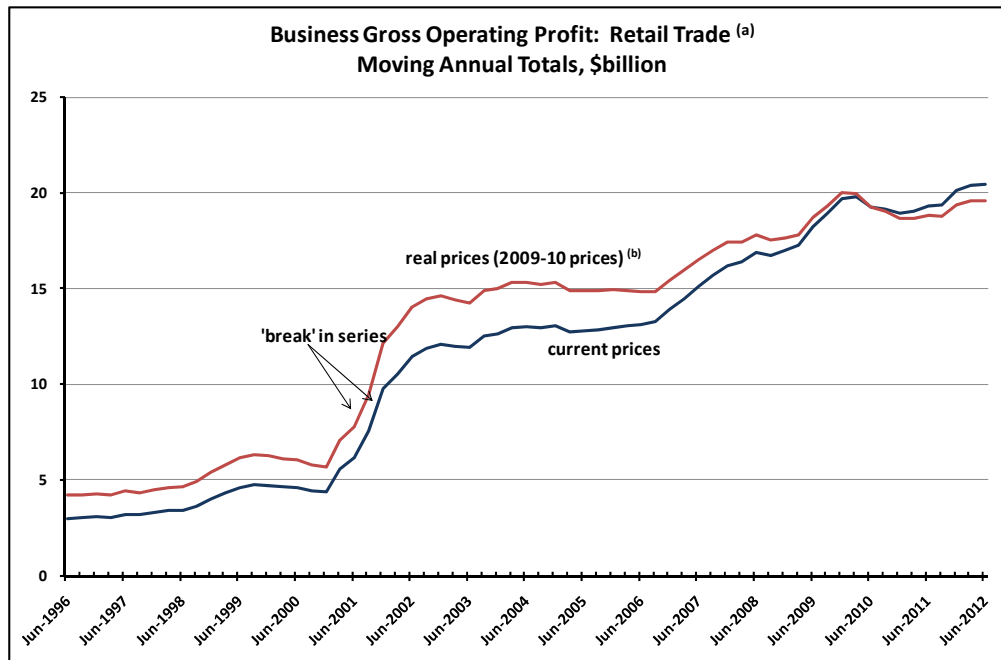
Graph ES5



Source: Australian Bureau of Statistics, cat. no. 6291.0 Labour Force Australia: Detailed, quarterly, via www.abs.gov.au; Fulcrum Economics Australia

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Graph ES6



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the spike in profitability around 2001 should be discounted.

(b) The deflator used was that for household final consumption expenditure. The data therefore is an approximation of real profits in retail trade, but sufficient to indicate trends in aggregate profitability.

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, cat. no. 5206.0 National Accounts, via www.abs.gov.au; Fulcrum Economics Australia

Question 3

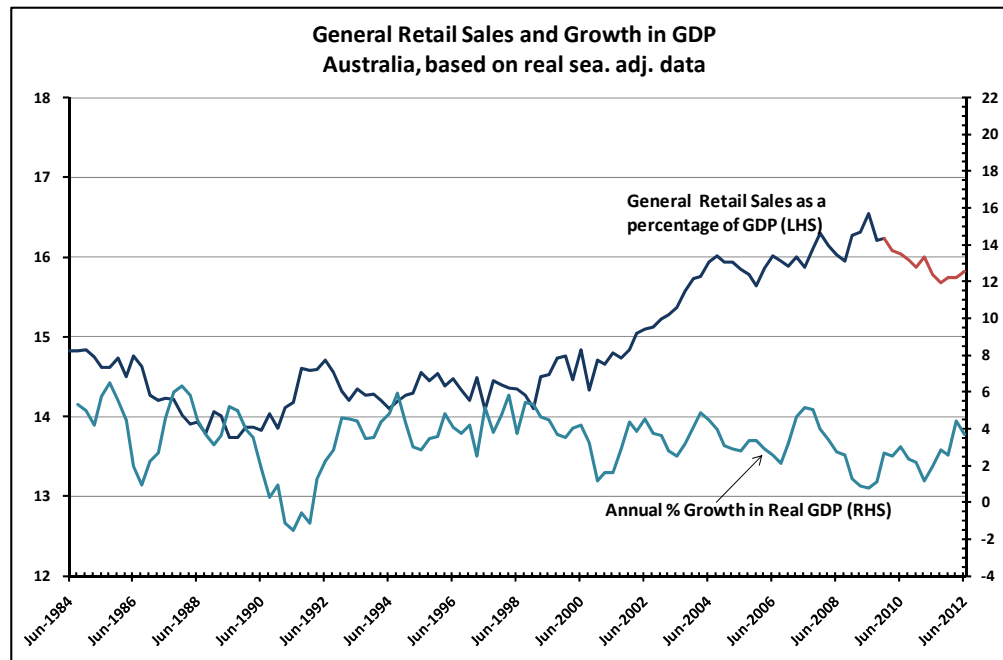
Further to the previous question, to the extent that there has been any deterioration in economic conditions as they impact on retailers in the national general retail industry between January 2010 and the present time as compared to earlier periods, in your opinion, what were the causes of that deterioration?

To the extent that there has been a deterioration in economic conditions of the retail trade industry in recent years (ie since 2007-08) compared to earlier years, it has occurred to a large extent as a “correction phase”, following the very strong but ultimately unsustainable growth in retail sales in the period 1997-98 to 2007-08, and during which period there was a sharp lift in investment in the retail sector and hence in retail floor space.

The description “to the extent that there has been a deterioration in economic conditions of the retail trade industry in recent years” is used in the previous sentence because the data presented in this report makes it clear that at the aggregate level the overall economic situation of the retail industry remains very strong. For example, general retail sales as a percentage of GDP remain well above their levels through the 1980s; aggregate profitability of the retail industry remains at a historically high level; as does real general retail sales per capita.

Data for most of the points mentioned in the last paragraph have already been illustrated by graphs in this Executive Summary, data on general retail sales as a percentage of GDP being the exception. This data is shown by Graph ES7.

Graph ES7



Source: Australian Bureau of Statistics, cat. no 5206.0 National Accounts, cat. no. 8501.0 Retail Trade, via www.abs.gov.au; Fulcrum Economics Australia

Thus, to the extent that there has been a deterioration in economic conditions in the general retail trade industry since 2007-08, it has been limited to slower growth in aggregate general retail sales and to more difficult trading conditions at the *individual retailer* level. And even then it is not clear to what extent this deterioration has continued through to the current time since, as we noted above, retail sales have begun to exhibit stronger growth over the past 9 months.

The main reason for the slower growth in aggregate retail sales since 2007-08 is the more cautious attitude to borrowing adopted by households since 2007-08.

Prior to 2007-08, and particularly in the period from 1994 to 2007, the demand for credit by households grew very strongly, leading to an unprecedented increase in household debt - refer Graph ES8.

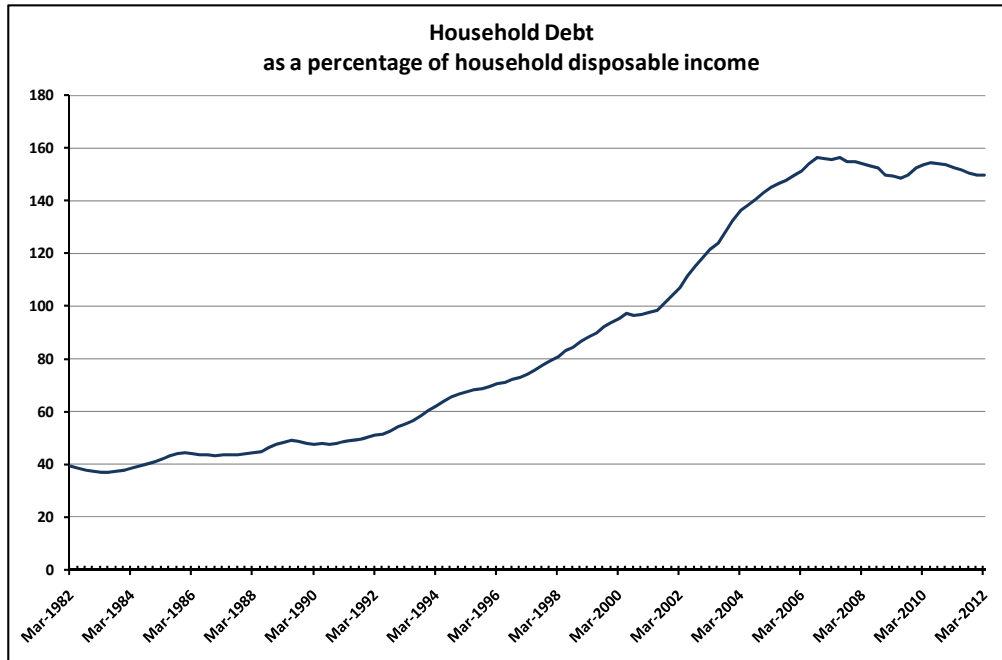
Thus, aggregate household debt grew from a level equal to 50% of aggregate household disposable income in 1991, to around 85% in 1997, and 160% in 2007.

To a very large extent it was the strong growth in household borrowing which fueled the strong growth in general retail sales through the period 1997/98 to 2007/08.

The much increased demand for borrowing by households through this period was such that it led to household consumption expenditure growing at a faster rate than household disposable income through this period – refer Graph ES9.

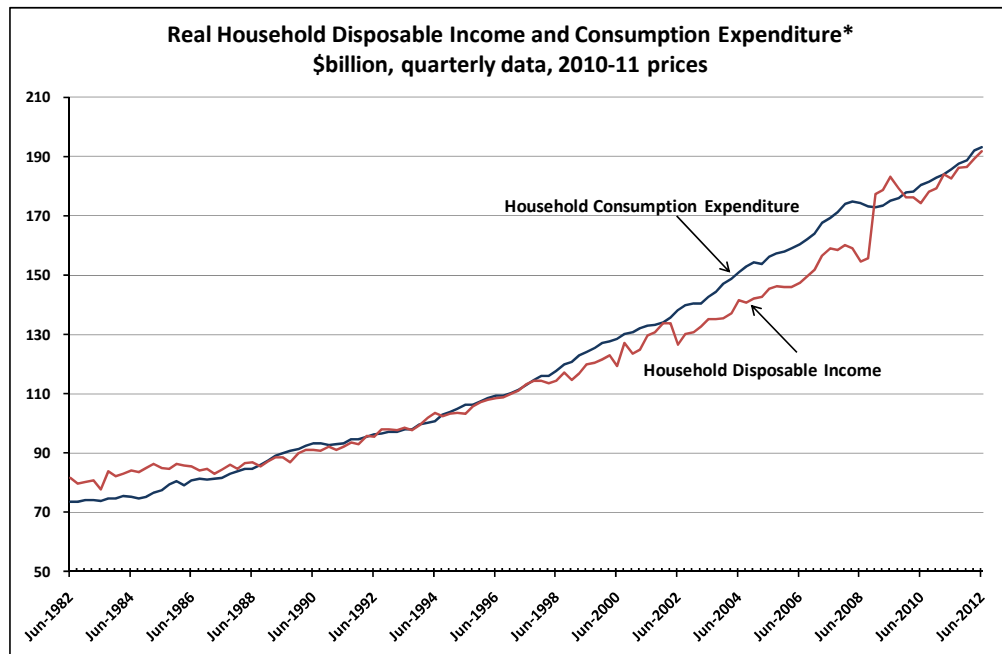
To put numbers on it, across the period 1997-98 to 2007-08, real household disposable income grew at an average annual rate of 3.3%, whereas household consumption expenditure grew at an average annual rate of 4.2%.

Graph ES8



Source: Reserve Bank of Australia, via www.rba.gov.au

Graph ES9



* Household disposable income is after tax but before interest payments. Real household disposable income is household disposable income deflated by the Household Consumption deflator.

The sharp jump in household disposable income in the September quarter 2008 reflects the measures taken at that time by the Federal Government to ease the threat posed by the GFC for the Australian economy. These measures included sharp increases in social assistance payments to individuals and families.

Source: Australian Bureau of Statistics, cat. no. 5206.0 Australian National Accounts, via www.abs.gov.au; and Fulcrum Economics Australia

Such a combination of growth rates is not sustainable. Sooner or later households would reach their capacity to service debt and the growth in borrowing would have to cease. That is, ultimately there would have to be a “correction period”, not only for households but also for the retail industry.

As it was, households continued to increase their borrowings strongly across a 14 year period, from 1993 to 2007, before the advent of the GFC and associated change in economic conditions, as well as the impact on consumer confidence, brought the surge in borrowing to a halt.

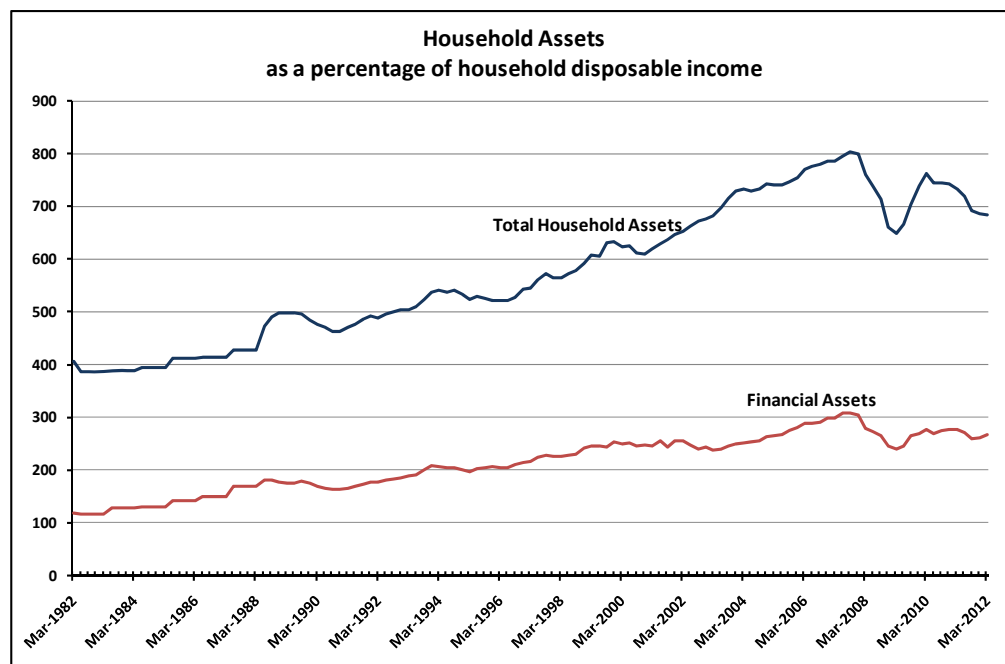
The factors that lay behind the ability of households to increase their borrowings so strongly, and to be so willing to do so, through the period 1993 to 2007 were several. First, the sustained strong growth of the Australian economy across this period created both solid employment growth and strong growth in household disposable income, thus increasing households’ capacity to borrow. Other important factors, however, were sustained low interest rates, strong growth in the value of household assets, high levels of consumer confidence, a starting point at which the household debt level was relatively low, and an increasingly accommodating financial sector that made it easier for consumers to borrow to finance consumption.

Of particular note among these factors is the strong growth in the value of household assets across the period 1993 to 2007. The increased value of household assets not only provided additional security against which households were able to increase their borrowings, but also was instrumental in boosting consumer confidence across this period, thus leading to an even greater willingness to take on more debt.

A key component of the growth in the value of household assets was strong growth in house prices.

Graph ES10 illustrates the strong growth in the value of household assets across the period 1993 to 2007.

Graph ES10



Source: Reserve Bank of Australia, via www.rba.gov.au

However, in 2007/08, with the advent of the Global Financial Crisis (GFC), Australian households became more cautious about borrowing and more concerned about their existing debt levels and, as a consequence curbed their demand for new borrowing, to the extent that the level of household debt started to decline from that time, albeit in only a very marginal fashion to date. As at March 2012 household debt is still at a level equal to 150% of household disposable income.

Other factors that have impacted on consumer confidence since 2007-08 and which have also acted to limit households' appetite for debt include slower employment growth and slower growth in the value of household assets. Indeed, from Graph ES10 it can be seen that the value of household assets has declined since 2007-08.

The second factor behind the deterioration of retailing trading conditions since 2007-08, but one which is closely related to the decrease in the appetite of households for debt, is, of course, changed economic conditions across the economy as a whole, due in the first instance to the advent of the GFC and, more recently, reflecting the impacts of the sovereign debt crisis in Europe.

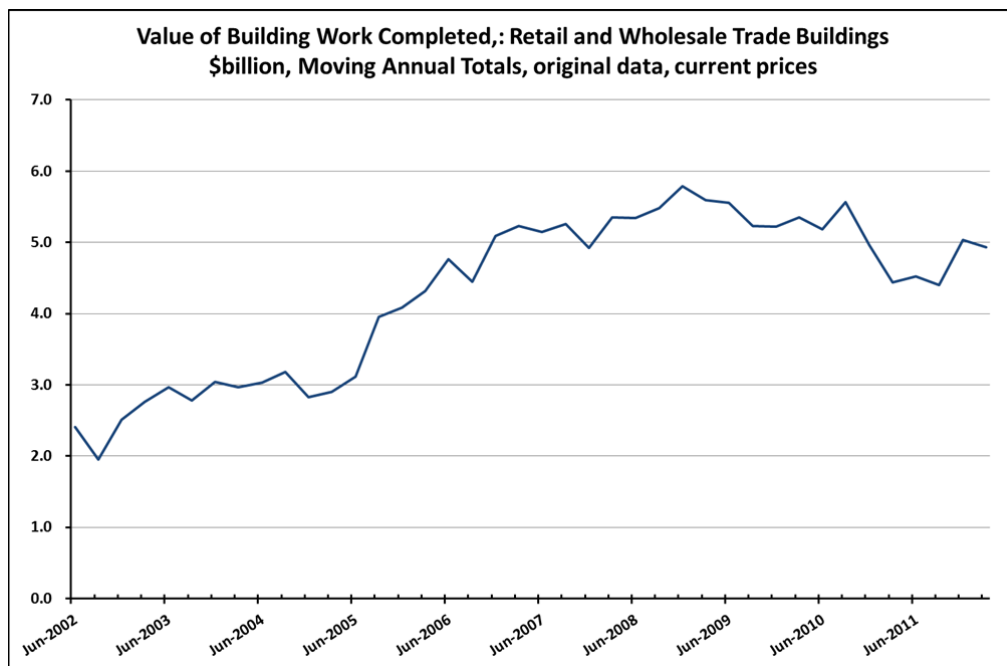
It seems highly likely that the advent of the GFC brought about a quicker and more marked slowing in retail sales growth than would have occurred otherwise; and that the slower growth in retail sales has been prolonged by the economic repercussions of the sovereign debt crisis in Europe.

The other key ingredient in understanding the reasons for the **more difficult trading conditions experienced by individual retailers** since 2007-08 and which reportedly continues to be the case, is to recognise that the retail trade sector responded to the strong growth in household spending in the period 1996/97 to 2007/08 by sharply increasing investment in retail capacity.

This is indicated by the strong rise in retail building work during this period. Graph ES11 illustrates the growth in the 'value of work completed' in respect of buildings developed for retail and wholesale trade use. The value of building work completed across these sectors in 2008-09 was 133% greater than in 2001-02, that is, more than double. And it was the case that there was growth in completions in every year between 2001-02 and 2008-09.

Clearly then there was a very substantial increase in retail space across this period. All of which, as indicated by the available data on retail vacancies, appears to have been taken up.

Graph ES11



Source: Australian Bureau of Statistics, cat. no. 8752.0 Building Activity Australia, via www.abs.gov.au; calculations by Fulcrum Economics Australia

A consequence of the strong rise in retail space would have been an increased level of competition for the retail dollar. This may not have been so significant for the profitability of individual retailers when retail sales were still rising strongly, but would have become more of a factor once retail sales growth began to slow. Further, it is almost certainly still a factor that is impacting on retailers in

2012, since it is not clear that the “correction phase” has yet fully run its course. Instead, households appear to be still in the process of re-balancing their balance sheets; and retailers are still in the process of adapting to increased competition in an environment of slower retail sales growth.

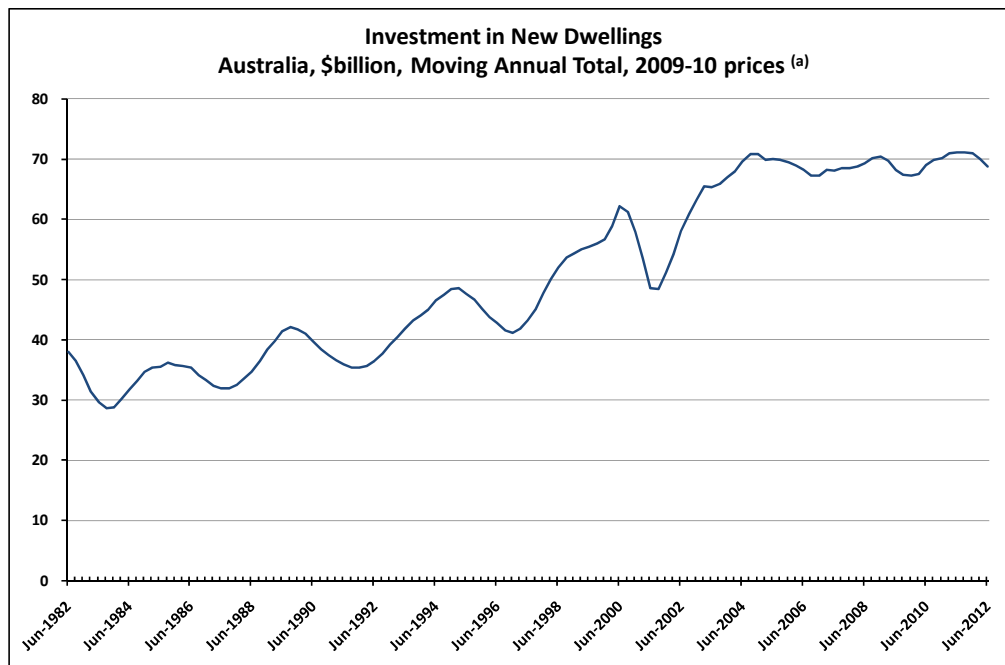
One other factor of significance in terms of the challenges currently confronting the retail industry is the degree of structural change occurring within both the retail sector and the broader Australian economy. At the current time this includes the greater prevalence of online retailing, a changing geographical pattern of retail trade due to the changing industry structure of the Australian economy, and shifts in consumer demand patterns due increased use of technology and changes in consumer “tastes” (reflecting such factors as the increased prevalence of mobile phones with internet connection, the increasing role of social media, and the greater use of the web as a search tool). There is also the not insignificant impact of a lower level of residential building activity on demand patterns.

But structural change is a characteristic of modern economies and is an important ingredient in the process of economic progress. Coping with and adapting to structural change is an on-going challenge for all industries.

The differences in growth across the different retail sectors reflect, of course, the pattern of household spending. One of the key drivers in the growth of household spending through the period 1996-97 to 2007-08 was the strong growth in house prices, which led to households significantly lifting their investment in housing. In turn, this provided the reason for the very strong growth in household goods retailing across this period.

The cessation of growth in new housing investment (Graph ES12), as well as a fall in residential real estate activity, are yet other reasons behind the weaker growth in general retail sales since 2007-08, especially in the area of household goods retailing.

Graph ES12



(a) Includes expenditure on residential alterations and additions.

Source: Australian Bureau of Statistics, cat. no. 5206.0 National Account, via www.abs.gov.au; Fulcrum Economics Australia

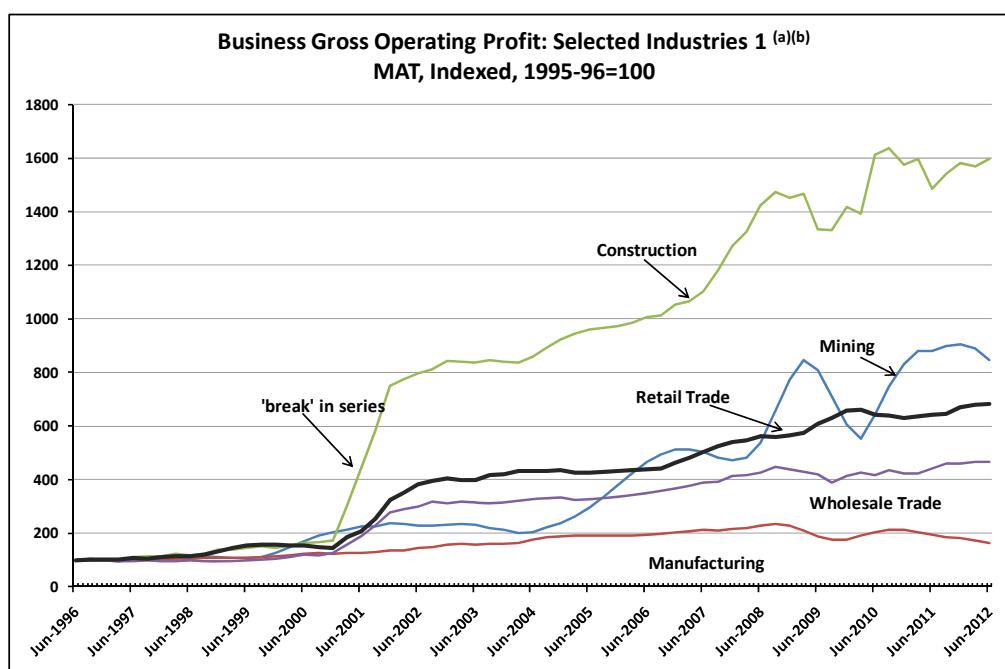
Question 4

By reference to available economic data, how does the level of aggregate profitability in the national general retail industry compare with the level of aggregate profitability in other industries?

Over the longer term aggregate profitability of the retail industry has grown at a solid rate, matching or out-performing several other industry sectors. In the period from 2001/02 through to the current time (June quarter 2012) aggregate profitability of the retail industry has increased more strongly than aggregate profitability of the manufacturing, wholesale trade, and financial and insurance services sectors, and essentially performed on a par with the accommodation and food services sector. Data is provided by Graphs ES13 and ES14.

This better profit performance than several other industry sectors has continued over the period since January 2010 – as is evident from Graphs ES13 and ES14.

Graph ES13



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the spike in profitability around 2001 should be discounted.

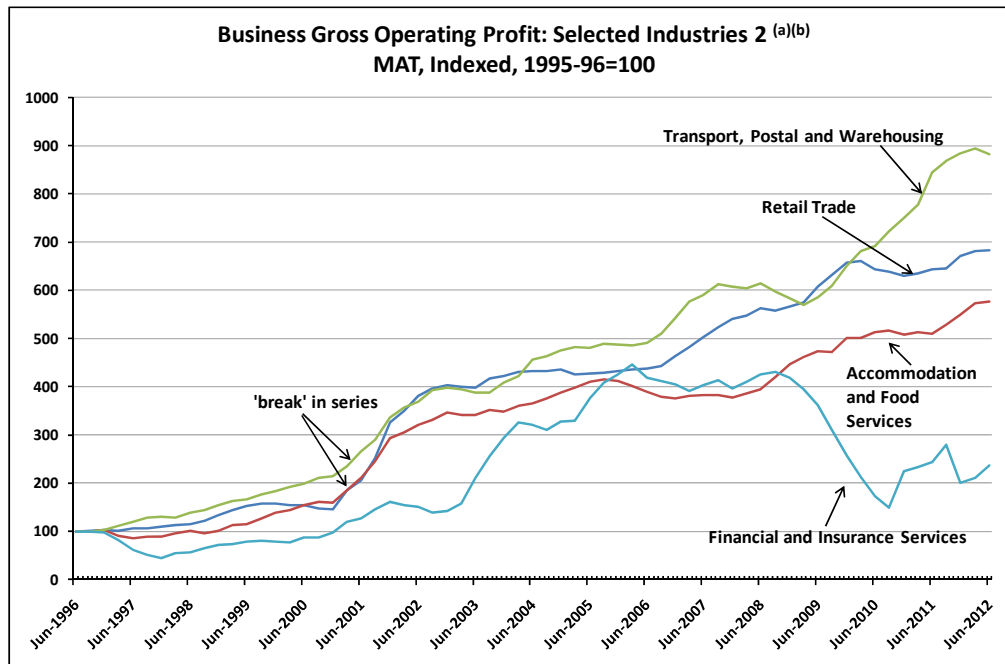
(b) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

Graph ES14



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the upwards shift in profitability around 2001 should be discounted.

(b) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

Question 5

By reference to available economic data, what is the proportion of total national retail sales which is attributable to:

- a) on-line sales generally; and
- b) overseas on-line sales in particular?

What implications, if any, does this have for retailers in the general retail industry?

Official Statistics

There are currently no official statistics available for domestic and overseas online retail sales in Australia. Instead there are only estimates available, with the most reliable of these (in our opinion)

being those made by the Productivity Commission in the course of its preparation of its 2011 report on the *Economic Structure and Performance of the Australian Retail Industry*.¹

Based on available data at that time the Productivity Commission estimated that in 2010 online sales accounted for approximately 6 per cent of total general retail sales in Australia. Furthermore, they estimated that two-thirds of these sales were domestic online sales (ie the goods were bought from Australian retailers), while only one-third were overseas online sales (ie goods acquired from non-Australian based retailers). That is, only 2% of all general retail sales in Australia were sourced online from overseas based retailers.

Implications for the General Retail Trade Industry

There seems little doubt that continued growth of online purchases of retail products poses a significant threat for *some* sectors of the retail industry, namely those sectors that sell goods where the penetration of online *overseas* sales is highest and where this penetration is likely to increase in future. But the extent to which these retailers are impacted in the future depends upon a range of factors, not just upon the ability of consumers to purchase directly from overseas. It also depends upon the ability of local retailers to respond to this threat; and it depends upon possible changes in government policy, such as the changes recommended by the Low Value Parcel Processing Task Force.

The other point to note here is that it is likely only a small proportion of the general retail industry that is under threat from online overseas sales, since only a limited range of goods are likely suitable for direct purchase by consumers from overseas based retailers. For example, items such as perishable goods (various foods, flowers, etc) and those items where the transport cost would be high relative to the value of the good, are unlikely to be items that would be purchased to any extent in this fashion. The second category of goods would include things such as bulky furniture items and most whitegoods, a range of floor coverings, most houseware goods (eg basic glassware, plastic containers, crockery, etc), many textile goods (eg curtains), hardware goods to a significant degree, and a range of other goods.

Online retailing should be seen not just in terms of being a threat, however. Instead it seems likely that online retailing offers significant opportunities for local retailers, reflecting the opportunities offered by changing technology, by changing consumer behaviors and buying patterns, and the fact that the majority of online retail sales will likely continue to be domestic online sales.

Perhaps the real longer term challenge for local retailers is being able to respond appropriately, and successfully, to the various pressures for structural change now confronting the industry. Responding to structural change is never an easy task and invariably there are both winners and losers in the process. But, as already noted, structural change is a necessity in a modern economy and, to varying degrees, is an on-going challenge for all industries. At the current time it would seem to be a major challenge for the local retail industry.

¹ Productivity Commission, report no. 56, November 2011.

Introduction

Definition of “General Retail Industry”

The definition of the “general retail industry” used in this report is that as defined in the General Retail Industry Award 2010. This definition is provided at Appendix A to this report.

Availability of Data to Analyse Economic Conditions in the General Retail Trade Industry

A number of data series have been utilised in preparing this report and it is relevant to comment on the appropriateness of these data series before presenting the analysis.

Generally it has not been possible to identify or construct data series which exactly match the industry coverage of the General Retail Industry Award 2010. However, in the main these differences in coverage are either relatively minor or otherwise are such that they are unlikely to have had any significant impact on the broad trends identified in this report, namely those trends that define economic conditions within the General Retail Trade industry. In those instances where there is concern that the trends may be affected by differences in coverage, such that the trends indicated by the data may not be indicative of actual trends across the General Retail Trade sector, these concerns are noted in the report. For the information of readers, the differences in coverage between the main data series used and that of the General Retail Trade Award are noted below.

Retail Sales Data

The Australian Bureau of Statistics’ Retail Trade Survey (cat. no. 8501.0) reports turnover for Australian businesses classified as being part of the Retail Trade Industry. However, the coverage of the retail trade survey (ie 8501.0) is not the same as the coverage of the General Retail Trade Award 2010 or of the Australian and New Zealand Standard Industrial Classification (ANZSIC) category “Retail Trade”.

The main difference in coverage between the ABS’s Retail Trade 8501.0 series and the General Retail Industry Award 2010 is that the ABS’s Retail Trade 8501.0 series includes “cafes, restaurants and takeaway food services”, whereas workers in these industries are covered by Awards other than the General Retail Industry Award 2010. However, data on turnover by “cafes, restaurants and takeaway food services” are separately identified in the Retail Trade 8501.0 series, so that it is not difficult to exclude them when seeking to analyse economic conditions in the “General Retail Trade Industry” as defined by the Award. And this is what has been done for the analysis in this report.

The only other difference between the coverage of the ABS’s Retail Trade 8501.0 survey and the General Retail Industry Award is that the 8501.0 series includes sales data for “stand-alone butcher shops” and “stand-alone nurseries”, while the General Retail Industry Award excludes these categories. It is not possible to separate out these categories from the published Retail Trade 8501.0 data, but this is not considered significant for the accuracy of the analysis in this report since the total level of sales in these two categories is only a very small proportion of total general retail sales, probably less than 1 per cent. This means that the trends in total general retail sales, as analysed in this report, would not be affected by the inclusion of these two categories.

For readers’ information, the various industry sectors included in the Retail Trade 8501.0 survey are identified at Appendix B, with a more detailed description being given at Appendix C (being the more detailed ANZSIC definitions).

Other Data Series Utilised in this Report

The other data series utilised in this report which refer to Retail Trade are based on the Australian and New Zealand Standard industrial Classification (ANZSIC) definition of the Retail Trade Industry.

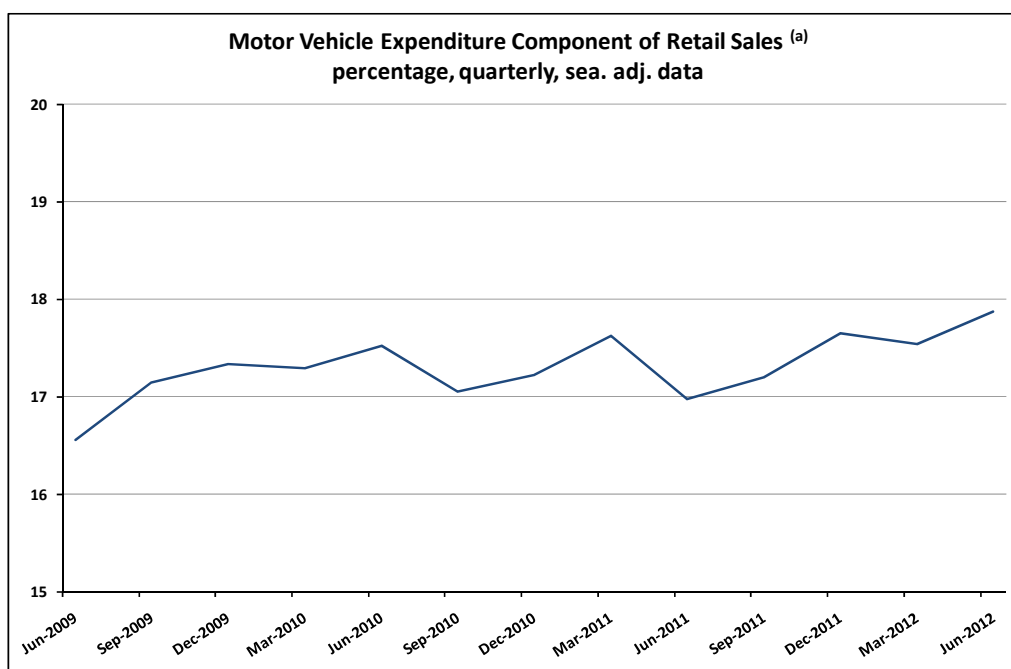
The ANZSIC Retail Trade category does not include accommodation and food services (ie cafes and restaurants, takeaway food services and catering services), but does include motor vehicle retailing and fuel retailing, so that this inclusion is the only significant difference between the ANZSIC definition of Retail Trade and the coverage of the General Retail Industry Award 2010.

Unfortunately, it is not possible to separate out motor vehicle retailing and fuel retailing from the overall data series that are based on the ANZSIC definition, and hence care needs to be taken in interpreting these data series.

The data series utilised in this report which are based on the ANZSIC definition of Retail Trade include industry profitability, employment, value added, and profit margins.

In the main, however, it is unlikely that the inclusion of motor vehicle retailing and fuel retailing will have had an impact on the data such that there is any *significant* differences between the *trends* exhibited by total retail trade as defined in ANZSIC and the actual trends in general retail trade (ie as defined in the General Retail Trade Award) for the different data series indicated above. This is not withstanding the fact that motor vehicle retailing and fuel retailing in recent periods have accounted for around 17 to 18 per cent of total Retail Trade turnover (ie 'retail trade' as defined in ANZSIC) – refer Graph 1.

Graph 1



(a) Calculation based on components of Household Consumption Expenditure, from ABS cat, no, 5206.0 National Accounts,

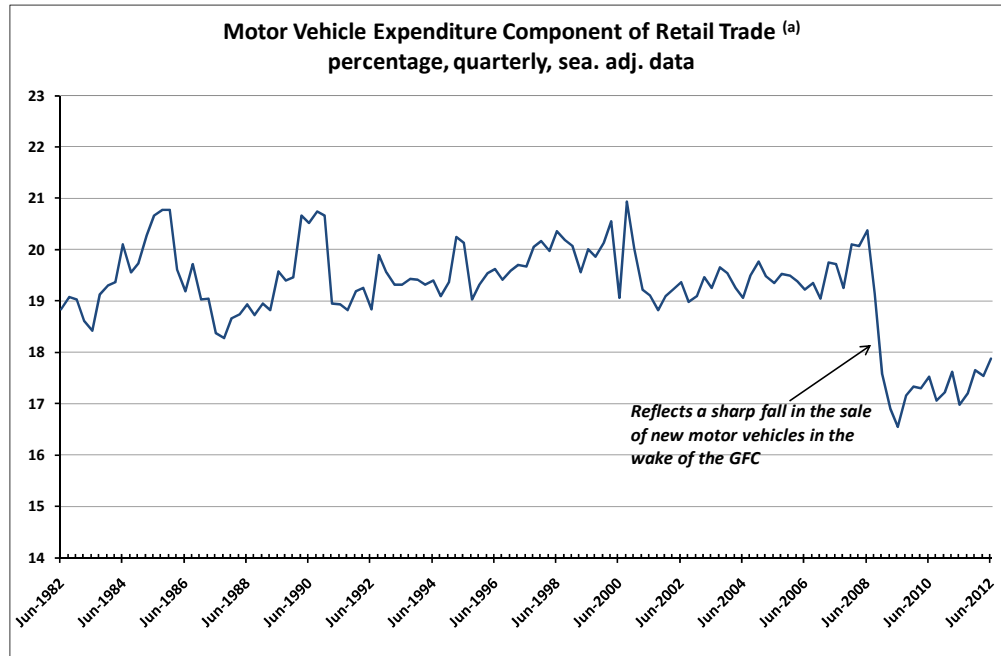
Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts; Fulcrum Economics Australia.

One possible exception, however, occurs around 2008. Graph 2 shows the longer term trend in the contribution of motor vehicle retailing and fuel retailing to overall Retail Trade turnover (ie using the ANZSIC definition of 'retail trade'), and from this graph it can be seen that there was a sharp fall in the contribution of motor vehicle retailing and fuel retailing to overall retail trade turnover in 2008. This fall corresponded with a sharp decline in the sales of new motor vehicles at the time of the Global Financial Crisis (GFC). While not a problem for our analysis of general retail trade turnover, since we use another data series (ie ABS data series 8501.0) to analyse this, it does suggest that care needs to be taken in analysing movements in other data series as they might apply to general retail trade (eg profitability, gross value added, employment, profit margins) around this period. In particular, this sharp decline in trading conditions in the motor vehicle sector may mean that any movements around this period of time in retail trade data series based on the ANZSIC definition, especially negative movements, might represent an exaggeration of the *actual* trends that occurred within the general retail trade component of retail trade.

The other way of looking at the sharp fall in the motor vehicle component of retail trade in 2008 is to recognise that it means that in recent quarters a greater proportion of household spending on retail trade items has been directed to general retail trade items – consider Graph 2 again.

Appendix D provides a full description of the industry categories included in the ANZSIC definition of Retail Trade but which are not included in the scope of industries covered by the General Retail Trade Award 2010.

Graph 2



(a) Calculation based on components of Household Consumption Expenditure, from ABS cat, no, 5206.0 National Accounts,

Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts; Fulcrum Economics Australia.

Question 1 Addressed

Question 1

By reference to available economic data, to what extent, if any, have economic conditions in the national general retail industry as they impact on retailers changed between January 2010 and the present time? Please describe the nature and extent of any changes you identify.

Preamble

There have been a number of significant developments in economic conditions in the broader economy since January 2010 which have impacted on the general retail trade industry, including in areas such as interest rates, consumer confidence, \$A exchange rates, levels of new home building activity and growth in employment, to name but a few. However, the issue at question here is not how broader economic conditions have changed, but rather how economic conditions within the general retail trade industry have changed. To answer this question we consider a number of indicators of trading conditions within the general retail trade industry, including turnover, employment, profit margins and profitability. Discussion of the factors that lie behind these changes in retail trading conditions is provided in our answers to Questions 2 and 3 of the Terms of Reference, later in this report.

Trends in Total General Retail Sales

We start our analysis by considering the trend since January 2010 in general retail sales in current prices, since this is the data most often quoted by commentators. This data is depicted by Graph 3.

Graph 3 indicates that since January 2010 the overall trend in general retail sales has been upwards. In the 3 months ended July 2012 (the latest period for which this data is available) general retail sales were 6.7 per cent higher than in the 3 months ended March 2010, in seasonally adjusted terms.

Growth of 6.7% in current price terms over a period of more than two years cannot be characterised as strong growth. But it nevertheless is growth and, as we shall see, equates to growth in real terms.

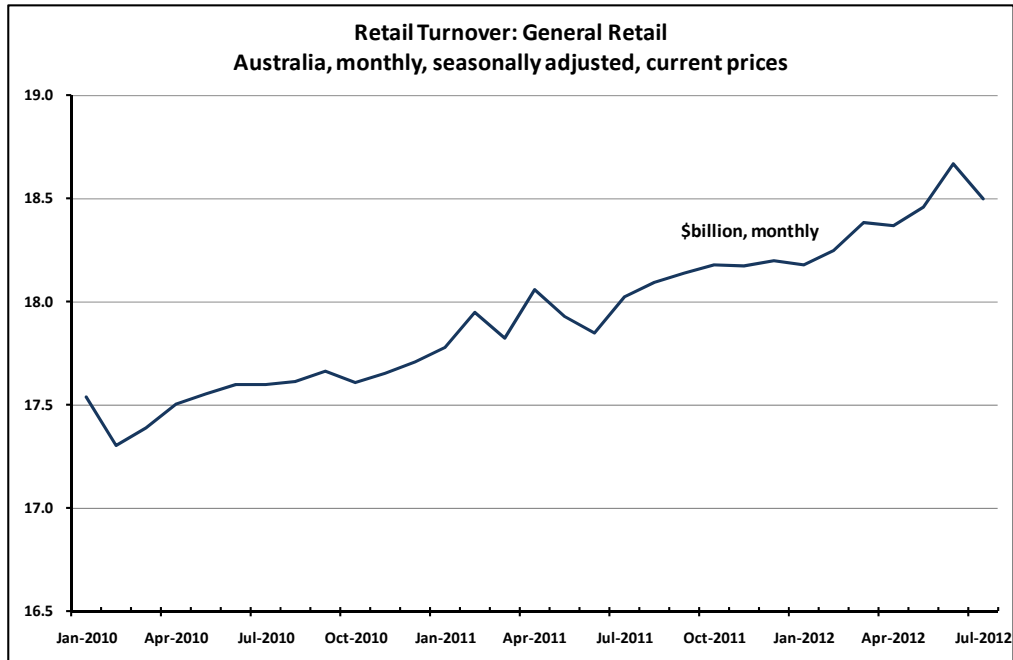
Retail sales in current prices presents only a partial picture of conditions in the retail industry and, indeed, current price data can even present a misleading picture. This will occur if the price effects – be they inflation or deflation – outweigh changes in the volume of retail sales, ie the actual physical amount of goods sold. Thus the first step in obtaining a more accurate picture of trading conditions in the general retail industry is to consider sales in real terms. This data is depicted by Graph 4.

From Graph 4 it can be seen that general retail sales in real terms after being essentially flat through 2010 and most of 2011 started to grow again in the later part of 2011. Thus, in the June quarter 2012 general retail sales were up 3.4 per cent in real terms on sales in the September quarter 2011 (ie nine months earlier).

In short, the real terms data for retail sales confirms the picture presented by the current price data, namely that retail sales have increased in only a very modest way since January 2010. At the same time, however, the real price data also confirms stronger growth in retail sales in the past nine months.

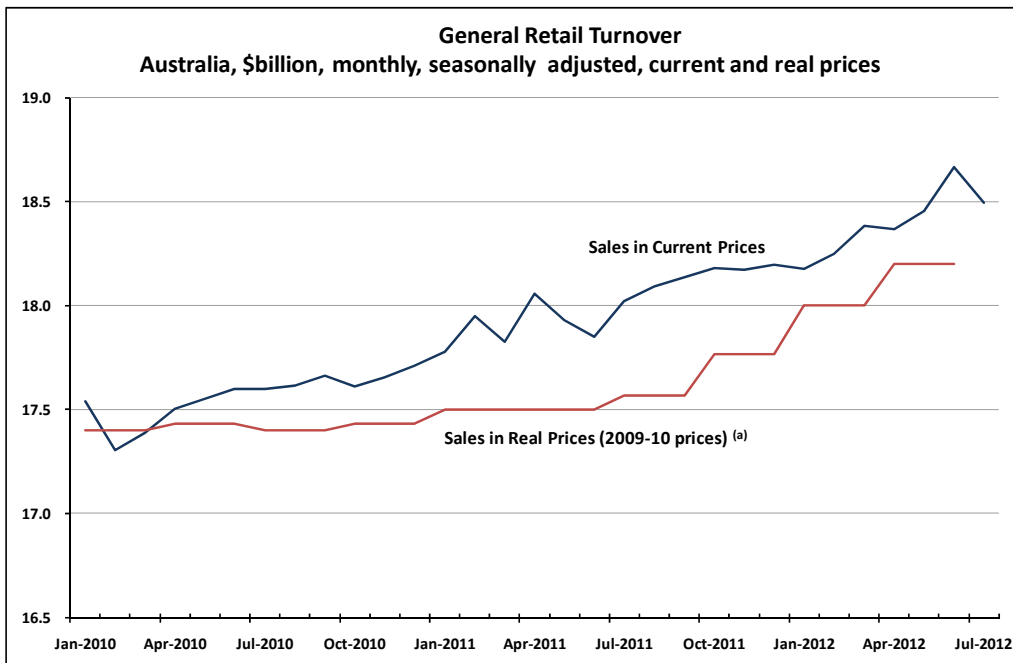
We can go one step further along this line of analysis, and that is to put the recent performance of general retail sales in historical context. The relevant data is provided at Graphs 5 and 6. Graph 5 illustrates the long-run trends in general retail sales in real terms; while Graph 6 presents the same data but on a per capita basis. Both graphs show that notwithstanding the weakness in general retail sales growth through 2010 and 2011, general retail sales have remained around *historically high levels* in the period since January 2010. Of particular significance is the fact that general retail sales *per capita* remain much higher than in earlier periods.

Graph 3



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au

Graph 4

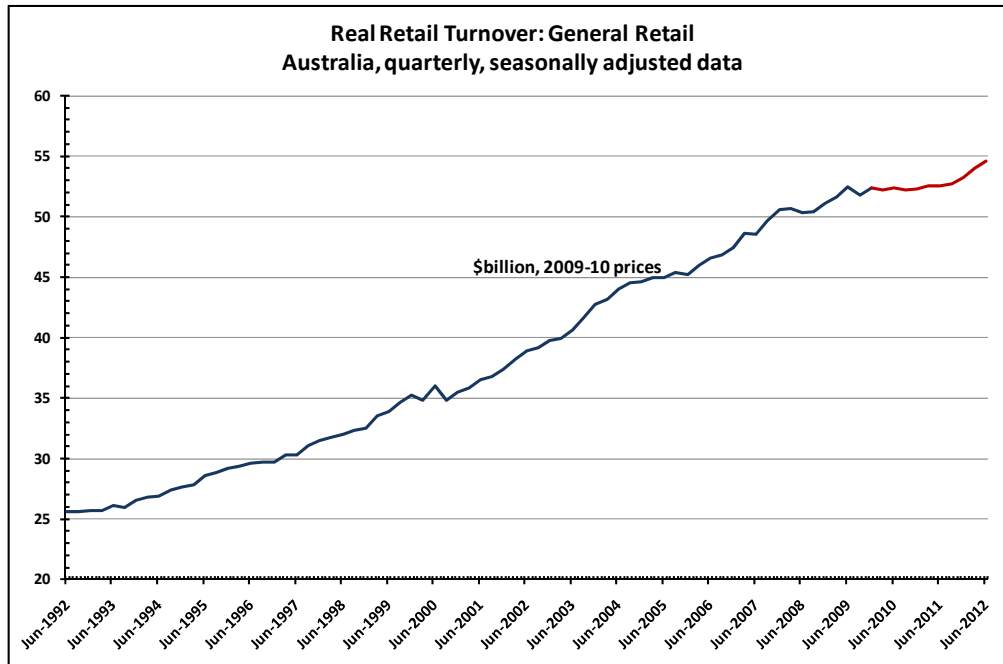


(a) Data for retail turnover in real terms is only available on a quarterly basis. Hence, the data shown in this graph for real retail sales is simply the appropriate quarterly data divided by 3, to give an indicative monthly number. The base year for chain volume measures (ie real price data) is 2009-10.

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

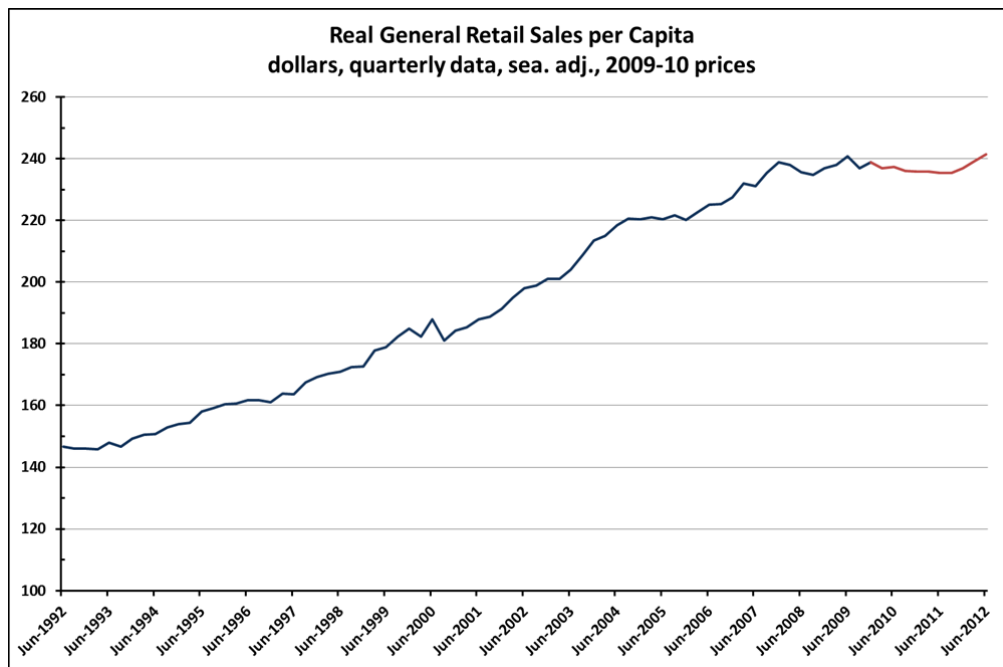
Real per capita spending on general retail goods and services in the June quarter 2012 (the latest period for which data is available) was up 1.9 per cent on real per capita spending in the March quarter 2010. More than this, however, real per capita spending on general retail items in the June quarter 2012 remained 5.4% above its level 5 years ago, and 22% above its level 10 years ago. The obvious conclusion to draw from this data is that it presents a very positive picture for the general retail trade sector, notwithstanding the recent weakness in retail sales growth.

Graph 5



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au

Graph 6



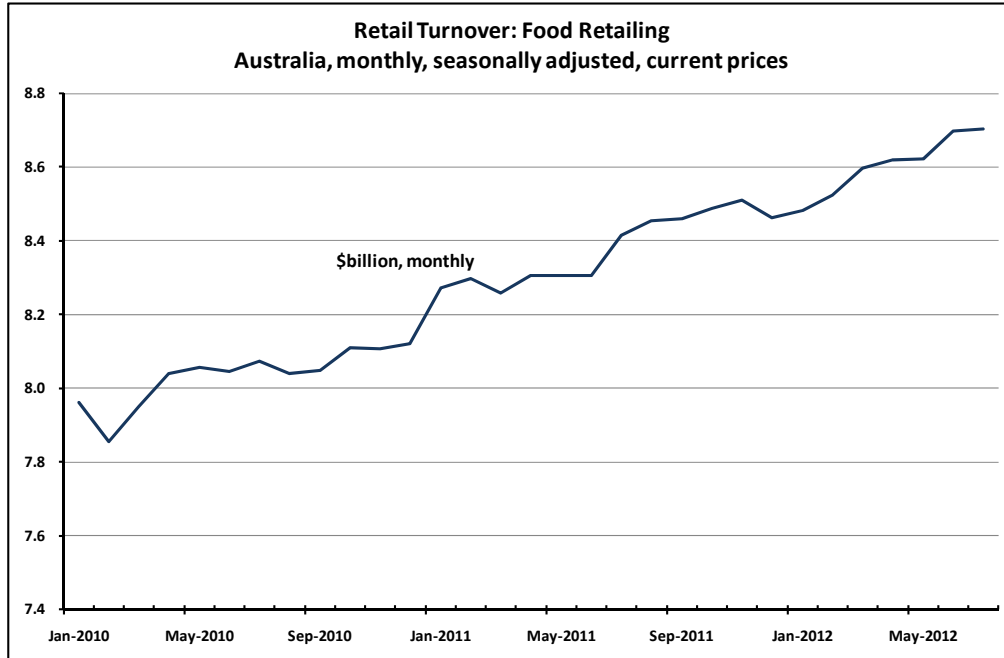
Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, cat. no 3101.0 Australian Demographic Statistics, via www.abs.gov.au; Fulcrum Economics Australia

The picture is even more positive when it is remembered that population growth needs to be added to growth in spending per capita in order to give a measure of *total* growth in real retail sales (which is the data shown by Graph 5). Australia's population growth continued to grow strongly throughout the period 1991-92 to 2008-09, varying between 1.1% per annum up to 1.7% per annum.

Trends in the Different Retail Sectors

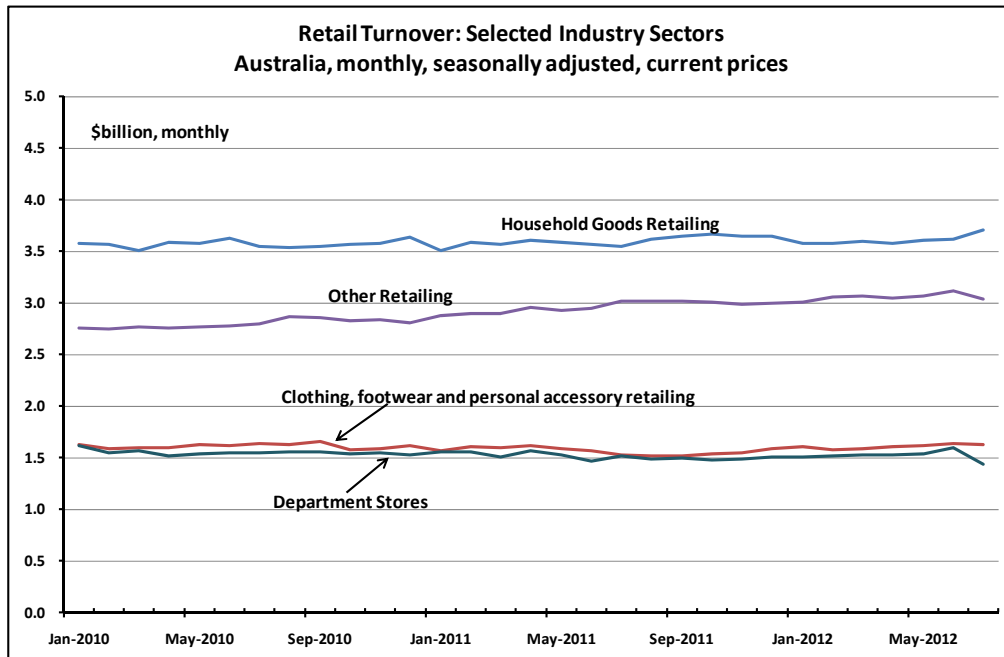
Trading conditions have varied, however, across the different sectors of general retail trade in the period since January 2010. Summary data is provided in Graphs 7 and 8, and at Table 1.

Graph 7



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au

Graph 8



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au

Table 1: Retail Sales
percentage change, 3 months on same 3 months year earlier

	Food Retailing	Household Goods Retailing	Clothing, Footwear & Personal Accessories	Department Stores	Other Retailing	Total General Retailing
3 months to:	Percentage change in Current Prices					
March 2010	1.6	1.2	0.0	1.1	2.7	1.5
June 2010	2.2	0.1	-3.4	-3.4	1.1	0.6
Sept 2010	2.6	0.9	2.0	0.5	5.2	2.4
Dec 2010	1.9	1.6	-1.2	-2.2	3.4	1.4
March 2011	4.5	0.1	-0.9	-2.4	4.9	2.5
June 2011	3.2	-0.2	-1.3	-0.9	6.5	2.2
Sept 2011	4.8	1.7	-7.2	-3.2	6.3	2.6
Dec 2011	4.6	1.6	-2.2	-2.9	6.1	3.0
March 2012	3.1	0.8	0.0	-1.4	4.8	2.3
June 2012	4.1	0.3	1.8	2.3	4.7	3.1
July 2012	4.0	2.1	4.4	1.5	3.8	3.4
3 months to:	Percentage change in Real Terms					
March 2010	1.0	2.2	-1.1	0.6	1.2	1.0
June 2010	0.4	2.2	-4.4	-2.6	-0.7	-0.1
Sept 2010	-0.6	3.2	-0.9	1.3	2.5	0.8
Dec 2010	-1.2	3.3	-3.2	-0.6	0.8	-0.1
March 2011	0.2	2.3	-1.5	-1.5	2.5	0.7
June 2011	-0.7	0.7	-2.1	-0.5	4.9	0.4
Sept 2011	1.6	3.3	-10.0	-3.0	4.9	1.0
Dec 2011	2.7	2.9	-6.0	-3.2	4.9	1.8
March 2012	4.4	2.0	-2.5	-0.7	3.9	2.8
June 2012	5.1	2.1	0.8	3.2	5.3	3.9
July 2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au, and Fulcrum Economics Australia

Graphs 7 and 8 illustrate the trends in turnover across the different sectors of general retail trade in current prices. Close inspection of these graphs (and of the associated data) indicates that sales growth has been solid in food retailing and in 'other retailing' in most of the period since January 2010, but that sales have been essentially flat in all of the other general retail trade categories.

Again, however, it is informative to consider the trend in sales *in real terms*. This information is provided at Table 1.

The picture presented by the real price data is different in some respects from that presented by the current price data. Most notably, retail sales in the household goods sector grew more strongly over the period since January 2010 in real terms than in current price terms. That is, the volume of household goods sold increased at a faster rate than did the dollar value of household goods sold over this period, thus reflecting a decline in prices over this period.

The specific quarters and sectors in which real growth in sales was greater than nominal growth are shown as shaded areas in Table 1.

Stronger growth in real terms indicates that actual growth in demand by consumers for these items has been stronger than that suggested by current price data. Whether or not this is a positive outcome for retailers, however, is unclear from this data alone. It may be that the stronger growth in sales in real terms indicates a progressive squeezing of profit margins. Alternatively, it may be that the cost of stock has been falling – because, for example, a stronger \$A means a lower cost of imported items – so that profit margins in fact were maintained and hence so was the overall level of profitability. We need to consider data on profitability to determine which of these explanations is the more correct.

The second key piece of information to take from Table 1 is that real retail sales growth has strengthened in recent quarters and that this has occurred across all sectors of general retail trade. Indeed, the data indicates that real retail sales are now growing strongly in some sectors, most notably food retail (up 5.1% in the June quarter 2012 compared to sales in the June quarter 2011), in ‘other retailing’ (up 5.3% across the same period) and, to a lesser extent, in department stores (up 3.2%). Overall, total general retail sales in the June quarter 2012 were 3.9% greater in real terms than in the same quarter a year earlier. And even in those sectors where growth is not yet strong – namely, household goods retailing and clothing, footwear and personal accessories retailing – it is at least now positive in real terms.

Profitability of the General Retail Sector

Profitability in the general retail trade industry, as in any industry, can be considered at two levels, namely:

- iii. aggregate profitability across the industry as a whole; and
- iv. profitability of individual businesses.

We start by considering trends in the ‘Gross Value Added’ of the Retail Trade Industry.

‘Gross value added’ (GVA) is a measure of the contribution made by an industry sector to Gross Domestic Product (GDP) and is an indicator of the overall growth of the industry sector. Gross value added consists of the value of wage and salaries paid within an industry and the gross profit of the industry.

From Graph 9 it can be seen that on this measure the Retail Trade industry sector recorded little growth in the period March quarter 2010 to the June quarter 2011, but since the June quarter 2011 has recorded steady growth. Thus, gross value added generated by the Retail Trade sector in the June quarter 2012 was 4.5% greater in real terms than that generated in the June quarter 2011 (seasonally adjusted data). This represents solid to strong growth.

One question which arises in relation to the GVA data is to what extent has the recent growth in GVA been driven by an increase in the wages component and to what extent by an increase in profitability?

Up to date data on the profitability of the Retail Trade sector is only available in current price terms and only on an ANZSIC industry definition basis (refer to the Introduction to this report for further explanation). This data is illustrated by Graph 10 and indicates that the profitability of the Retail Trade sector (in aggregate) showed little growth through 2010 but did record growth in 2011 and in the first half of 2012.

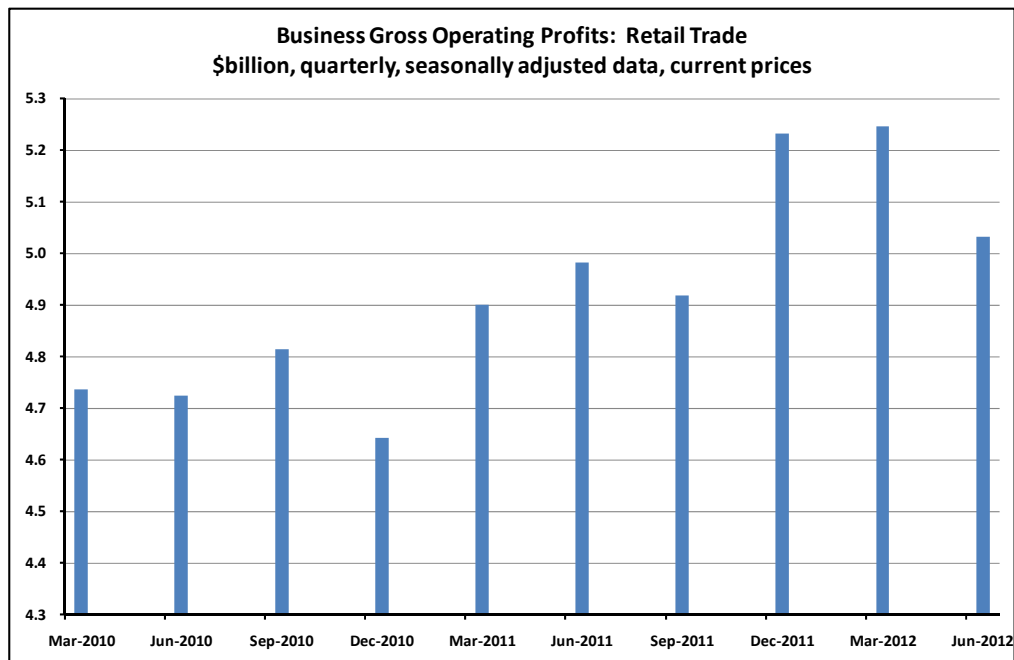
Graph 9



Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts, via www.abs.gov.au

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Graph 10



(a) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au

It is not clear why profitability fell in the June quarter 2012, but this may simply reflect the variability of this data series, which is evident even across the short timeframe of Graph 10.

Putting some numbers on these outcomes, Gross Operating Profit of the Retail Trade sector in the December quarter 2011 was 12.7% greater than in the previous December quarter, with profit in March quarter 2012 being 7.0% greater than in the previous March quarter (in current prices). Profit in the June quarter 2012 was only 1.0% greater than in the previous June quarter. Nevertheless, if we add all this up and consider it on an annual basis we note that total profitability of the retail trade sector in 2011-12 was \$20.5 billion, an increase of 6.2% on profitability in 2010-11.

To answer our previous question then, it is clear that growth in GVA of the retail industry in 2011-12 was in part at least driven by growth in profitability.

A further factor to bear in mind in understanding profit trends in the Retail Trade industry is that gross operating profit is calculated *exclusive of interest payments*. Consequently, the trends in profitability indicated by Graph 9 are, to a small extent at least, probably an under-indication of the extent to which profitability in retail trade has improved over the past twelve months given the decline in interest rates in this period. To put it in context, the RBA has reduced the target cash rate from 4.75% last October, in a number of steps, so that currently it is 3.25%.

The profit data presented in Graph 9 perhaps also suggests that both factors identified earlier – namely, smaller profit margins because of more intense competition, and lower cost of stock, because of the stronger \$A – might have impacted at various times and to various extents on the profitability of the industry. This may be another reason why there is such variability in the profit data shown by Graph 9.

Beyond considerations of the *aggregate* profitability of the Retail Trade sector it is appropriate to consider what might have been happening with profitability at the *individual retail trader* level in the period since January 2010. Data to gauge this is limited, but some relevant data is provided at Tables 2 and 3.

The first point to note from Table 2 is that profit margins in the Retail Trade sector *increased* in the period 2007-08 to 2010-11. At the same time, however, the percentage of retail businesses recording a profit over this period *declined*, from around 73.6% in 2008-09 to 68.8% in 2010-11. This suggests a mixed picture of profitability in the Retail Trade sector. It suggests that while many retail businesses experienced an increase in profitability over the period at the same time an increasing number of retailers were experiencing greater difficulty in realising a profit. In large part, this would reflect different trading conditions across different sectors of the Retail Trade industry.

Unfortunately, later data for these two series (ie profit margins and percentage of businesses making a profit) is not yet available. However, in light of the stronger level of aggregate profitability through 2011-12 (Graph 10) it seems reasonable to presume that average profit margins, if anything, lifted further in recent quarters and that the number of businesses making a loss declined.

Table 3 shows business entries and exits for the Retail Trade sector. The data illustrates two main points. First, it illustrates that the Retail Trade industry sector remains a dynamic industry sector, with there being both a large number of entries and exits on an annual basis. In many respects this is a good thing. It suggests an ability to facilitate structural change within the industry and to bring about a “more efficient allocation of resources” (to use the economic jargon), both significant factors in progressing the overall well-being of society.

The continued large number of entries also indicates that many investors and business people continue to see opportunities in the Retail Trade sector.

On the other hand, the high number of “exits” does not necessarily indicate a level of business “failure” (however that might be defined) of the same extent. For example, it does not indicate that 20,921 retail businesses failed in 2010-11, or 14.6% of all retail businesses operating at the start of the year. This is because businesses *exit* an industry for many reasons, including retirement of the principal, merger with another business, re-constituting the business as a new business, because the

Table 2: Retail Trade Industry Performance, Selected Indicators

		2007-08	2008-09	2009-10	2010-11
		Retail Trade			
Employment at end of June	'000	1,252	1,260	1,297	1,351
Operating profit before tax	\$m	15,751	17,503	18,946	20,869
Profit margin	%	5.0	5.1	5.3	5.7
Percentage of businesses that:					
Made a profit	%	72.6	73.6	70.3	68.6
Broke even	%	1.2	1.6	1.3	0.5
Made a loss	%	26.2	24.9	28.4	30.9
		Total Selected Industries ^(a)			
Percentage of businesses that:					
Made a profit	%	74.7	73.7	73.2	73.0
Broke even	%	1.6	1.6	1.4	1.6
Made a loss	%	23.7	24.8	25.4	25.4

(a) Excludes Division K Financial and Insurance Services

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 8155.0 Australian Industry

Table 3: Number of Businesses, Retail Trade and All Industries, Australia^(a)

	Number operating at start of financial year	Number of Entries	Number of Exits ^(b)	Number operating at end of financial Year
	Retail Trade			
2007-08	145,669	20,367	23,427	142,609
2008-09	142,609	19,592	22,522	139,679
2009-10	139,679	23,669	19,667	143,681
2010-11	143,681	20,919	20,921	143,679
	All industries			
2007-08	2,073,793	316,850	319,286	2,071,360
2008-09	2,071,360	299,123	319,841	2,050,642
2009-10	2,050,642	342,753	268,745	2,124,650
2010-11	2,124,650	294,210	286,448	2,132,412

(a) An upwards spike in 'entries' is evident across all industry categories in 2009-10. This is due mainly to an administrative change by the ABS which affected the scope of coverage of the series; and as such any interpretation of this data should include a discount for this spike.

(b) It is important to recognise that businesses "exit" an industry for many reasons, not only because they "fail". Possible reasons for exit include retirement of the principal, merger with another business, re-constituting the business as a new business and, of course, because of financial difficulties.

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 8165.0 Counts of Australian Businesses, Including Entries and Exits

business was only ever intended to be a short-term business, and, of course, because of financial difficulties.

Notwithstanding this understanding of 'business exits' it is nevertheless relevant to note from Table 3 that the level of exits fell in 2008-09 and again in 2009-10, before increasing in 2010-11.

It is not altogether clear why the level of exits did not increase until 2010-11, since the number of retail businesses recording a loss had already jumped sharply in 2009-10 (refer Table 2) in the wake of the slower growth of the Australian economy (and of retail sales) at that time, reflecting the advent of the Global Financial Crisis (GFC). It may be that the economic stimulus provided by the Government in the early part of the GFC sheltered many retail businesses from the full impact of the economic slowdown for some period of time. Alternatively, it may simply reflect the fact that it is common for businesses even when they are recording a loss to continue to trade as long as they can afford it, in the hope that trading conditions will pick up; or to continue to trade for as long as they are covering their variable costs and thus making a contribution to covering their fixed costs.

Again, the data of Table 3 is currently only available through to 2010-11, so that we do not know what has happened in respect of entries and exits since then. But in light of the growth in the profitability of the industry in 2011-12 there is limited reason to think that the level of exits would have increased in 2011-12, other than perhaps for the reasons identified in the previous paragraph, which might not yet have completely run their course.

The bottom line here, however, is that while there is some evidence that a greater percentage of retailers experienced more difficult trading conditions in 2009-10 and 2010-11 leading to a poorer financial performance, the fact that industry profitability in aggregate improved in 2011-12 suggests that *on average* the profitability of individual retailers also improved in this period – especially if there continued to be more exits than entries in 2011-12.²

There are several possible reasons why a greater percentage of retailers recorded a loss in 2009-10 and 2010-11 despite the small lift in aggregate profitability across the industry as a whole in this period (refer Table 2). For example, it may have reflected more adverse trading conditions in *particular* sectors of the retail trade industry in this period. Equally, it may have reflected more intense competition across the retail trade industry as a whole, as retailers were forced to compete more aggressively to grow their businesses in the face of slowing growth in demand for retail goods. To properly put these trends in context, however, and hence to properly appreciate to what extent they indicate an on-going deterioration in trading conditions in the retail industry or whether they are more symptomatic of a 'correction period' following a period of very strong growth, it is necessary to consider the history of the retail trade sector leading up to 2010. We do this in answering Questions 2 and 3 of the Terms of Reference – refer later sections of this report. But one of the main conclusions from the analysis is that the second of these explanations is clearly the correct explanation.

Other Indicators of Recent Economic Conditions in the Retail Trade Sector

Two other indicators of economic conditions in the Retail Trade sector are employment trends and conditions in retail property markets. Each is discussed briefly.

Graph 11 shows trends in employment in the retail industry in Australia. Perhaps the main point to take from Graph 11 is that employment in the Retail Trade industry as at August 2012 was essentially the same as at February 2010, which suggests that there has been no severe deterioration in economic conditions in the retail industry over this period, for if there had been employment certainly would have fallen sharply. Beyond this broad conclusion, however, there is

² Clearly we are referring to profitability measured in dollar terms. Data on profitability measured in terms of Return on Equity (or similar) is not available. Whether or not ROE for various individual retailers has moved in line with the overall growth in industry profitability depends upon whether the amount of equity invested in the retail trade sector changed across this period.

little else that can be concluded about changes in overall economic conditions in the retail industry from the employment data, since there is not necessarily a strong correlation between employment growth in an industry and the profitability of the industry. For example, slow employment growth but markedly improved productivity would be a recipe for significantly higher profitability.

Graph 11



Source: Australian Bureau of Statistics, cat. no. 6291.0, Labour Force, Australia, Detailed, Quarterly, via www.abs.gov.au; Fulcrum Economics Australia

MAT = Moving Annual Totals

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Recent developments in retail property markets are also not reflective of any serious decline in the retail trade sector since January 2010. Instead, they generally tend to suggest that trading conditions have remained reasonably solid, at least in a broad, overall sense. For example, the latest edition of Jones Lang Lasalle's *Shopping Centre Investment Review and Outlook* (February 2012) states, inter alia:

*"Retail vacancy remain moderate ... Across all retail sub-categories, specialty store vacancy remains at around or below the average level of the last 15 years. The average regional centre vacancy rate has risen from a low of just 0.6% at the end of 2010 to be 1.5% at the end of 2011, but the average is skewed by high vacancy in Canberra and the average excluding Canberra is 0.9%. Similarly, CBD vacancy has risen from 3.0% to 3.9%, but is skewed by the impact of significant new supply on Perth's vacancy rate and is 2.5% excluding Perth. Sub-regional vacancy fell in all markets except South East Queensland over the second half of 2011, and the average vacancy rate [across Australia as a whole] has fallen to 2.8% from 3.3% in mid-2011. While the average neighbourhood centre vacancy rate, at 4.8%, is a little higher than other sub-sectors, it is well below its 15-year average of 6.1% ..."*³

Such continued low vacancy rates indicate still solid demand for retail space which, in turn, suggests, at the very least, still reasonable trading conditions within the retail trade sector. Exactly how

³ Jones Lang Lasalle, *Shopping Centre Investment Review and Outlook*, February 2012, accessed via www.joneslanglasalle.com.au

“reasonable” trading conditions remain is a matter of perspective. As we have already indicated in this chapter, and which we indicate further in answering questions 2 and 3, in the aggregate, conditions in the retail industry remain at historically strong levels. For example, as already seen, per capita spending on general retail sales remain around a historically high level (refer Graph 6)

However, this does not necessarily mean that trading conditions remain strong at the individual retailer level. Further discussion on this is provided later in this report.

Consistent with a slowing in growth in retail sales, a still solid aggregate performance of the retail industry, and more difficult trading conditions for individual retailers retail property markets, while still solid, have not been as strong as they were prior to the advent of the Global Financial Crisis (GFC) (ie 2008-09). Since the advent of the GFC and the subsequent slowing in retail sales growth in Australia, there has been a decline in leasing enquiries and, in recent quarters reportedly an increasing use of incentives to attract or retain retailers (Jones Lang Lasalle *op. cit.*).

Question 2 Addressed

Question 2

By reference to available economic data, how do economic conditions between January 2010 and the present time as they impact on retailers in the national general retail industry compare to economic conditions over the previous 30 years?

Longer Term Trends in Aggregate General Retail Turnover

As for question 1, we commence our answer by presenting data on trends in general retail turnover measured in current price terms (ie nominal data). Graph 12 illustrates this series over a near-30 year period, being the longest period for which a consistent time series is available.

Graph 12



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au.

Note: The unusual spikes (up and then down) in the data around June 2000 corresponds with the introduction of the GST, as consumers brought forward their purchases of items which were to increase in price with the introduction of the GST.

The most striking fact illustrated by Graph 12 is the strong upward trend in retail sales across nearly all of the 30 year period since the early 1980s, with the only extended period of flatness being around 2008-09 to 2009-10. Even the recession period of 1991-92 does not show up as an extended period of flatness on this graph. In a very broad sense then, the period 2008-09 to 2009-10 was clearly a difficult period for the retail industry, but at the same time the degree to which it can be considered to be a difficult period is clearly significantly mitigated by the fact that it follows an extended period of very strong growth.

Putting some numbers on it, average annual growth in nominal retail sales varied from around 9.0% per annum through most of the 1980s (ie 1983 to 1989), to only around 2.0% per annum in the latest period, namely 2009 to mid-2012.

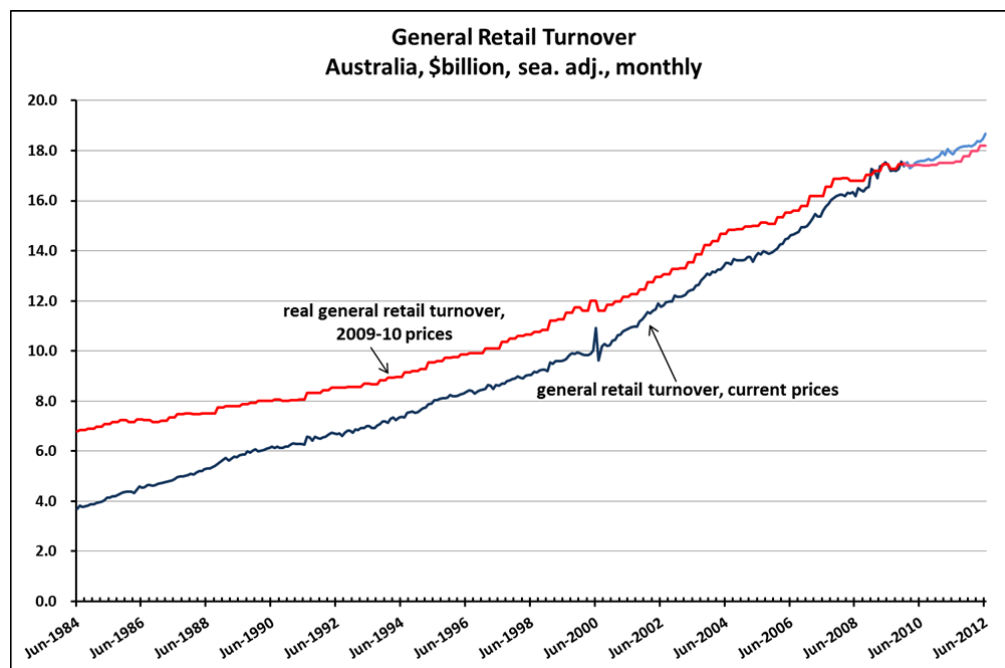
However, this is not necessarily a good basis on which to reach conclusions about possible changes in the profitability (or overall economic conditions) of the retail trade sector. This is for two reasons. First, movements in nominal retail sales data reflect not only changes in the volume of retail sales (ie

the actual number of goods sold), but also changes in prices. As a general rule, changes in volumes are more likely to be indicative of changes in overall trading conditions since changes in prices may reflect nothing more than general inflation (which would also normally be reflected in retailers' costs).

The second reason why nominal retail turnover is not a good guide to changes in retail trading conditions, at least over a longer period of time, is because profitability is determined not only by revenue but is also dependent upon the costs of operation; and is also dependent upon a variety of associated factors, including the intensity of competition in the industry and taxation arrangements.

Hence, to get a better handle on how economic conditions within the retail trade industry may have changed during the past 30 years we start by considering trends in *real* retail sales. This data is presented in Graph 13.

Graph 13



(a) Data for retail turnover in real terms is only available on a quarterly basis. Hence, the data shown in this graph for real retail sales is simply the appropriate quarterly data divided by 3, to give an indicative monthly number. The base year for chain volume measures (ie real price data) is 2009-10.

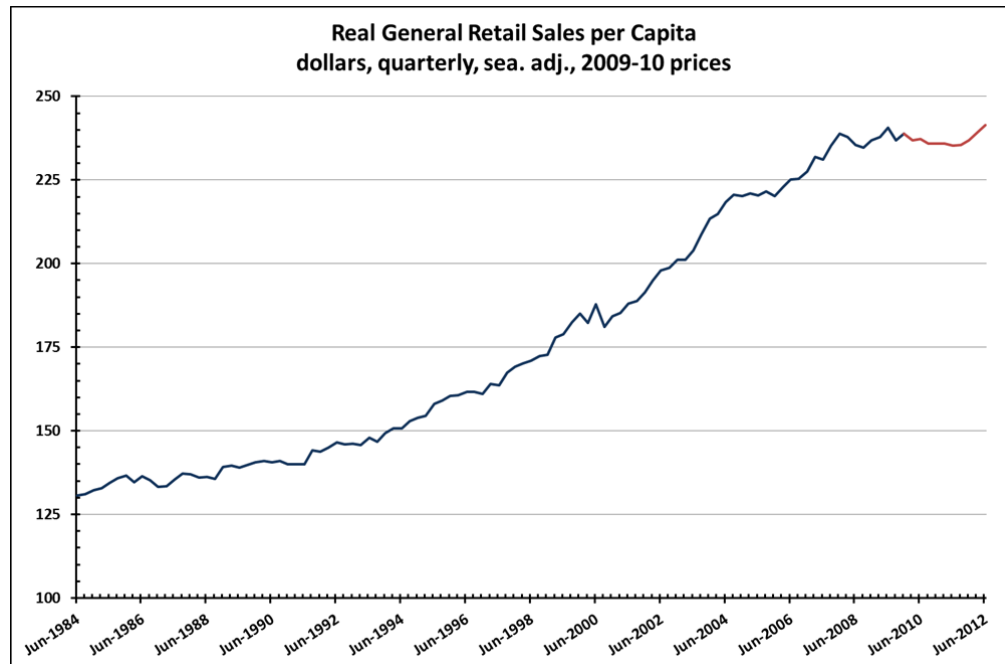
Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

From Graph 13 it is immediately evident that growth in real retail sales over most of the past 30 years has been almost as strong as growth in nominal terms. This paints a very positive picture of retail trade trading conditions over the longer term.

Graph 13 also shows, albeit not very clearly, that growth in real general retail sales was strongest in the period 1997-98 to 2007-08. This is depicted more clearly by Graph 14, which shows real general retail sales on a per capita basis.

The rate of growth of real general retail sales per capita in the period 1997-98 to 2007-08 was very strong. To illustrate this we note that even after four years of relatively weak growth of retail sales, from 2008-09 to 2011-12, as at the June quarter 2012 (ie the latest period for which data is available) real general retail turnover per capita was still 4.5% greater than in the same quarter 5 years earlier (June quarter 2007), 22% greater than in the same quarter 10 years earlier (June quarter 2002), and 48% greater than 15 years earlier (ie June quarter 1997).

Graph 14



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, cat. no 3101.0 Australian Demographic Statistics, via www.abs.gov.au; Fulcrum Economics Australia

On top of the strong growth in spending per capita we must add the growth in spending due to growth in population over this period, to give a measure of the total growth in retail sales over this period. Population growth in the period 1997-98 to 2007-08 averaged around 1.4% per annum.

The end result of the very strong growth in retail spending per capita, combined with the solid growth on Australia's population, was the very strong growth in general retail sales in the period 1997-98 to 2007-08 illustrated by Graph 13.

Table 4 presents data on real general retail sales growth across five distinct periods during the past 30 years, namely:

- the pre-1991-92 recession period;
- the period covering the 1991-92 recession;
- the period immediately after the 1991-92 recession (through to 1996-97);
- the strong growth period of 1997-98 to 2007-08; and
- the period since 2007-08, during which the world economy has been impacted by the Global Financial Crisis (GFC) and, more recently, by the sovereign debt crisis in Europe.

Of these, the standout period for the retail trade industry is the period 1997-98 to 2007-08, when general retail sales grew 4.8% *per annum* on average, in real terms; and general retail sales per capita grew 3.4% per annum on average, in real terms. On any measure these are very strong rates of growth. The fact that they apply to a period stretching over eleven years is all the more striking. ABS data suggests that the only other period since World War 2 in which the Australian retail sector might have experienced such an extended period of sustained growth in sales was from around the early 1960s through to the mid 1970's.

In short, the period 1997-98 to 2007-08 was a 'boom period' for the Australian retail industry.

Table 4: Average Annual Growth in Real General Retail Sales

	Average Annual Growth in Real General Retail Sales (%)	Average Annual Growth in Real General Retail Sales per Capita (%)
1984/85 – 1989/90	2.7	0.9
1990/91 – 1991/92	2.9	2.1
1992/93 – 1996/97	3.5	2.2
1997/98 - 2007/08	4.8	3.4
2008/09 – 2011/12	1.7	0.6

Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

Other than the fact that 1997-98 to 2007-08 was a boom period for retail sales in Australia, the other thing to note about this long period of strong retail sales growth, in the context of this report, is that it occurred in circumstances which meant that ultimately there would need to be a “correction period”. To a large extent the strong growth in retail sales in this period was being driven by sustained strong growth in household borrowing, which was enabling household spending to grow at a faster rate than growth in household disposable income. Clearly, this is not a sustainable situation. Eventually households would have to curb their borrowing and, subsequently, their spending, as they reached their capacity to service debt. Depending upon the circumstances in which this occurred, the end result would be either a correction period of a significant slowing in retail sales or, if it coincided with a significant deterioration in broader economic conditions, a period of much more marked slowing in retail sales growth, or even decline. As it was, the GFC proved to be the catalyst for the correction and general retail sales *growth* slowed significantly post 2008-09. Thus, general retail sales grew only 1.5% in real terms in 2009-10, and only 0.4 in real terms in 2010-11. (With growth in 2011-12 being 2.6%.)

The factors behind the strong growth in general retail sales in the period 1997-98 to 2007-08 and the reasons that this strong growth eventually had to lead to a slowdown are identified and discussed in more detail in our answer to Question 3 of the Terms of Reference.

One other important aspect of the data shown by Table 4 to note, is that it makes it perfectly clear that the period 1997-98 to 2007-08 is *not* a representative period by which to benchmark the performance of the retail trade industry. To the contrary, it is a historically extraordinary period.

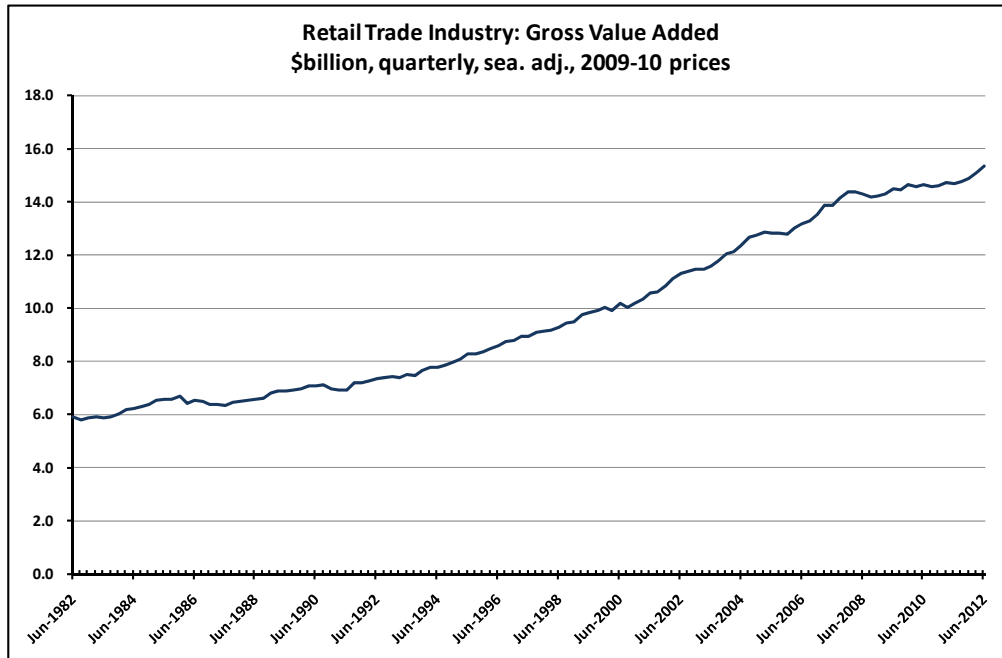
Longer Term Trends in Gross Value Added and Employment

Other data which indicates the strong growth of the general retail trade industry sector in the period 1997-98 to 2007-08 includes growth in real gross value added. This data is shown at Graph 15 and in Table 5. In the period 1997-98 to 2007-08 real GVA of the Retail Trade sector grew at an average annual rate of 4.5%, well up on growth in most earlier periods (refer Table 5).

Interestingly, employment growth in the retail trade sector has progressively slowed over the years and was certainly not as strong in the boom period 1997-98 to 2007-08 as might have been expected. Employment in Retail Trade in the period 1997-98 to 2007-08 grew at an average annual rate of only 2.1%, a slower rate of growth than in the years immediately following the 1991-92 recession (refer Table5). Clearly retailers in this later period were finding ways to boost labour productivity. A key component here would likely have been greater use of technology.

The longer term trends in employment in Retail Trade are illustrated by Graphs 16 and 17 and by the data given in Table 5.

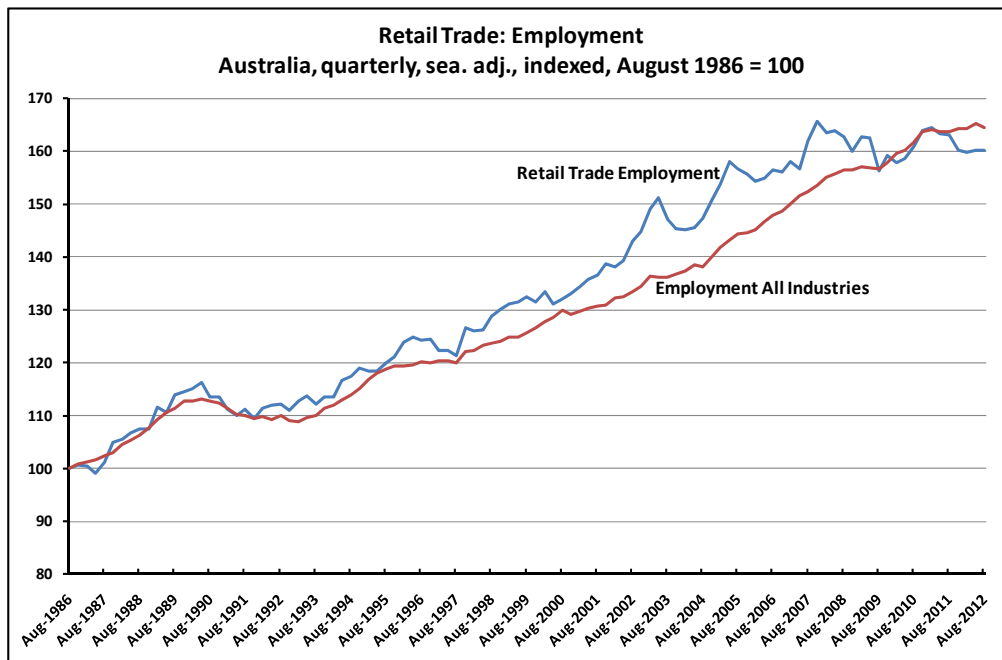
Graph 15



Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts, via www.abs.gov.au

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

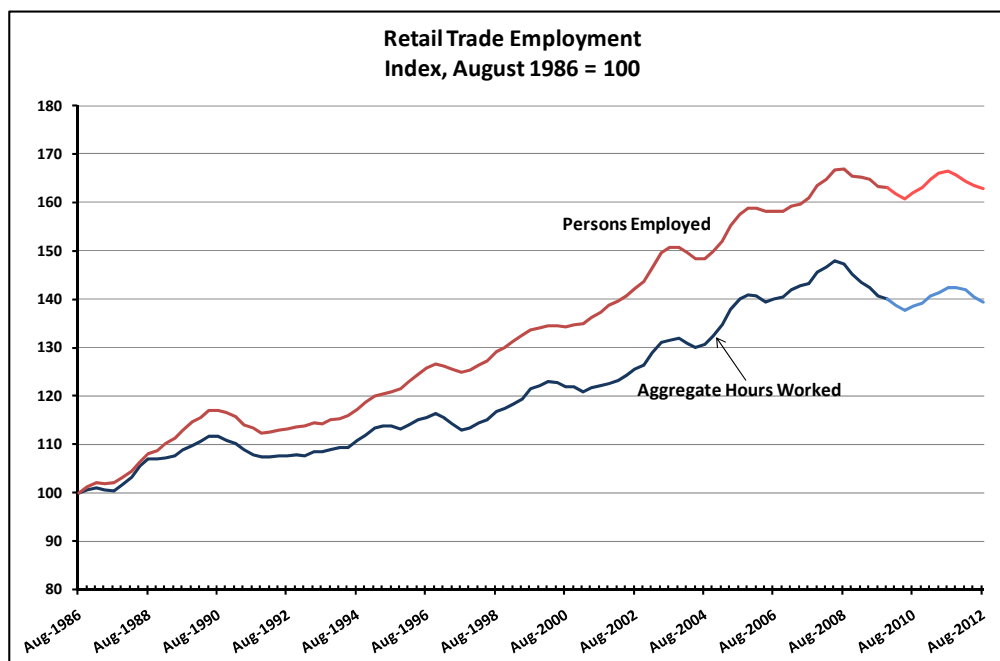
Graph 16



Source: Australian Bureau of Statistics, cat. no. 6291.0 Labour Force Australia: Detailed, quarterly, via www.abs.gov.au; Fulcrum Economics Australia

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Graph 17



Source: Australian Bureau of Statistics, cat. no. 6291.0 Labour Force Australia: Detailed, quarterly, via www.abs.gov.au; Fulcrum Economics Australia

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Table 5: Retail Trade – Growth in Real Gross Value Added and Employment

	Average Annual Growth in Retail Trade Gross Value Added (%)		Average Annual Growth in Retail Trade Employment (%)	Average Annual Growth in Aggregate Hours Worked in the Retail Trade Sector (%)
1984/85 – 1989/90	1.7	Nov'85 – Nov'90	3.5	3.2
1990/90 – 1991/92	1.7	Nov'90 – Nov'92	1.1	-1.2
1992/93 – 1996/97	4.1	Nov'92 – Nov'97	2.7	2.8
1997/98 -2007/08	4.5	Nov'97 – Nov'08	2.1	2.1
2008/09 – 2001/12	1.3	Aug'08 – Aug'12	-0.4	-0.4

Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts, cat. no. 6291.0 Labour Force Australia: Detailed, quarterly, via www.abs.gov.au , Fulcrum Economics Australia

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Longer Term Trends in Retail Turnover by Sector

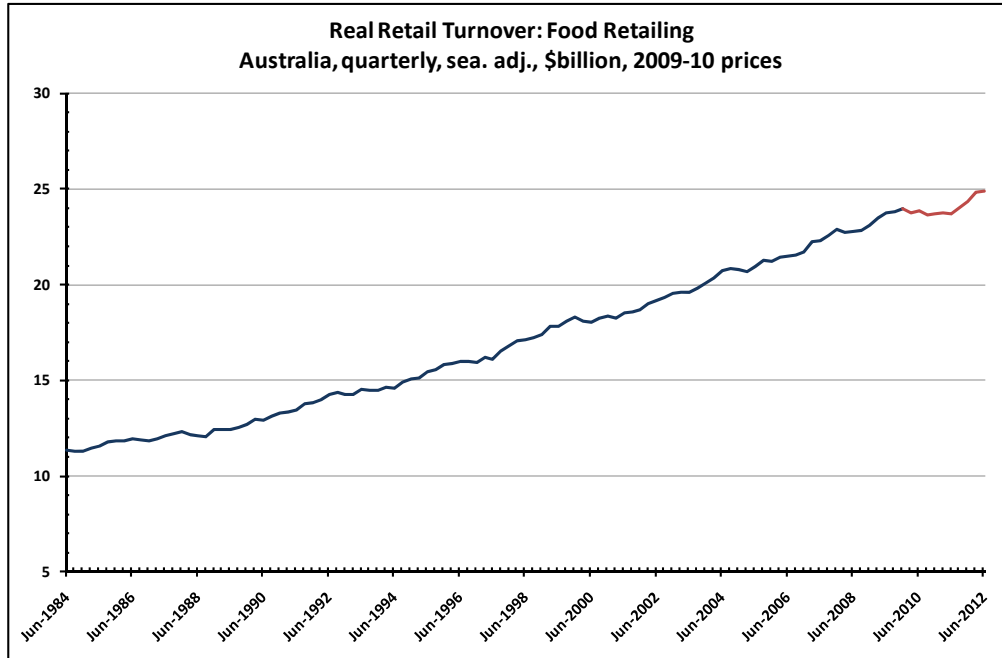
All sectors of the retail trade industry experienced exceptional growth in sales in the period 1997-98 to 2007-08. This is illustrated by Graphs 18 and 19 and Table 6.

However, the sector which experienced the strongest growth in sales in this period was household goods retailing. Sales in this sector grew at an average annual rate of 10.1%, *in real terms*. In any perspective this is a very strong rate of growth.

The comparable growth rates for the other sectors of the general retail trade industry in the period 1997-98 to 2007-08 were:

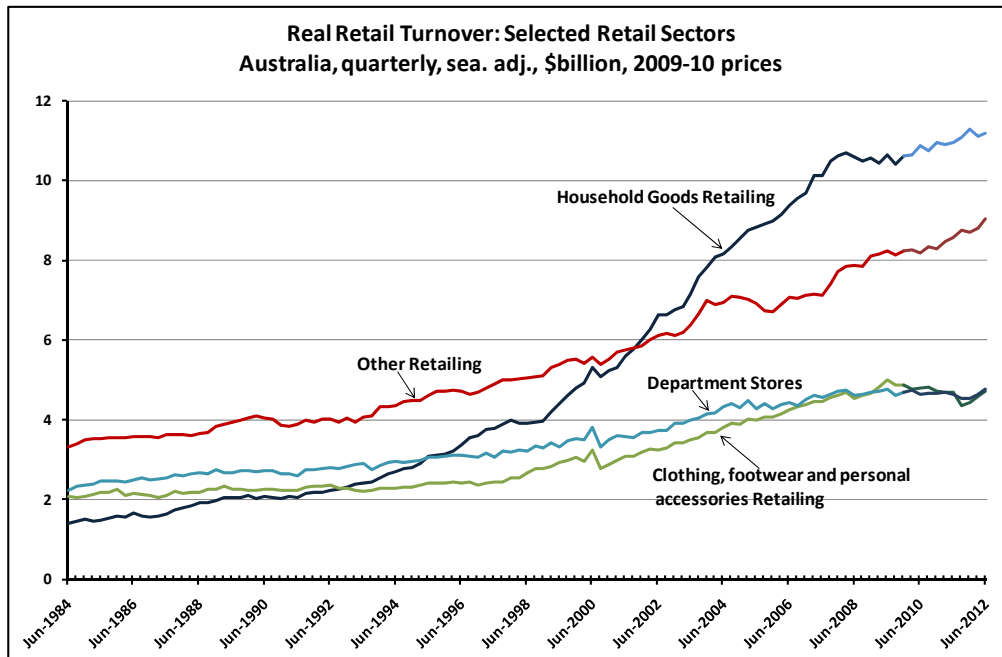
- department stores 3.8%
- clothing, footwear and personal accessory retailing 6.1%
- other retailing 4.5%
- food retailing 3.2%

Graph 18



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au

Graph 19



Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.abs.gov.au

Table 6 shows average annual growth for the different sectors of general retail trade across the same five time periods considered earlier in the analysis at Tables 4 and 5.

Table 6: Average Annual Growth in Real Retail Sales by Industry Sector

	Food Retailing	Household Goods Retailing	Clothing, Footwear and Personal Accessory Retailing	Department stores	Other Retailing
1984/85 – 1989/90	2.3	6.8	1.2	2.8	3.1
1990/91 – 1991/92	4.5	3.0	2.2	0.9	-0.6
1992/93 – 1996/97	2.9	11.1	0.6	2.2	3.5
1997/98 - 2007/08	3.2	10.1	6.1	3.8	4.5
2008/09 – 2011/12	1.9	1.4	-0.4	-0.3	3.5

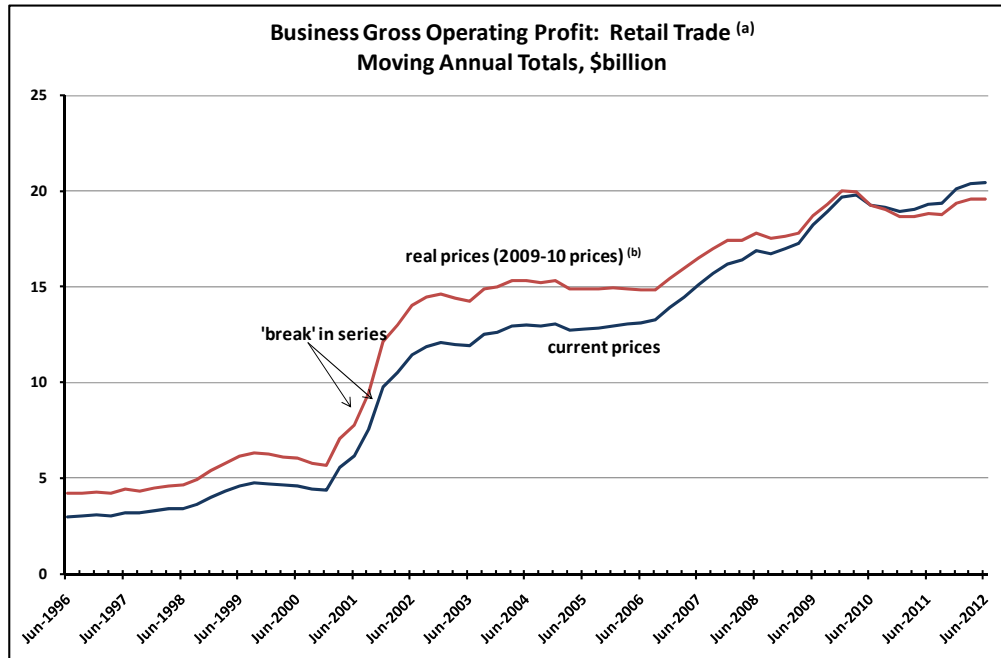
Source: Australian Bureau of Statistics, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

Longer Term Trends in the Profitability of the Retail Trade Industry

Somewhat surprisingly, the boom in retail sales in the period 1997-98 to 2007-08 only slowly gave rise to a significant increase in profitability of the retail trade sector. This is a bit difficult to understand given the strong growth in the GVA of the retail trade industry in this period and the fact that overall employment in retail trade only grew slowly through this period. It may be that there was more intense competition in this period, which initially at least led to lower profit margins. It has not been possible, however, within the timeframe of preparing this report to determine fully the reasons for the profitability pattern shown by Graph 20. Besides the time constraint, the other factor that made it difficult to investigate this conundrum in more detail is the absence for this earlier time period of much of the data earlier considered in answering Question 1 of this report, notably data on profit margins, entries and exits, and other data which might indicate trends in profitability at the individual business level in the retail trade sector.

Clearly though, there are nevertheless some useful conclusions that can be drawn from the profitability data series. In particular, we note that aggregate profitability of the Retail Trade sector eventually did increase strongly over the period 1997/98 to 2007/08. Second, it is notable that despite the weaker growth in retail sales in the period since 2007/08 aggregate profitability of the Retail Trade sector has remained at a high level through to the current time, albeit with some lessening of profitability through 2010 and the first half of 2011.

Graph 20



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the spike in profitability around 2001 should be discounted.

(b) The deflator used was that for household final consumption expenditure. The data therefore is an approximation of real profits in retail trade, but sufficient to indicate trends in aggregate profitability.

Note: These data series refer to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, cat. no. 5206.0 National Accounts, via www.abs.gov.au; Fulcrum Economics Australia

Question 3 Addressed

Question 3

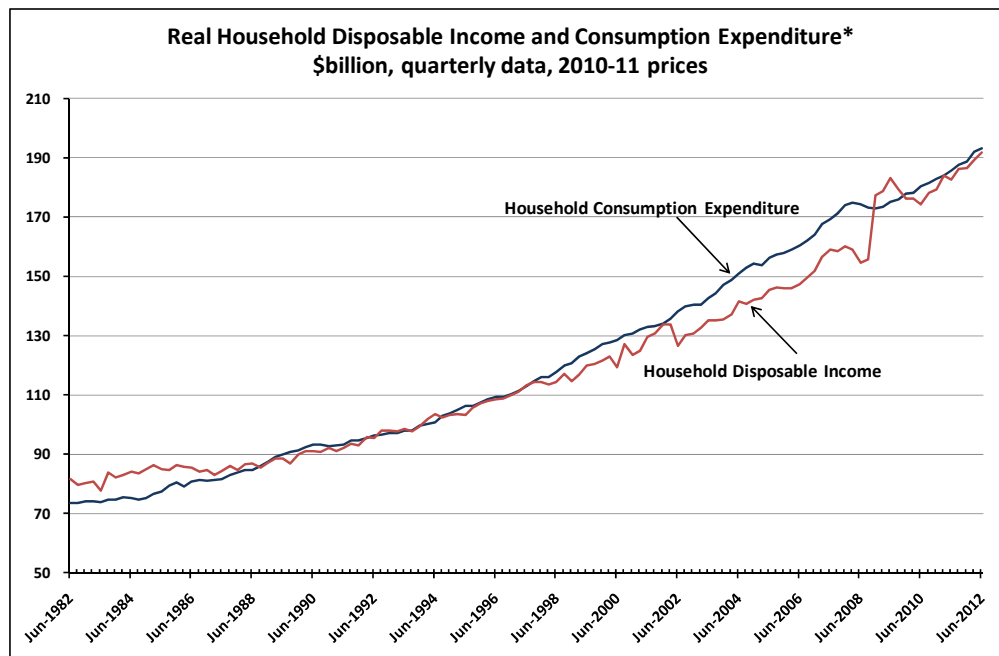
Further to the previous question, to the extent that there has been any deterioration in economic conditions as they impact on retailers in the national general retail industry between January 2010 and the present time as compared to earlier periods, in your opinion, what were the causes of that deterioration?

A Surge in Household Spending 1997/98 to 2007/08

As already noted, general retail sales grew at a very strong rate in the period 1997/98 to 2007/08. This strong growth was enabled by a combination of factors, including strong growth in household disposable income and, much more so, by a willingness of households through this period to substantially increase their borrowings. Data on each is presented below.

Graph 21 and Table 7 illustrate the strong growth in household disposable income through the period 1997/98 to 2007/08.

Graph 21



* Household disposable income is after tax but before interest payments. Real household disposable income is household disposable income deflated by the Household Consumption deflator.

The sharp jump in household disposable income in the September quarter 2008 reflects the measures taken at that time by the Federal Government to ease the threat posed by the GFC for the Australian economy. These measures included sharp increases in social assistance payments to individuals and families.

Source: Australian Bureau of Statistics, cat. no. 5206.0 Australian National Accounts, via www.abs.gov.au; and Fulcrum Economics Australia

Real household disposable income grew at an average annual rate of 3.3% over the period 1997/98 to 2007/08, compared to 3.2% in the period 1992/93 to 1996/97, 2.6% in the period 1990/91 to 1991/92, and only 1.1% in the period 1984/85 to 1989/90.

Table 7: Household Disposable Income and Household Expenditure

Average Annual Growth (%), In Real Terms

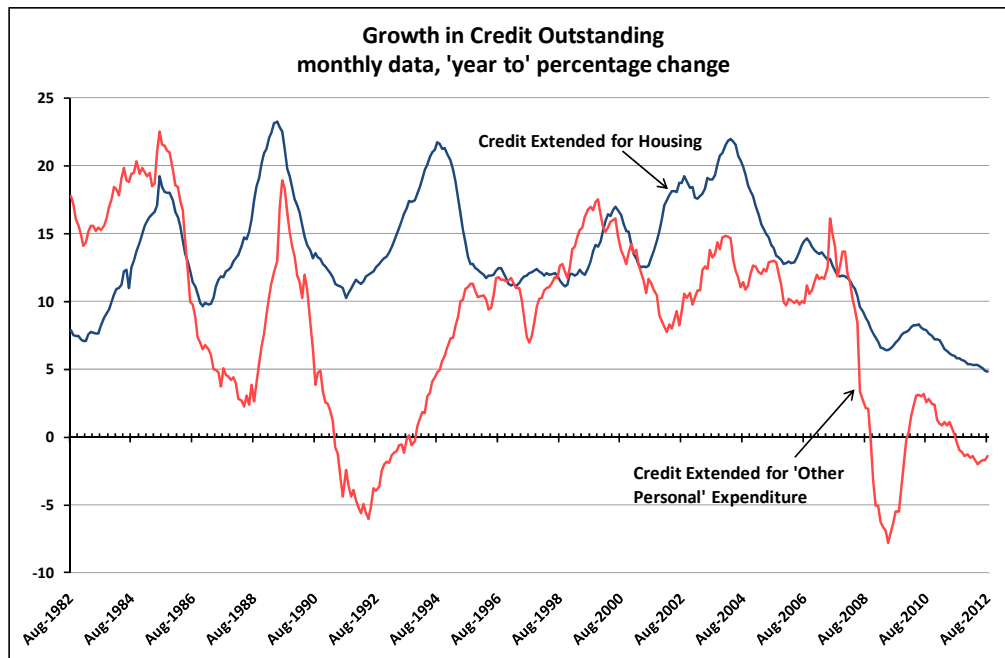
	Average Annual Growth in Real Household Disposable Income (%)	Average Annual Growth in Real Household Consumption Expenditure (%)	Average Annual Growth in Real General Retail Sales (%)
1984/85 – 1989/90	1.1	3.9	2.7
1990/91 – 1991/92	2.6	1.2	2.9
1992/93 – 1996/97	3.2	3.1	3.5
1997/98 - 2007/08	3.3	4.2	4.8
2008/09 – 2011/12	4.5	2.3	1.7

Source: Australian Bureau of Statistics, cat. no 5206.0 National Accounts, cat. no. 8501.0 Retail Trade, via www.rba.gov.au; and Fulcrum Economics Australia.

Graphs 22 and 23 illustrate the strong level of demand from households for credit (ie borrowings) through the period 1997/98 to 2007/08, and the subsequent strong increase in household debt levels.

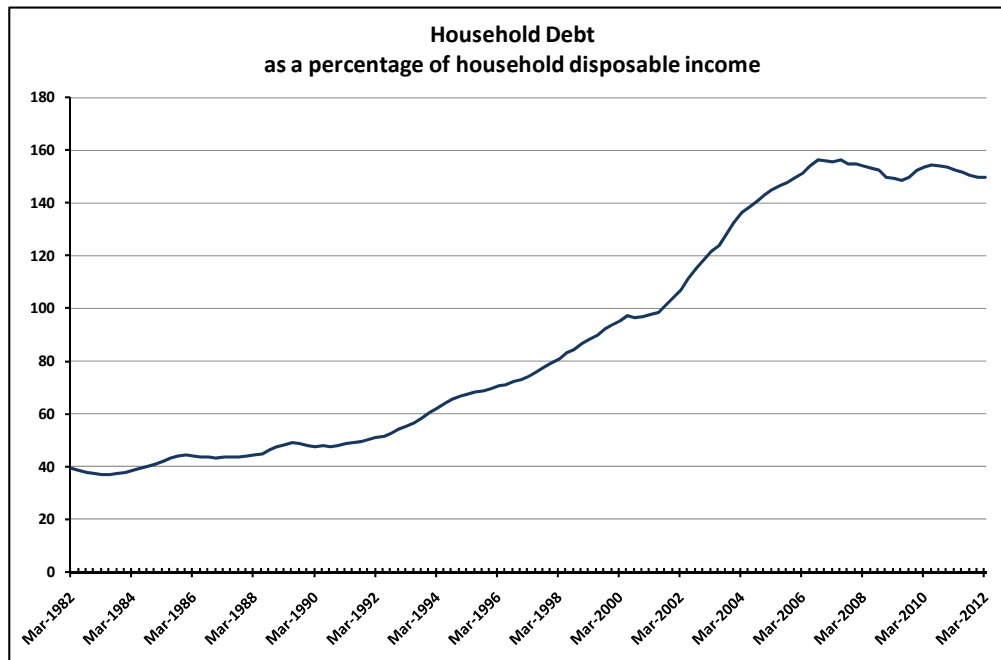
In the period 1997/98 to 2007/08, the level of credit outstanding for housing grew at an annual rate in excess of 10%, approaching 20% for much of the period. Similarly, credit outstanding which had been advanced to finance 'other personal' expenditures also grew very strongly over this period, also around the 10%+ per annum level.

Graph 22



Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph 23



Source: Reserve Bank of Australia, via www.rba.gov.au

The net outcome was that throughout the 1990s and most of the 2000s there was unprecedented growth in the debt levels of Australian households – as illustrated by Graph 23. Across this period, aggregate household debt outstanding grew from a level equal to 50% of aggregate household disposable income in 1991, to around 85% in 1997, and 160% in 2007.

However, in 2007/08, with the advent of the GFC, Australian households became more cautious about borrowing and more concerned about their existing debt levels and, as a consequence curbed their demand for new borrowing, to the extent that the level of household debt outstanding started to decline from that time, albeit in only a very marginal fashion to date. As at March 2012 household debt outstanding is still at a level equal to 150% of household disposable income.

To a very large extent it was the strong growth in household borrowing which fueled the strong growth in general retail sales through the period 1997/98 to 2007/08.

It should also be noted that the extent to which the strong growth in borrowing fueled growth in spending on general retail items is not indicated solely by growth in credit outstanding for 'other personal' purposes. Instead, it should be remembered that increasingly across the 1990s and 2000s a higher proportion of credit extended as 'housing loans' was instead being directed to fund spending in areas other than housing. The nature of the loan, being secured against housing, was the reason for it being classified in this manner. Thus, across this period there was a high level of refinancing of home loans and an increase in non-traditional forms of lending for households, such as lines of credit facilities, which provided households with additional finance to fund spending in areas other than housing.

It also should be noted that the level of household borrowing through this period was such that it resulted in household consumption expenditure growing at a faster rate than household disposable income – refer Graph 21 and Table 7. To put numbers on it, across this period real household disposable income grew at an average annual rate of 3.3%, whereas household consumption expenditure grew at an average annual rate of 4.2%.

As we noted earlier in this report, such a combination of growth rates is not sustainable. Sooner or later households would reach their capacity to service debt and the growth in borrowing would have to cease. Depending upon economic conditions this could happen quickly or slowly. As it was, households continued to increase their borrowings strongly across a 14 year period, from 1993 to

2007, before the advent of the GFC and associated change in economic conditions, as well as the impact on consumer confidence, brought the surge in borrowing to a halt.

Further Consideration of the Factors behind the Surge in Household Spending in the Period 1997/98 to 2007/08

To explain what lay behind the surge in household spending in the period 1997/98 to 2007/08 we need to explain two factors:

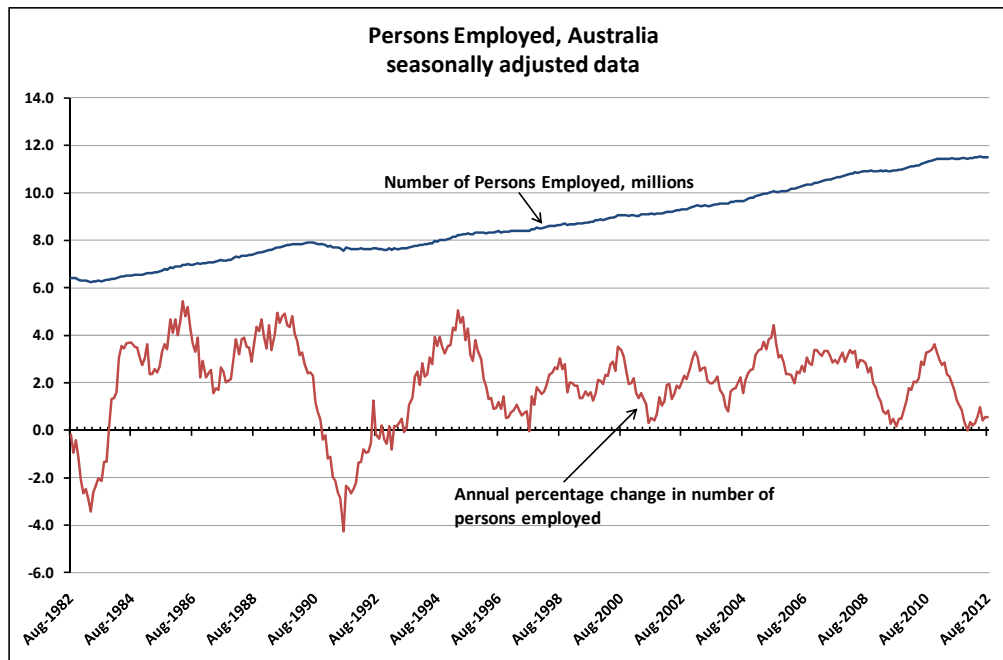
- i. the reasons for the strong growth in household disposable income across this period; and
- ii. why households were so willing, and so able, to increase their debt levels to such an extent across this period.

We first identify the reasons behind the **strong growth in household disposable income** across this period.

The main determinates of real growth in household disposable income are, of course, normally growth in employment, supplemented by growth in real wages.

Employment growth in Australia recovered quite quickly after the 1991/92 recession (refer Graph 24) and subsequently continued to record strong positive growth right through to 2007/08. Thus, average annual growth in persons employed over the period August 1994 to August 2008 (to pick two representative months) was 2.3%; while over the same time period aggregate hours worked grew at an average annual rate of 1.9% (refer Graph 25).

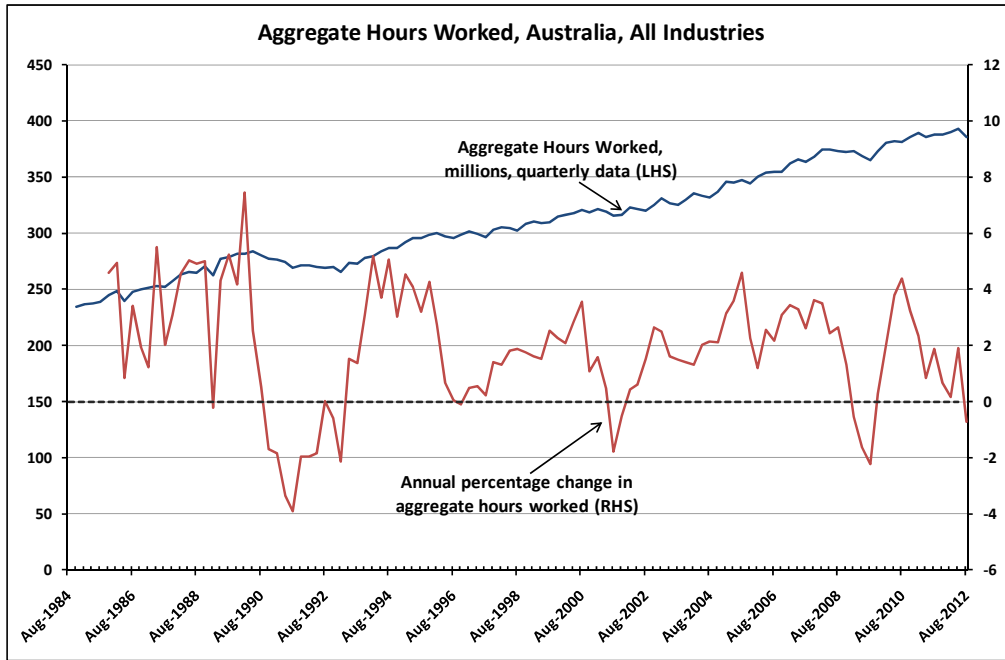
Graph 24



Source: Australian Bureau of Statistics, cat. no 6202.0 Labour Force, Australia,, via www.rba.gov.au; and Fulcrum Economics Australia.

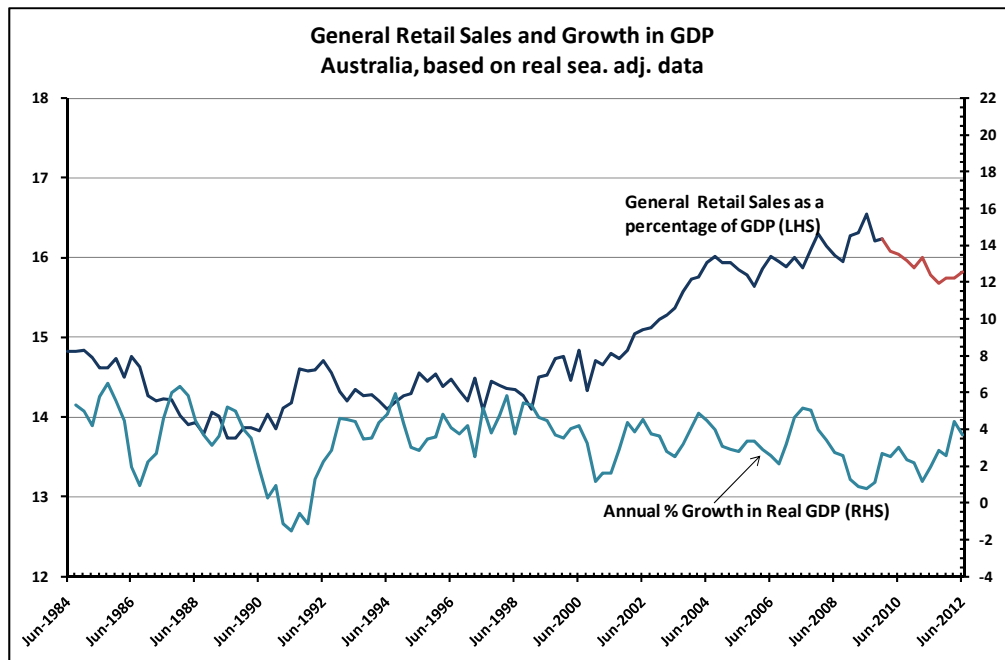
As household disposable income in this period was growing at an annual rate of around 3.3 % this suggests that real wages were growing at an annual average rate approaching 1.4%. In reality, the average annual growth in wages would have been somewhat less than this though, since through this period there were some significant cuts in income tax rates and increases in government payments to families, which also served to significantly supplement growth in household disposable income. For the sake of brevity we have not attempted to detail these income tax cuts or increases in family payments in this report.

Graph 25



Source: Australian Bureau of Statistics, cat. no 6291.0 Labour Force, Australia, Detailed, Quarterly, via www.rba.gov.au; and Fulcrum Economics Australia.

Graph 26



Source: Australian Bureau of Statistics, cat. no 5206.0 National Accounts, cat. no. 8501.0 Retail Trade, via www.abs.gov.au; and Fulcrum Economics Australia

Graph 26 illustrates the growth in GDP from 1984 to the current time and, for reason of comparison, also illustrates the trend in general retail sales, expressed as a percentage of GDP. The key points to note from this graph are:

- the sustained strong growth in GDP in the period after the 1991-92 recession, right through to 2007-08, a record period of sustained growth;
- the strong rise in general retail sales as a percentage of GDP from around 1998 through to 2008, a clear indication of the strength in retail sales through this period; and
- that notwithstanding the decline in general retail sales as a percentage of GDP after 2008 sales have remained at historically high levels as a percentage of GDP (and also in absolute terms – refer earlier graphs).

The sustained strong growth in real GDP from 1993 through to 2008 is, of course, consistent with the sustained growth in employment across this period.

We now turn to explain the reasons underlying the **strong growth in household borrowing** in the period 1994 through to 2008. Following on from our previous discussion, the first point to note, of course, is that the economy was growing strongly across this period, creating both solid employment growth and strong growth in household disposable income, thus increasing households' capacity to borrow.

But clearly there is considerably more than this to the explanation for the very strong growth in household borrowing across this period. The other factors in the explanation are sustained low interest rates, strong growth in the value of household assets, high levels of consumer confidence, a starting point at which household debt levels were relatively low, and an increasingly accommodating financial sector that made it easier for consumers to borrow to finance consumption.

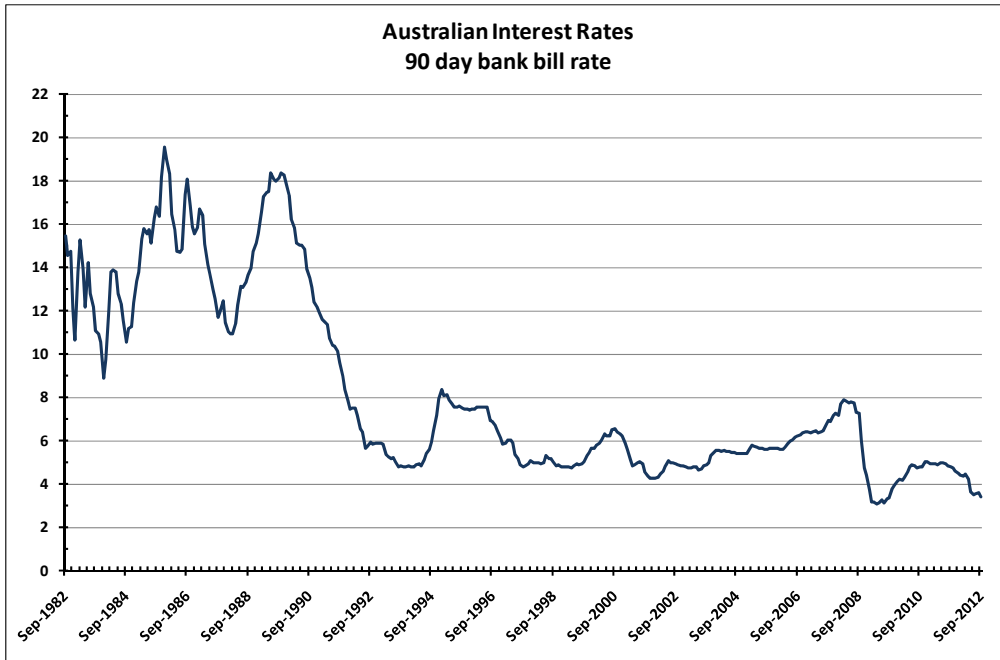
Graph 27 illustrates the long term trend in Australian interest rates, using the 90 day bank bill rate as a proxy for interest rates in general.⁴ The graph shows that interest rates remained low in nominal terms throughout the period 1991 to 2008 (and beyond); and that they were lowest in the period 1997 to 2007. In large part this reflected sustained low inflation.

The lower level of interest rates from 1991 onwards meant that households were able to service a substantially higher level of debt than had been possible in earlier periods. And, of course, the fact that interest rates remained low over such an extended time period was an important factor in influencing the expectations of households, in that they would have become increasingly confident that interest rates would remain low, thus giving them increasing confidence to continue to expand their borrowings – as indeed they did.

As we saw earlier (Graph 23), household debt levels began to rise strongly from around 1992, with a second, even stronger, period of growth from around 2002. Graph 28 makes clear one reason why household debt was able to continue to rise so strongly across such a lengthy period, and that is because low interest rates combined with growth in household disposable income meant that the financing burden on households did not begin to lift in any substantial fashion until around 2002, when interest were starting to edge up. In the period 1992 to 2001 interest payments on household debt stayed within a range of 6% to 8% of household disposable income.

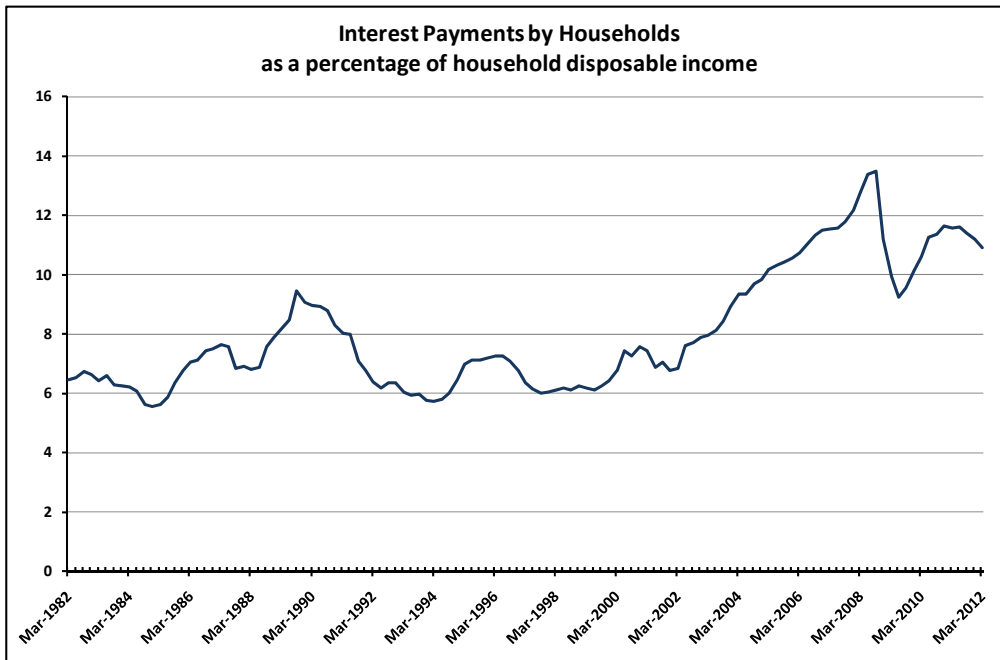
⁴ The interest rate on variable interest rate loans, such as variable home loans, are typically closely correlated with the 90 day bank bill rate. For example, over the last couple of decades home loan rates have generally been set at levels around two percentage points above the 90 day bank bill rate.

Graph 27



Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph 28



Source: Reserve Bank of Australia, via www.rba.gov.au

Graph 29 illustrates the strong growth in the value of household assets across the period 1993 to 2007, which is yet another reason why household debt was able to continue to rise so strongly across such a lengthy period. The increased value of household assets provided additional security against which households were able to increase their borrowings. Thus, in the period from 1993 to 2007 the value of household assets increased from a value equivalent to around five times household disposable income, to a value equivalent to around eight times household disposable income. And it should also be remembered that household disposable income itself was increasing across this period.

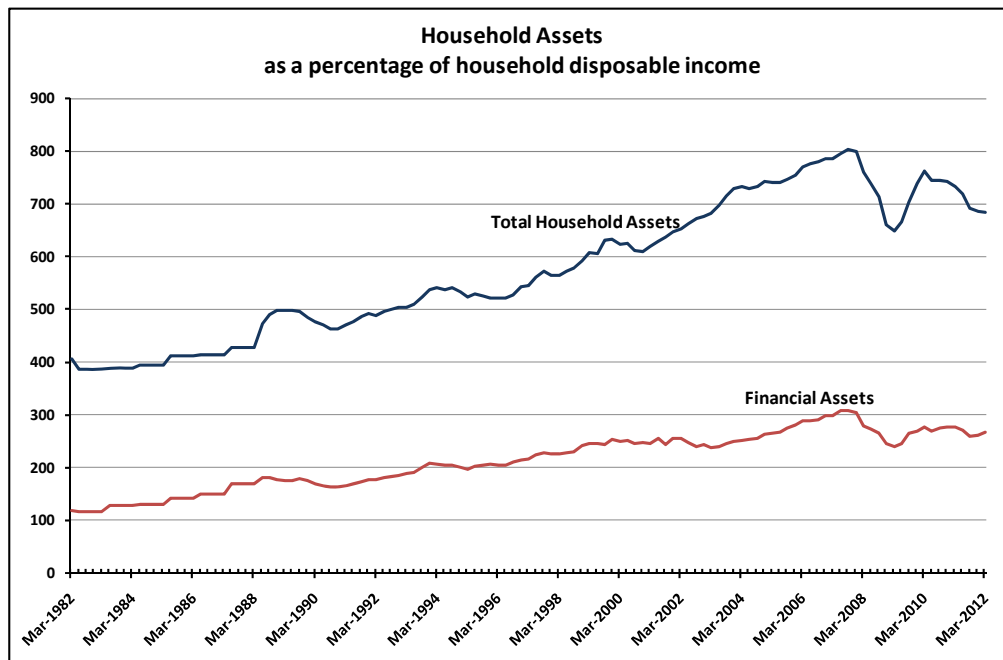
The strong growth in household assets in this period reflected both strong growth in the value of financial assets of households (refer Graph 29) and, to a greater extent, strong growth in the value of established houses (refer Graph 30).

In the period from June 1996 to June 2007 established house prices across the different capital cities increased as follows:

Perth	247.6%
Melbourne	204.7%
Brisbane	166.9%
Adelaide	158.8%
Sydney	118.2%

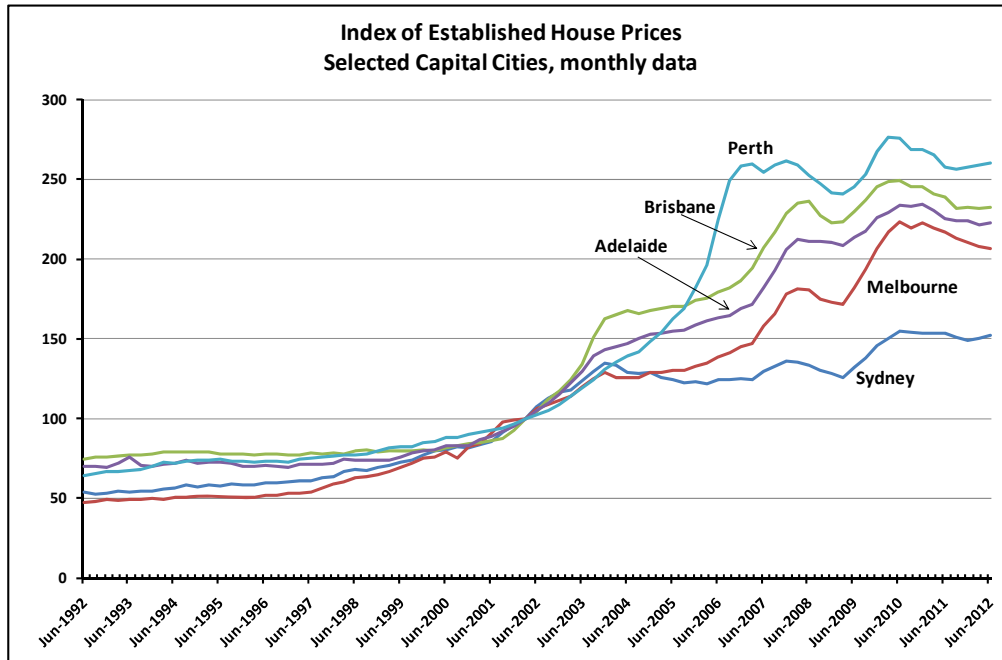
That is, house prices across this time period in the main Australian capital cities (ie the most populous ones) at least doubled, and in two cities, namely Perth and Melbourne, more than trebled.

Graph 29



Source: Reserve Bank of Australia, via www.rba.gov.au

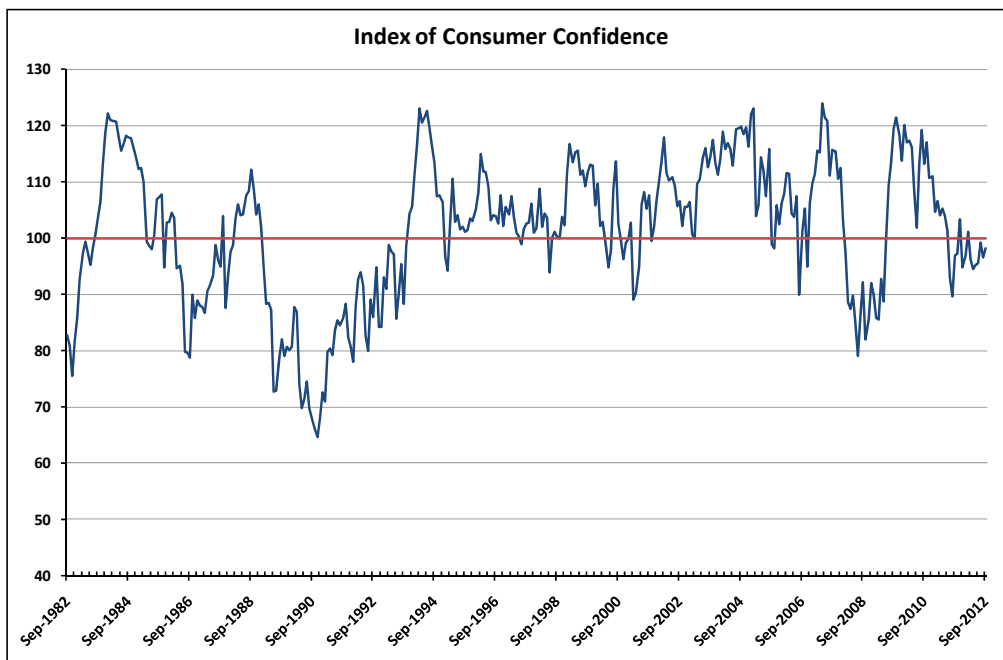
Graph 30



Source: Australian Bureau of Statistics, cat. no. 6416.0 House Price Indexes, via www.abs.gov.au.

The sustained strong growth in GDP, in employment, and in the value of household assets all contributed to bringing about and sustaining a high level of consumer confidence across the period from 1993 to 2007 – refer Graph 31. This, of course, is yet another factor which contributed to the willingness of households to continue to grow their borrowings to the extent that they did.

Graph 31



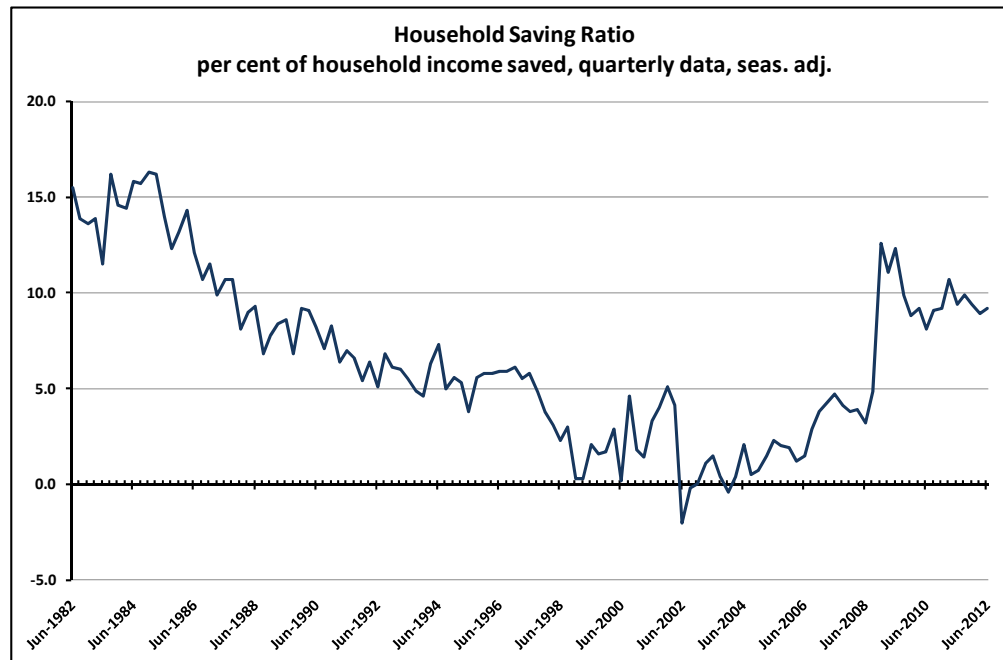
The 'Westpac-Melbourne Institute consumer sentiment index' has a base of 100, at which the optimistic and pessimistic responses to the five questions in the survey are balanced.

Source: Reserve Bank of Australia, via www.rba.gov.au.

In line with the strong growth in household borrowing and household spending in the period 1993 to 2007 there were sharp declines in the household savings ratio, so that it reached historically low levels in the period 1998 to 2006 (Graph 32).

It is notable that since 2008 the situation in respect of household savings has reversed, so that the household savings ratio has returned to levels equal to around 10% of household disposable income. This is an important factor in explaining the weaker growth in general retail sales since 2008.

Graph 32



Source: Australian Bureau of Statistics, cat. no.5206.0, via www.abs.gov.au

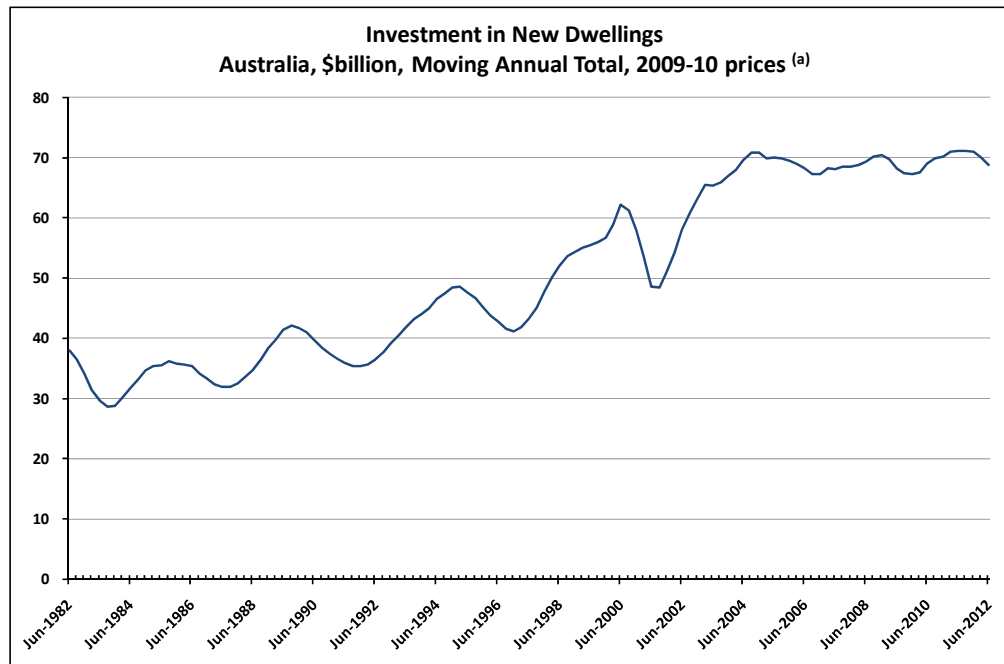
As we saw earlier in this report, the pattern of growth across the different sectors of retail trade has varied over time, most notably in the period since the 1991-92 recession – recall Graphs 18 and 19.

The differences in growth across the different retail sectors reflect, of course, the pattern of household spending. One of the key drivers in the growth of household spending through the period 1996-97 to 2007-08 was the strong growth in house prices, which led to households significantly lifting their investment in housing. In turn, this provided the reason for the very strong growth in household goods retailing across this period.

Graph 33 illustrates the strong growth in investment in new housing across this period. On top of this, of course, there was also strong growth in residential real estate activity (ie people moving between established houses), which also would have generated increased demand for household goods. (For the sake of brevity data on residential real estate activity is not provided in this report.)

The cessation of growth in new housing investment, as well as a fall in residential real estate activity, are yet other reasons behind the weaker growth in general retail sales since 2007-08.

Graph 33



(a) Includes expenditure on residential alterations and additions.

Source: Australian Bureau of Statistics, cat. no. 5206.0 National Account, via www.abs.gov.au; Fulcrum Economics Australia

The Response of the Retail Industry to the Strong Growth in Household Expenditure in the Period 1996-97 to 2007-08

A key ingredient in understanding the reasons for the current more difficult trading conditions reportedly being experienced by *individual* retailers is to recognise the response of the retail trade sector to the strong growth in household spending in the period 1996/97 to 2007/08. Not surprisingly, this response was a marked increase in investment in retail capacity.

One indicator of this is provided by the strong rise in retail building work during this period. Data is provided at Graphs 34 and 35. (Although, unfortunately, these time series are only available for the period since 2002.)

The growth in both the value of 'work done' and the value of 'work completed' on retail and wholesale trade buildings in the period 2002 through to 2008 was dramatic. For example, the value of work done in this sector increased at an average annual rate of 17.2% across this period; while the value of 'work completed' increased at an average annual rate of 14.3%.

An alternative way to view the growth in new retail building is to note that in 2007/08 the value of work done on new retail and wholesale trade buildings was 159% greater than that done in 2001/02; while the value of work completed in 2007/08 was 122% greater.

Clearly there was a very substantial increase in retail space across this period. All of which, as indicated by the available data on retail vacancies, appears to have been taken up.

There is only limited historical data available on trends in total retail floor space, but the Productivity Commission in its 2011 report in the retail industry noted that "... the growth in Australian retail floor space has outpaced the growth in population". The Productivity Commission estimated that retail floor space in Australia on a per capita basis increased from around 2.4m² in the early 1990s to

nearly 3.0m² in 2005-06.⁵ This equates to a 25% increase in retail floor space over a 15 year period. Australia's population in the same period grew around 17%, a not too significant a difference. However, the fact that there continued to be strong growth in retail building activity beyond 2005-06 indicates that per capita retail space would have continued to increase post 2005-06 and, given the high level of building activity, would have done so to a significant extent. The value of retail and wholesale building work completed in 2007-08 was 6.3% greater than in 2005-06; it rose again, by 3.9%, in 2007-08; and by a further 5.7% in 2008-09. Since then it has remained around a high level, suggesting that the net volume of retail floor space may still be increasing in Australia at the current time.

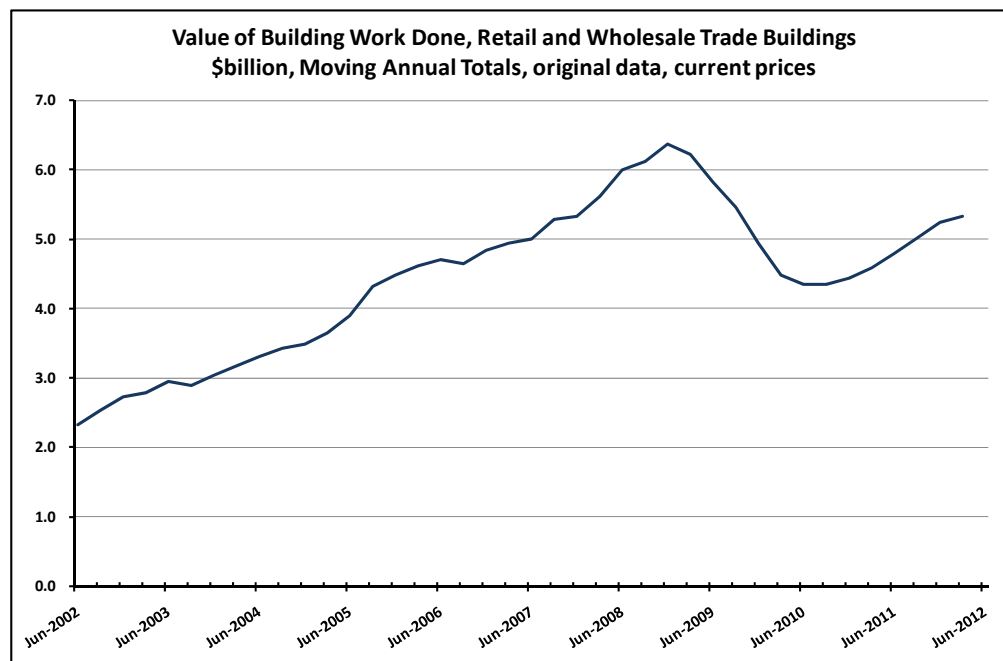
Further evidence of the strong growth in investment by the retail industry in the period 1997-98 to 2007-08 is provided by the strong growth in bank lending to this sector in this period.

Graph 36 shows growth in total credit outstanding to businesses in the retail trade, wholesale trade, and transport and storage sectors in the period 1993 to 2012. Separate data for lending to each of retail trade, wholesale trade, and transport and storage sectors is, unfortunately, not available. However, in light of the other data presented in this report, including the strong growth in retail sales and the strong growth in retail and wholesale building activity, it seems very unlikely that the growth in credit outstanding to the retail sector in the period 1996-97 to 2007-08 would have been less than growth in credit outstanding to either of the wholesale trade or transport and storage sectors.

In the period from 1996-97 to 2007-08 the level of credit outstanding to retail trade, wholesale trade and transport and storage businesses increased 209%. That is, it more than trebled over this period.

It is also interesting to note from Graph 36 that in the most recent period, from around the middle of 2011 to currently, the demand for credit by retail businesses has again begun to increase.

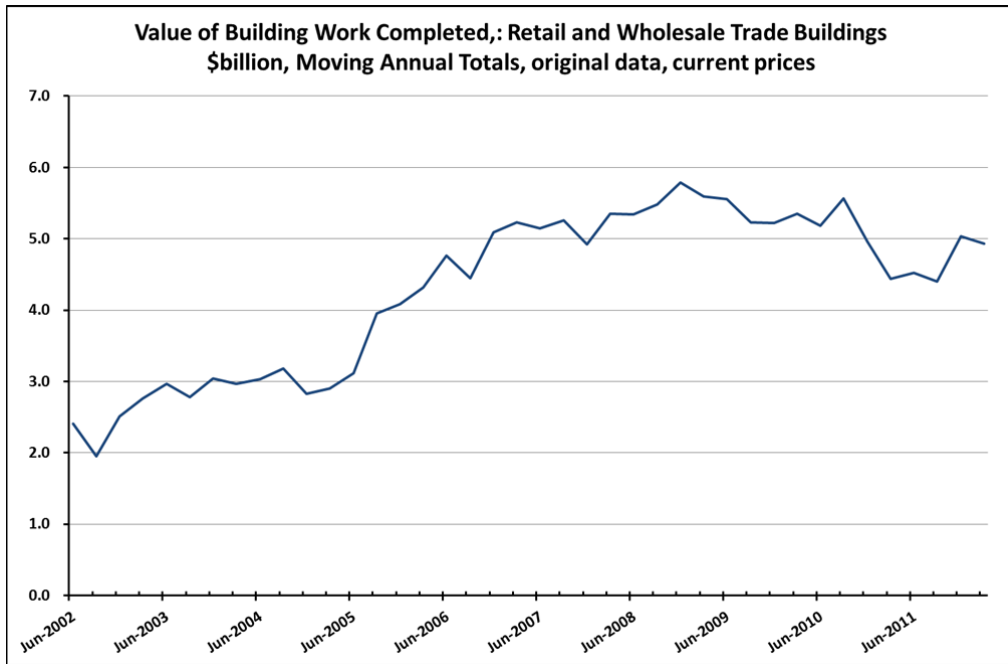
Graph 34



Source: Australian Bureau of Statistics, cat. no. 8752.0 Building Activity Australia, via www.abs.gov.au; calculations by Fulcrum Economics Australia

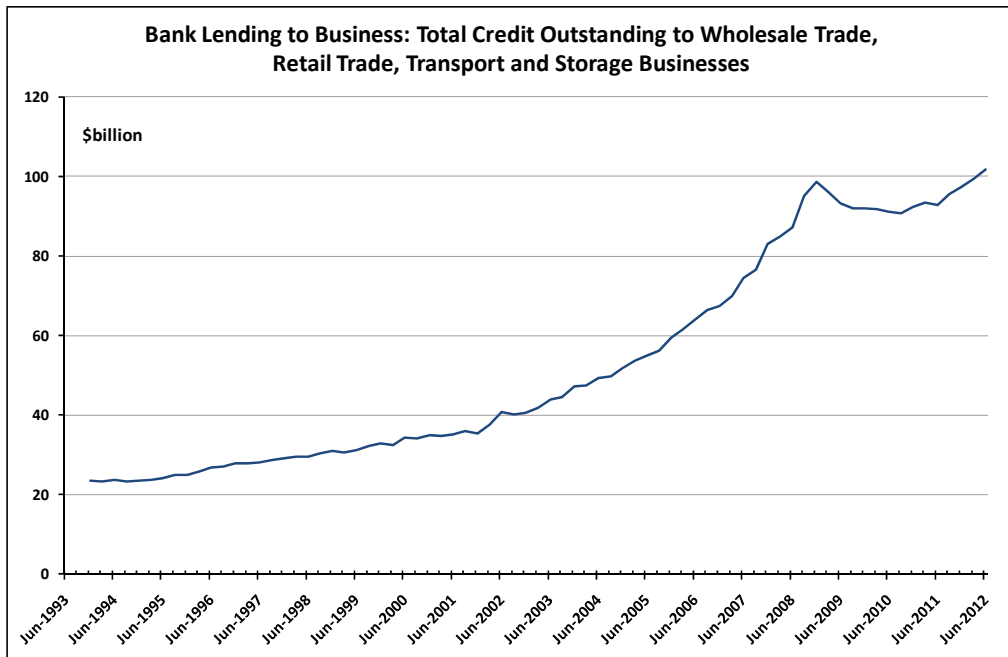
⁵ Productivity Commission 2011, *Economic Structure and Performance of the Australian Retail Industry*, report no. 56 November 2011, pp219-221, Canberra, Commonwealth of Australia

Graph 35



Source: Australian Bureau of Statistics, cat. no. 8752.0 Building Activity Australia, via www.abs.gov.au; calculations by Fulcrum Economics Australia

Graph 36



Source: Reserve Bank of Australia, via www.rba.gov.au.

Causes of the Deterioration in Retail Trade Economic Conditions in the Period Since 2007-08

A holistic consideration of the data and analysis presented above makes it relatively easy to understand the causes of the deterioration in retail industry economic conditions since 2007-8, to the extent at least that there has been deterioration.

This last comment is necessary because the data presented in this report makes it clear that at the aggregate level the overall economic situation of the retail industry is still very strong. For example, Graph 26 in this chapter makes it clear that despite some decline in the period 2009-10 to 2010-11 general retail sales as a percentage of GDP still remain well above its level through the 1980s; and Graph 26 further shows that this ratio has again lifted in the last couple of quarters. Similarly, Graph 20 made it clear that the aggregate profitability of the retail industry remains at what appears to be a historically high level; as do real general retail sales per capita (Graph 14).

Thus, to the extent that there has been a deterioration in economic conditions in the general retail trade industry it is limited to slower growth in general retail sales and to more difficult trading conditions at the *individual retailer* level.

Focusing first on the reasons for the slower growth in retail sales since 2007-08, it is clear that the main reason concerns the decision by households to adopt a more cautious attitude to borrowing. In the period since 2007-08 the level of household debt has declined, albeit marginally, as a percentage of household disposable income (Graph 23), in stark contrast with the very strong growth in household debt between 1992 and 1996.

In actual fact, household demand for borrowings began to ease a little before 2007-08, in response to the actions taken by the Reserve Bank to gradually increase interest rates through 2006 and 2007. However, with the advent of the Global Financial Crisis in 2007/08 consumer confidence fell sharply (Graph 31), as did the value of household assets (Graph 29). Indeed, the fall in consumer confidence and the falls in both stock prices and in house prices each feed off one another. With less wealth and less confidence about the future it was no surprise that household demand for credit slowed substantially (Graph 22). Concurrent with the decline in demand for debt the household savings ratio began to lift and has since moved back to levels not seen since the mid-1980s (Graph 32).

To the extent that there has been a deterioration in business conditions for individual retailers since 2007-08 it would be reflective not only of slower growth in retail sales since 2007-8, but also reflective of the very strong growth in retail space both before and after 2007-08. A consequence undoubtedly of the strong rise in retail space would have been an increased level of competition for the retail dollar. This may not have been so significant when retail sales were still rising strongly, but undoubtedly would have become a more significant factor once retail sales growth began to slow.

In effect then, the “deterioration” in retail trading conditions since 2007-08 is to a large extent a “correction phase”, following the very strong, but ultimately unsustainable, growth in retail sales in the period prior to 2007-8 and which also led to a sharp lift in investment in the retail sector and hence in retail floor space. This is not, of course, to make light of the extent to which trading conditions may have become more difficult for individual retailers. Rather, it is simply to put the correct perspective on the current business circumstances of the retail industry.

The second key factor behind the deterioration of retailing trading conditions since 2007-08 is, of course, changed economic conditions across the economy as a whole, due in the first instance to the advent of the GFC and, more recently, reflecting the impacts of the sovereign debt crisis in Europe.

It seems highly likely that the advent of the GFC brought about a quicker and more marked slowdown in retail sales growth than would have occurred otherwise; and that the slower growth in retail sales has been prolonged by the economic repercussions of the sovereign debt crisis in Europe.

Although, having said this it is the case that if not the GFC then something else would have been the trigger for the slowdown in household spending and hence in retail sales growth. As previously noted, the circumstances were such that some kind of ‘correction period’ in retail sales growth was inevitable.

To complete this story, it should probably be noted that the possible negative impacts of the fallout from the GFC and, more recently, from the fallout of the (continuing) sovereign debt crisis in Europe, both on the retail trade sector and on other sectors of the economy, have been significantly mitigated by policy actions by the Federal Government and the Reserve Bank. These policy actions included the fiscal stimulus provided by the Federal Government in the wake of the GFC and the declines in interest rates by the RBA at that time and again over the past twelve months.

One other factor not yet mentioned in this report but of significance in terms of the challenges currently confronting the retail industry is the degree of structural change occurring within both the retail sector and the broader Australian economy. At the current time this includes the greater prevalence of online retailing, a changing geographical pattern of retail trade due to the changing industry structure of the Australian economy, and shifts in consumer demand patterns due to increased use of technology and changes in consumer "tastes" (reflecting such factors as the increased prevalence of mobile phones with internet connection, the increasing role of social media, and the greater use of the web as a search tool). There is also the not insignificant impact of a lower level of residential building activity on demand patterns.

But structural change is a characteristic of modern economies and is an important ingredient in the process of economic progress. Coping with and adapting to structural change is an on-going challenge for all industries.

The final point to make in answering Question 4 is to note that there is some evidence that economic conditions in the retail trade sector are beginning to lift again, at least in an overall sense. The level of general retail sales has increased over the past nine months, so that general retail sales in the June quarter 2012 were up 3.4 % in real seasonally adjusted terms on sales in the September quarter 2011 (refer Graph 4). And aggregate profitability of the retail sector was 6.2% greater in 2011-12 compared to profitability in 2010-11 (refer discussion at the answer to Question 2).

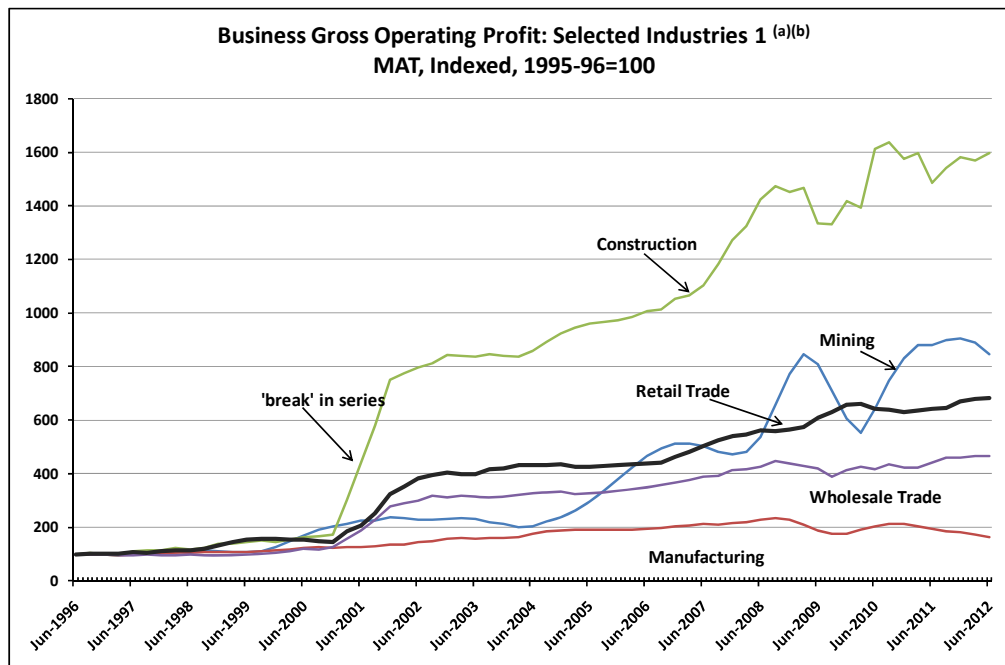
Question 4 Addressed

Question 4

By reference to available economic data, how does the level of aggregate profitability in the national general retail industry compare with the level of aggregate profitability in other industries?

A comprehensive answer to question 4 requires that we consider aggregate profitability from both long term and short term perspectives. Data showing trends in profitability for selected industry sectors from a long term perspective is provided by Graphs 37 and 38 and by Table 8; while data which focuses on the recent profitability of these selected industry sectors is given at Table 9.⁶

Graph 37



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the spike in profitability around 2001 should be discounted.

(b) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

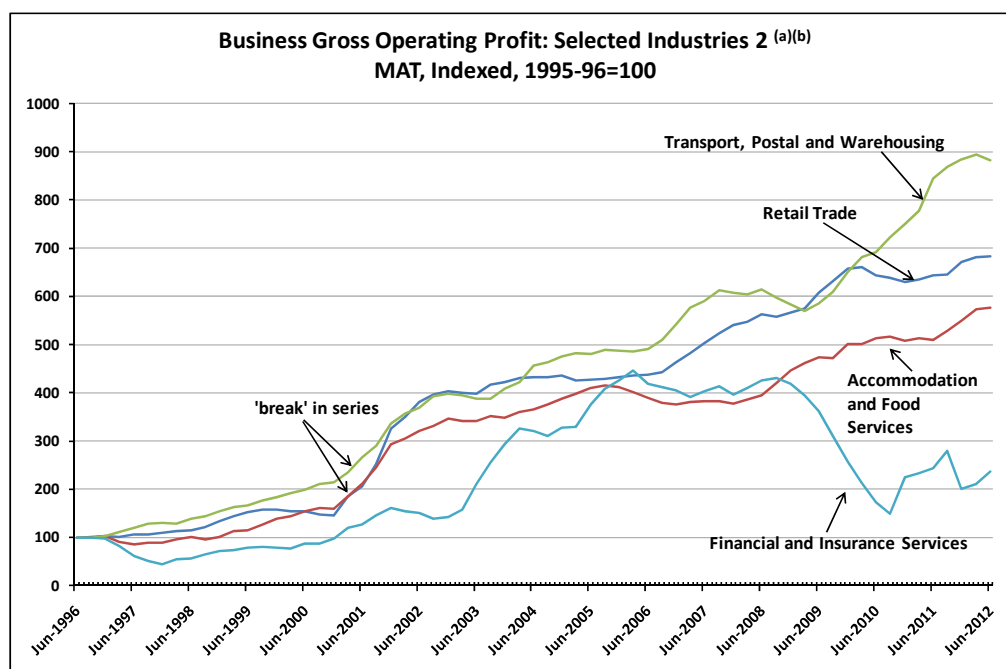
⁶ The industry sectors chosen are the major industry sectors of the economy for which consistent data series are available. A similar graph to Graphs 37 and 38 showing profitability across an additional two industry sectors is provided in Appendix E (Graph E8), but there are significant ‘breaks’ in the data for these two sectors.

From Graphs 37 and 38 it is clear that over the longer term aggregate profitability of the retail industry has grown at a solid rate, matching or out-performing several other industry sectors. The data of Table 8 shows that in the period from 2001/02 through to the current time (June quarter 2012) aggregate profitability of the retail industry increased more strongly than aggregate profitability of the manufacturing, wholesale trade, and financial and insurance services sectors, and essentially performed on a par with the accommodation and food services sector.

It is also notable from these graphs that there has not been any sharp decline in aggregate profitability of the retail industry in recent quarters, unlike in some other industry sectors.

Moving on to consider trends in profitability in recent years it can be seen from Table 9 that the aggregate profitability of the retail sector has increased in each of the past two years, by 5.5% in the year to the June quarter 2011 and up a further 1.0% in the year to the June quarter 2012. Notably this is stronger growth than that recorded for all industries combined (for which profitability was up 0.6% and then down 5.8% over the two same periods – refer Table 8).

Graph 38



(a) There is a “break” in the series around 2001, reflecting a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the upwards shift in profitability around 2001 should be discounted.

(b) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

**Table 8: Profitability in 2011/12 Compared with Profitability in 2001/02,
Percentage difference, Selected Industry Sectors**

	Percentage change in current price terms	Percentage change in real terms
Retail Trade	78.9	41.4
Manufacturing	14.3	-9.7
Wholesale Trade	55.0	22.6
Financial and Insurance Services	56.3	23.6
Accommodation and Food Services	79.3	41.7
Construction	100.7	58.6
Transport, Postal and Warehousing	139.2	89.1
Mining	272.4	194.4
All Industries	115.6	70.4

Note: Industry sectors are defined according to ANZSIC. the deflator used to calculate real profit was the GNE deflator.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

Table 9: Growth in Profitability in Selected Industry Sectors, Recent Quarters
Seasonally adjusted data

	percentage change on same quarter year earlier				% change June qtr 2009 to June qtr 2012
	June'09	June'10	June'11	June'12	
Retail Trade	23.0	-11.8	5.5	1.0	-6.0
Manufacturing	-33.1	30.8	-16.2	-19.7	-12.0
Wholesale Trade	-7.4	-7.8	22.5	-1.3	11.4
Financial and Insurance Services	-31.3	-53.9	29.0	55.9	-7.2
Accommodation and Food Services	11.7	13.5	-3.1	2.4	12.6
Construction	-33.3	80.3	-22.8	7.6	49.8
Transport, Postal and Warehousing	8.2	5.3	39.7	-5.6	39.0
Mining	-21.8	63.8	0.6	-19.3	32.9
All Industries	-13.4	27.5	0.6	-5.8	20.8

Note: Industry sectors are defined according to ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

Question 5 Addressed

Question 5

By reference to available economic data, what is the proportion of total national retail sales which is attributable to:

- a) on-line sales generally; and**
- b) overseas on-line sales in particular?**

What implications, if any, does this have for retailers in the general retail industry?

Official Data for Online Retail Sales

There are currently no official statistics available for domestic and overseas online retail sales in Australia. Instead there are only estimates available, with the most reliable of these (in our opinion) being those made by the Productivity Commission in the course of its preparation of its 2011 report on the *Economic Structure and Performance of the Australian Retail Industry*.⁷

Based on available data at that time the Productivity Commission estimated that in 2010 online sales accounted for approximately 6 per cent of total general retail sales in Australia. Furthermore, they estimated that two-thirds of these sales were domestic online sales (ie the goods were bought from Australian retailers), while only one-third were overseas online sales (ie goods acquired from non-Australian based retailers). That is, only 2% of all general retail sales in Australia were sourced online from overseas based retailers.

We are not aware of any official update of these estimates.

We can, however, note the following points, all of which were sourced from the previously mentioned Productivity Commission report:

- official estimates indicate that in the United States online sales accounted for around 5% of total retail sales in the fourth quarter 2010
 - growth in online sales has been slow in the US, having increased only 1.2 percentage points over the previous 4 years
- official estimates indicate that in the United Kingdom online sales accounted for around 9.9% of total retail sales as at June 2011
 - the online share of total retail sales in the UK almost tripled in the 4 years to June 2011 (from 3.4% to 9.9%)
- at the time of preparation of the Productivity Commission report (ie in 2011) some market analysts were predicting that online retail sales in Australia would grow between 10% and 15% per annum in the period through to 2013.
 - while not endorsing such forecasts the Productivity Commission did note that the advance of technology in areas such as mobile phones with internet capability will likely lead to further growth in the market share of online sales.
- as a whole, Australian retailers have been slow to invest in online facilities; and to the extent that they have done so their websites typically have been designed more to provide information than to be an aggressive point of sale.

⁷ Productivity Commission, report no. 56, November 2011.

On balance, taking all of these points into account it is highly likely that there has continued to be growth in online retail sales since 2010, although it is far from clear how strong this growth might have been. Given the complete absence of solid data, we are not in a position to hazard a guess at what the continued pace of growth of online sales might be (or has been).

Possible Implications of the Growth in Online Sales for the General Retail Industry

In an attempt to gain a better understanding of the possible implications for retailers of continued growth in online sales we suggest that the following are important points to consider.

- i. Perhaps the most important point to bear in mind is that already mentioned, namely that the majority of online sales are domestic sales, with online overseas sales perhaps representing as little as 2% of total general retail sales (ie using the Productivity Commission's estimate).
- ii. The penetration of online sales, however, varies considerably across merchandise categories, with the Productivity Commission concluding that online penetration is highest in categories such as electrical and electronic goods, recreational goods, and clothing footwear and personal accessories. More specifically, specific general retail products where online purchase is highest include books, CDs and DVDs, sporting goods, cosmetics and toys.
- iii. Many general retail items are unsuitable for online overseas purchase, so that retailers of these items would be protected from competition from this source. Such items would include perishable items (eg a large range of food and items such as flowers and garden plants) and those items where the transport cost would be high relative to the value of the good. This last category likely includes a very large number of goods, representing a quite high percentage of the general retail industry. For example, it probably includes bulky furniture items and most whitegoods, a range of floor coverings, most houseware goods (eg glassware, plastic containers, crockery, etc), many textile goods (eg curtains), hardware goods to a significant degree, and a range of other goods.
- iv. The Productivity Commission presented data which indicated that the vast majority (nearly 90%) of online retail purchases from overseas websites were valued at less than \$200 in the period June 2008 to February 2011. This conclusion was based on an analysis of credit card payments for online overseas purchases, not on the declared value of overseas purchases.⁸
- v. The Final Report of the Low Value Parcel Processing Task Force was submitted to the Government in July 2012. The Report recommended reforms which would enable collection of GST on low value imports, which, of course, includes low value (ie <\$1,000) online purchases of retail goods. If these recommended reforms are implemented this would remove part of the attraction for purchasing retail goods online from overseas websites as opposed to purchasing them locally.

These points suggest a number of possible implications of continued growth in online sales for the future of the Australian retailing industry – recognizing that it is highly likely that there will be continued growth in online retail sales, although it is far from clear how strong this growth might become.

There seems little doubt that continued growth of online purchases of retail products poses a significant threat for *some* sectors of the retail industry, namely those sectors that sell goods where the penetration of online *overseas* sales is highest and where this penetration is likely to increase in future. But the extent to which these retailers are impacted in the future depends upon a range of factors, not just upon the ability of consumers to purchase directly from overseas. It also will depend upon the ability of local retailers to respond to this threat; as well as upon possible changes

⁸ There have been reports that some customers have been understating the value of goods they have purchased from overseas web sites so as to avoid GST on these purchases. Some discussion of this is provided in the recently released Final Report of the Low Value Parcel Processing Taskforce, Commonwealth of Australia, July 2012.

in government policy, such as the changes recommended by the Low Value Parcel Processing Task Force.

At the same time, however, the above points also make it clear that online retailing offers significant opportunities for local retailers, reflecting the opportunities offered by changing technology, its association with changing consumer behaviors and buying patterns, and the fact that the majority of online retail sales will likely continue to be domestic online sales.

Perhaps the real longer term challenge for local retailers is being able to respond appropriately, and successfully, to the various pressures for structural change now confronting the industry. Responding to structural change is never an easy task and invariably there are both winners and losers in the process. But, as already noted, structural change is a necessity in a modern economy and, to varying degrees, is an on-going challenge for all industries. At the current time it is fast becoming a major challenge for the retail industry.

Some Unofficial Data on Online Retail Sales

The National Australia Bank (NAB) launched an 'Online Retail Sales Index' in February 2012. We briefly comment on it here, not because it offers any insights of value, but simply because it may be mentioned at the Fair Work Australia hearings and as such warrants a comment for that purpose.

It seems to us that there are serious problems with the NAB index, although it is not clear whether these are due to methodological shortcomings, data shortcomings, or simply very poor use of the data. Certainly we do not view the index as being reliable.

The most recent release of the Index information was in July 2012, at which time NAB reported that in 2011-12 online retail sales, according to its measure, represented 5.3% of "traditional" retail sales.⁹ NAB's concept of "traditional" retail sales appears to correspond closely with what we have labeled "general retail sales" in this report.

We do not have a major issue with the 5.3% number, since it is at least in the same ballpark as the earlier findings on online retail trade by the Productivity Commission.¹⁰

However, we do have an issue with the other data and conclusions within the NAB July report on online retail sales. In particular, we find it difficult to accept the NAB claims about the current growth rates in online retail sales. NAB claims that on an 'year on year' basis domestic online sales increased 24% to July 2012, while over the same time period international online sales increased 29%. Not to put it too crudely, these results are beyond belief and completely at odds with any rational consideration.

A short discussion was had with the senior economist at NAB responsible for this publication, but that conversation only heightened our concerns over the accuracy of the data. For a starter –and as we suspected – the claimed 'year on year' growth has not been calculated on a 'year on year' basis at all, but rather was calculated on what is more commonly referred to as a 'year to' basis, meaning, for example, simply comparing the current July number with the previous July number. This will likely lead to much greater fluctuations than would a 'year on year' calculation. This is true even for solid data, but there is little reason to believe that NAB has constructed a solid and consistent database. To the contrary, both the extent of the fluctuations from month to month and the sheer size of the percentage changes indicate that the NAB database is either solid or consistent. As a final piece of evidence to support this conclusion, we note that through 2011 the NAB series showed domestic online sales growing at an annual rate between 20% and 30%; and, in the same period, international online sales growing at rates between 40% and 60%. These growth rates do not fit with any other available data or with logic.

⁹ NAB Online retail Sales Index, Indepth report, July 2012, accessed via www.nab.com.au

¹⁰ Productivity Commission, 2011, *op. cit.*

Appendix A

Definition of General Retail Industry, as per the General Retail Industry Award 2010

General Retail industry means the sale or hire of goods or services to final consumers for personal or household consumption including:

- food retailing, supermarkets, grocery stores;
- department stores, clothing and soft goods retailing;
- furniture, houseware and appliance retailing;
- recreational goods retailing;
- personal and household goods retailing;
- household equipment repair services;
- bakery shops;

and includes:

- customer information and assistance provided by shopping centres or retail complexes;
- labour hire employees engaged to perform work otherwise covered by this award; and
- newspaper delivery drivers employed by a newsagent,

but does not include:

- community pharmacies;
- pharmacies in hospitals and institutions providing an in-patient service;
- hair and beauty establishments;
- hair and beauty work undertaken in the theatrical, amusement and entertainment industries;
- stand-alone butcher shops;
- stand-alone nurseries;
- retail activities conducted from a manufacturing or processing establishment other than seafood processing establishment;
- clerical functions performed away from the retail establishment;
- warehousing and distribution;
- motor vehicle retailing and motor vehicle fuel and parts retailing;
- fast food operations;
- restaurants, cafes, hotels and motels; or
- building, construction, installation, repair and maintenance contractors engaged to perform work at a retail establishment

Appendix B

Coverage of Data Included in the Australian Bureau of Statistics' Retail Trade Series (Cat. No. 8501.0)

The ABS Retail Trade publication (catalogue no. 8501.0) presents estimates of the value of turnover of "retail trade" for Australian businesses classified by industry, as well as by State and Territory. The "Retail Trade" data series includes those industries identified below (being paragraphs 5 and 6 of the Explanatory Notes of catalogue 8501.0.):

5 The industries included in the survey are as defined in the *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006* (cat. no. 1292.0). Industry statistics in this publication are presented at two levels of detail:

- Industry group - the broadest industry level comprising 6 industry groups. This level is used to present monthly current price and quarterly chain volume measure estimates in this publication.
- Industry subgroup - the most detailed industry level comprising 15 industry subgroups. This level is used to present monthly current price estimates in time series spreadsheets.

6 The following shows the level at which retail trade statistics are released and defines each industry group and subgroup in terms of ANZSIC 2006 classes:

- Food retailing
 - Supermarket and grocery stores and non-petrol sales (convenience stores) of selected fuel retailing
 - Supermarket and grocery stores (4110)
 - non-petrol sales (convenience stores) of selected Fuel retailing (4000)
 - Liquor retailing
 - Liquor retailing (4123)
 - Other specialised food retailing
 - Fresh meat, fish and poultry retailing (4121)
 - Fruit & vegetable retailing (4122)
 - Other specialised food retailing (4129)
- Household goods retailing
 - Furniture, floor coverings, houseware and textile goods retailing
 - Furniture retailing (4211)
 - Floor coverings retailing (4212)
 - Houseware retailing (4213)
 - Manchester and other textile goods retailing (4214)
 - Electrical and electronic goods retailing
 - Electrical, electronic and gas appliance retailing (4221)
 - Computer and computer peripheral retailing (4222)
 - Other electrical and electronic goods retailing (4229)
 - Hardware, building & garden supplies retailing

- Hardware and building supplies retailing (4231)
 - Garden supplies retailing (4232)
- Clothing, footwear and personal accessory retailing
 - Clothing retailing
 - Clothing retailing (4251)
 - Footwear and other personal accessory retailing
 - Footwear retailing (4252)
 - Watch and jewellery retailing (4253)
 - Other personal accessory retailing (4259)
- Department stores (4260)
- Other retailing
 - Newspaper and book retailing
 - Newspaper and book retailing (4244)
 - Other recreational goods retailing
 - Sport and camping equipment retailing (4241)
 - Entertainment media retailing (4242)
 - Toy and game retailing (4243)
 - Pharmaceutical, cosmetic and toiletry goods retailing
 - Pharmaceutical, cosmetic and toiletry goods retailing (4271)
 - Other retailing n.e.c
 - Stationery goods retailing (4272)
 - Antique and used goods retailing (4273)
 - Flower retailing (4274)
 - Other-store based retailing n.e.c (4279)
 - Non-store retailing (4310)
 - Retail commission-based buying and/or selling (4320)
- Cafes, restaurants and takeaway food services
 - Cafes, restaurants and catering services
 - Cafes and restaurants (4511)
 - Catering services (4513)
 - Takeaway food services
 - Takeaway food services (4512)

A more detailed description and definition of the industry sectors covered by the Retail Trade series is provided at Appendix C, which shows the detailed descriptions as defined by the *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006* (cat. no. 1292.0).

In respect of the industry sectors covered by the Retail Trade series, “turnover” includes:

- retail sales
- wholesale sales (albeit only to a very small extent – see industry descriptions)
- takings from repairs, meals and hiring of goods (except for rent, leasing and hiring of land and buildings)
- commission from agency activity (eg commissions received from collecting dry cleaning, selling lottery tickets, etc.); and
- from July 2000, the goods and services tax.

Appendix C

Detailed Description of the Industries Covered by the ABS's Retail Trade Series as Defined in the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 (cat. no. 1292.0)

Division G – Retail Trade

The Retail Trade Division includes units mainly engaged in the purchase and onselling, commission based buying, and commission based selling of goods, without significant transformation, to the general public. The Retail Trade Division also includes units that purchase and onsell goods to the general public using non-traditional means, including the internet. Units are classified to the Retail Trade Division in the first instance if they buy goods and then onsell them (including on a commission basis) to the general public.

Retail units generally operate from premises located and designed to attract a high volume of walk-in customers, have an extensive display of goods, and/or use mass media advertising designed to attract customers. The display and advertising of goods may be physical or electronic.

Physical display and advertising includes shops, printed catalogues, billboards and print advertisements. Electronic display and advertising includes catalogues, internet websites, television and radio advertisements and infomercials. While non-store retailers, by definition, do not possess the physical characteristics of traditional retail units with a physical shop-front location, these units share the requisite function of the purchasing and onselling of goods to the general public, and are therefore included in this division.

A unit which sells to both businesses and the general public will be classified to the Retail Trade Division if it operates from shop-front premises, arranges and displays stock to attract a high proportion of walk-in customers and utilises mass media advertising to attract customers.

The buying of goods for resale to the general public is a characteristic of Retail Trade units that distinguishes them from units in the Agriculture, Forestry and Fishing; Manufacturing; and Construction industries. For example, farms that sell their products, at or from, the point of production are not classified in Retail Trade, but rather in Agriculture as the production of agricultural output are these units primary activity. Units in all these industries provide their output to the market for sale. Similarly, units that both manufacture and sell their products to the general public are not classified in Retail Trade, but rather in Manufacturing.

Wholesale units also engage in the buying of goods for resale, but typically operate from a warehouse or office and neither the design nor the location of these premises is intended to solicit a high volume of walk-in traffic. In general, wholesale units have large storage facilities and small display area, while the reverse is true for retail units.

Units in Retail often undertake non-retail secondary activities, such as watch and jewellery stores, that undertake repairs of these goods as well as retailing new items. However, units whose primary activity is the provision of repair and maintenance services are excluded from this division, and are classified to the Other Services Division.

Subdivision 41 - Food Retailing

411 Supermarket and Grocery Stores

4120 Supermarket and Grocery Stores

This class consists of units mainly engaged in retailing groceries or non-specialised food lines (including convenience stores), whether or not the selling is organised on a self-service basis.

Primary activities

- Convenience store operation
- Grocery retailing
- Grocery supermarket operation

Exclusions/References

Units mainly engaged in retailing specialised food lines are included in the appropriate classes of Group 412 Specialised Food Retailing.

412 Specialised Food Retailing

4121 Fresh Meat, Fish and Poultry Retailing

This class consists of units mainly engaged in retailing fresh meat, fish or poultry.

Primary Activities

- Butcher's shop operation (retail)
- Fish, fresh, retailing
- Meat, fresh, retailing
- Poultry, fresh, retailing
- Seafood, fresh, retailing

4122 Fruit and Vegetable Retailing

This class consists of units mainly engaged in retailing fresh fruit or vegetables.

Primary activities

- Fruit, fresh, retailing
- Greengrocery operation (retail)
- Vegetable, fresh, retailing

4123 Liquor Retailing

This class consists of units mainly engaged in retailing beer, wine or spirits for consumption off the premises only.

Primary activities

- Alcoholic beverage retailing (for consumption off the premises only)

Exclusions/References

Units mainly engaged in selling alcoholic beverages for consumption on the premises, such as hotels, bars and similar units (except hospitality clubs), are included in Class 4520 Pubs, Taverns and Bars.

4129 Other Specialised Food Retailing

This class consists of units mainly engaged in retailing specialised food lines, such as confectionery or smallgoods or bread and cakes (not manufactured on the same premises).

Primary activities

- Biscuit retailing (not manufactured on the same premises)
- Bread retailing (not manufactured on the same premises)
- Bread vendor (not manufactured on the same premises)
- Cake retailing (not manufactured on the same premises)
- Confectionery retailing
- Non-alcoholic drinks retailing
- Pastry retailing (not manufactured on the same premises)
- Smallgoods retailing
- Specialised food retailing n.e.c.

Exclusions/References

Units mainly engaged in:

- retailing a wide range of food lines are included in Class 4110 Supermarket and Grocery Stores;
- providing food services for immediate consumption for taking away or consumption in limited seating areas are included in Class 4512 Takeaway Food Services;
- manufacturing bakery products and selling those products from the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based); and
- retailing food through vending machines or other non-store means (except mobile vans) are included in Class 4310 Non-Store Retailing.

Subdivision 42 – Other Store-Based Retailing

421 Furniture, Floor Coverings, Houseware and Textile Goods Retailing

4211 Furniture Retailing

This class consists of units mainly engaged in retailing furniture, blinds or awnings.

Primary activities

- Antique reproduction furniture retailing
- Awning retailing
- Blind retailing
- Furniture retailing
- Mattress retailing

Exclusions/References

Units mainly engaged in:

- the installation of household blinds or awnings are included in Class 3239 Other Building Installation Services;

- manufacturing blinds or awnings are included in the appropriate classes of Division C Manufacturing, according to the materials used in the manufacturing process;
- retailing second-hand or antique furniture are included in Class 4273 Antique and Used Goods Retailing; and
- retailing curtains are included in Class 4214 Manchester and Other Textile Goods Retailing.

4212 Floor Coverings Retailing

This class consists of units mainly engaged in retailing floor coverings (except ceramic floor tiles).

Primary activities

- Carpet retailing
- Floor coverings retailing (except ceramic floor tiles)
- Floor rug retailing
- Floor tile retailing (lino, vinyl, cork, carpet or rubber)
- Parquetry retailing

Exclusions/References

Units mainly engaged in:

- laying floor coverings are included in the appropriate classes of Division E Construction; and
- retailing ceramic floor tiles are included in Class 4231 Hardware and Building Supplies Retailing.

4213 Houseware Retailing

This class consists of units mainly engaged in retailing kitchenware, china, glassware, silverware or other houseware goods.

Primary activities

- Brushware retailing
- Chinaware retailing
- Cooking utensil retailing (except electric)
- Crockery retailing
- Cutlery retailing
- Enamelware retailing
- Glassware retailing
- Kitchenware retailing
- Picnicware retailing
- Plastic container retailing
- Silverware retailing

Exclusions/References

Units mainly engaged in retailing electric cooking utensils are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing.

4214 Manchester and Other Textile Goods Retailing

This class consists of units mainly engaged in retailing fabrics, curtains or household textiles.

Primary activities

- Blanket retailing
- Curtain retailing
- Dressmaking requisites retailing
- Fabric, textile, retailing
- Household textile retailing
- Linen retailing
- Piece-goods retailing
- Soft furnishing retailing
- Yarn retailing

Exclusions/References

Units mainly engaged in

- installing awnings, blinds, shutters or curtains are included in Class 3239 Other Building Installation Services; and
- manufacturing curtains or cushions are included in Class 1333 Cut and Sewn Textile Product Manufacturing.

422 Electrical and Electronic Goods Retailing

4221 Electrical, Electronic and Gas Appliance Retailing

This class consists of units mainly engaged in retailing electrical, electronic or gas appliances (except computers and computer peripherals).

Primary activities

- Air conditioner retailing
- Appliance, electric, retailing
- Barbecue retailing
- Camera retailing
- Compact disc player retailing
- Cooking utensil, electric, retailing
- Digital versatile disc (DVD) player retailing
- Electronic beeper retailing
- Fan, electric, retailing
- Floor polisher, electric, retailing
- Gas appliance retailing
- Heating equipment, electric or gas, retailing
- Mobile phone retailing

- Modem retailing
- Pager retailing
- Pocket calculator, electronic, retailing
- Projector retailing
- Radio receiving set retailing (except car radios)
- Refrigerator, retailing
- Shaver, electric, retailing
- Sound reproducing equipment retailing
- Stereo retailing
- Stove, retailing
- Television antennae retailing
- Television set retailing
- Two-way radio equipment retailing
- Vacuum cleaner retailing
- Video cassette recorder (VCR) retailing
- Washing machine retailing

Exclusions/References

Units mainly engaged in:

- retailing computer or computer peripheral equipment are included in Class 4222 Computer and Computer Peripheral Retailing;
- retailing CDs, DVDs or other entertainment media are included in Class 4242 Entertainment Media Retailing;
- retailing car radios are included in Class 3921 Motor Vehicle Parts Retailing;
- installing heating, refrigeration or air conditioning equipment are included in Class 3233 Air Conditioning and Heating Services;
- hiring household appliances are included in Class 6639 Other Goods and Equipment Rental and Hiring n.e.c.; and
- repairing and maintaining electrical, electronic and gas domestic appliances are included in Class 9421 Domestic Appliance Repair and Maintenance.

4222 Computer and Computer Peripheral Retailing

This class consists of units mainly engaged in retailing computers or computer peripheral equipment.

Primary activities

- Compact disc burner retailing
- Computer equipment retailing
- Computer game console retailing
- Computer hardware retailing
- Computer software retailing (except computer games)
- Printer retailing

- Visual display unit (VDU) retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4229 Other Electrical and Electronic Goods Retailing

This class consists of units mainly engaged in retailing electrical and electronic goods not elsewhere classified.

Primary activities

- Dry cell battery retailing
- Electric light fittings retailing
- Electrical goods retailing n.e.c.
- Electronic goods retailing n.e.c.

423 Hardware, Building and Garden Supplies Retailing

4231 Hardware and Building Supplies Retailing

This class consists of units mainly engaged in retailing hardware or building supplies.

Primary activities

- Carpenters' tool retailing
- Cement retailing
- Ceramic floor tile retailing
- Garden tool retailing
- Hardware retailing
- Lacquer retailing
- Lawn mower retailing
- Lock retailing
- Mineral turpentine retailing
- Nail retailing
- Paint retailing
- Plumbers' fittings retailing
- Plumbers' tools retailing
- Timber retailing
- Tool retailing
- Wallpaper retailing
- Woodworking tool retailing

Exclusions/References

Units mainly engaged in:

- wholesaling builders' hardware or supplies (except plumbing supplies) are included in Class 3339 Other Hardware Goods Wholesaling; and
- wholesaling timber are included in Class 3331 Timber Wholesaling.

4232 Garden Supplies Retailing

This class consists of units mainly engaged in retailing garden supplies or nursery goods.

Primary activities

- Bulb, flower, retailing
- Fertiliser retailing
- Garden ornament retailing
- Garden supplies retailing n.e.c.
- Nursery stock retailing
- Pesticide retailing
- Plant, garden, retailing
- Pot plant retailing
- Seedlings retailing
- Seed, garden, retailing
- Shrub or tree retailing
- Tuber, flower, retailing

Exclusions/References

Units mainly engaged in retailing cut flowers are included in Class 4274 Flower Retailing.

424 Recreational Goods Retailing

4241 Sport and Camping Equipment Retailing

This class consists of units mainly engaged in retailing sporting goods, camping equipment or bicycles.

Primary activities

- Ammunition retailing
- Bicycle retailing
- Camping equipment retailing
- Canoe retailing
- Equestrian equipment retailing
- Fishing tackle retailing
- Fitness equipment retailing
- Golfing equipment retailing
- Gun or rifle retailing
- Gymnasium equipment retailing
- Sailboard retailing

- Snow ski retailing
- Sporting equipment retailing (except clothing or footwear)
- Wetsuit retailing

Exclusions/References

Units mainly engaged in:

- retailing sports apparel (clothing and footwear) are included in Classes 4251 Clothing Retailing and 4252 Footwear Retailing; and
- retailing new or used boats are included in Class 4245 Marine Equipment Retailing.

4242 Entertainment Media Retailing

This class consists of units mainly engaged in retailing audio tapes, compact discs, computer games, digital versatile discs or video cassettes.

Primary activities

- Audio cassette retailing
- Compact disc retailing
- Computer game retailing
- Digital versatile disc (DVD) retailing
- Video cassette retailing

Exclusions/References

Units mainly engaged in:

- retailing second-hand records, tapes, CDs, DVDs or videos are included in Class 4273 Antique and Used Goods Retailing;
- retailing CD players, DVD players, VCRs or other appliances are included in Class 4221 Electrical, Electronic and Gas Appliance Retailing; and
- retailing computers and computer peripherals are included in Class 4222 Computer and Computer Peripheral Retailing.

4243 Toy and Game Retailing

This class consists of units mainly engaged in retailing toys or games (except computer games).

Primary activities

- Doll retailing
- Game retailing
- Toy retailing

Exclusions/References

Units mainly engaged in retailing computer games are included in Class 4242 Entertainment Media Retailing.

4244 Newspaper and Book Retailing

This class consists of units mainly engaged in retailing books, periodicals and newspapers.

Primary activities

- Book retailing
- Magazine retailing

- Newspaper retailing
- Periodical retailing
- Religious book retailing

Exclusions/References

Units mainly engaged in:

- retailing stationery and writing goods are included in Class 4272 Stationery Goods Retailing; and
- retailing second-hand books are included in Class 4273 Antique and Used Goods Retailing.

425 Clothing, Footwear and Personal Accessory Retailing

4251 Clothing Retailing

This class consists of units mainly engaged in retailing clothing or clothing accessories.

Primary activities

- Clothing accessory retailing
- Clothing retailing
- Foundation garment retailing
- Fur clothing retailing
- Glove retailing
- Hosiery retailing
- Leather clothing retailing
- Millinery retailing
- Sports clothing retailing
- Work clothing retailing

Exclusions/References

Units mainly engaged in:

- retailing second-hand clothing are included in Class 4273 Antique and Used Goods Retailing; and
- retailing personal accessories (except clothing and footwear) are included in Class 4259 Other Personal Accessory Retailing.

4252 Footwear Retailing

This class consists of units mainly engaged in retailing boots, shoes or other footwear.

Primary activities

- Boot retailing
- Footwear retailing
- Shoe retailing
- Sports footwear retailing

4253 Watch and Jewellery Retailing

This class consists of units mainly engaged in retailing new watches and jewellery (except clocks and silverware).

Primary activities

- Jewellery retailing
- Watch retailing

Exclusions/References

Units mainly engaged in:

- retailing second-hand jewellery are included in Class 4273 Antique and Used Goods Retailing;
- retailing clocks are included in Class 4279 Other Store-Based Retailing n.e.c.; and
- retailing silverware are included in Class 4213 Houseware Retailing.

4259 Other Personal Accessory Retailing

This class consists of units mainly engaged in retailing other personal accessories, including new handbags, sunglasses, leather goods, luggage and other personal accessories not elsewhere classified.

Primary activities

- Briefcase retailing
- Handbag retailing
- Leather goods retailing (except clothing and footwear)
- Luggage retailing
- Personal accessory retailing n.e.c.
- Sunglass retailing
- Umbrella retailing
- Wig retailing

Exclusions/References

Units mainly engaged in:

- retailing leather clothing are included in Class 4251 Clothing Retailing; and
- retailing leather footwear are included in Class 4252 Footwear Retailing.

426 Department Stores

4260 Department Stores

This class consists of units engaged in retailing a wide variety of goods, other than food or groceries, but the variety is such that no predominant activity can be determined. These units have predominant retail sales in at least four of the following six product groups:

- Clothing
- Furniture
- Kitchenware, china, glassware and other housewares

- Textile goods
- Electrical, electronic and gas appliances
- Perfumes, cosmetics and toiletries

The products primary to these headings, as well as other products, are normally sold by or displayed in separate departments or sections supervised by managers (with specialised product knowledge) within the store, and, generally, merchandising, advertising, customer service, accounting and budgetary control functions are undertaken on a departmentalised basis.

Primary activities

- Department store operation

Exclusions/References

Units mainly engaged in

- retailing food and groceries on a departmentalised basis are included in Class 4110 Supermarket and Grocery Stores;
- retailing clothing; furniture; kitchenware, china, glassware and other housewares; textile goods; electrical, electronic and gas appliances; or perfumes, cosmetics and toiletries on a specialised basis are included in the appropriate classes of Subdivision 42 Other Store-Based Retailing; and
- retailing a wide variety of products that are not sold, displayed, managed or administered on a departmentalised basis (i.e. gift shops or souvenir shops) are included in Class 4279 Other Store-Based Retailing n.e.c.

427 Pharmaceutical and Other store-Based Retailing

4271 Pharmaceutical, Cosmetic and Toiletry Goods Retailing

This class consists of units mainly engaged in retailing prescription drugs or patent medicines, cosmetics or toiletries.

Primary activities

- Cosmetic retailing
- Drug retailing
- Patent medicine retailing
- Perfume retailing
- Pharmacy, retail, operation
- Prescription, medicine, dispensing
- Toiletry retailing

4272 Stationery Goods Retailing

This class consists of units mainly engaged in retailing stationery goods and writing materials.

Primary activities

- Artists' supplies retailing
- Ink retailing
- Note book retailing
- Pen or pencil retailing

- Stationery retailing
- Writing material retailing

Exclusions/References

Units mainly engaged in retailing books or magazines are included in Class 4244 Newspaper and Book Retailing.

4273 Antique and Used Goods Retailing

This class consists of units mainly engaged in retailing antiques or second-hand goods (except motor vehicles or motor cycles and parts).

Primary activities

- Antique retailing
- Coin dealing (retailing)
- Disposals retailing
- Pawnbroking
- Second-hand book retailing
- Second-hand cloth retailing
- Second-hand electrical, electronic or computer equipment retailing
- Second-hand furniture retailing
- Second-hand goods retailing n.e.c.
- Second-hand jewellery retailing
- Second-hand record, tape, CD, DVD or videos retailing
- Second-hand sports card retailing
- Stamp, collectible, dealing (retailing)

Exclusions/References

Units mainly engaged in

- retailing second-hand motor vehicles are included in Class 3911 Car Retailing;
- retailing second-hand motor cycles are included in Class 3912 Motor Cycle Retailing;
- retailing second-hand motor vehicle or motor cycle parts are included in Class 3921 Motor Vehicle Parts Retailing; and
- providing auctioning services are included in Class 3800 Commission-Based Wholesaling.

4274 Flower Retailing

This class consists of units mainly engaged in retailing cut flowers or display foliage.

Primary Activities

- Cut flower retailing
- Display foliage retailing
- Dried flower retailing
- Florist, retail, operation

4279 Other Store-Based Retailing n.e.c.

This class consists of units mainly engaged in retailing goods not elsewhere classified from store-based premises.

Primary activities

- Art gallery operation (retail)
- Binocular retailing
- Bottled liquefied petroleum gas (LPG) retailing
- Briquette retailing
- Clock retailing
- Coal retailing
- Coke retailing
- Computer consumables (toners, inks) retailing
- Craft goods retailing
- Duty free store operation
- Firewood retailing
- Firework retailing
- Greeting card retailing
- Ice retailing
- Map retailing
- Musical instrument retailing
- Pet and pet accessory retailing
- Photographic chemical retailing
- Photographic film or paper retailing
- Pram retailing
- Religious goods (except books) retailing
- Specialty stores n.e.c.
- Store-based retailing n.e.c.
- Swimming pool retailing
- Tobacco product retailing
- Variety store operation

Exclusions/References

Units mainly engaged in:

- retailing second-hand sports cards are included in Class 4273 Antique and Used Goods Retailing;
- retailing religious books are included in Class 4244 Newspaper and Book Retailing;
- retailing goods without the use of a shopfront or physical store presence are included in Class 4310 Non-Store Retailing; and

- retailing goods on a commission basis are included in Class 4320 Retail Commission-Based Buying and/or Selling.

431 Non-Store Retailing

4310 Non-Store Retailing

This class consists of units mainly engaged in retailing goods without the use of a shopfront or physical store presence, including milk vendors, sole e-commerce retailers and direct shopping units.

Primary activities

- Direct mail retailing
- Direct selling of books
- Direct selling of cosmetics
- Direct selling of goods n.e.c.
- Internet retailing
- Milk vending
- Mobile food retailing (except takeaway food)
- Vending machine operation (except leasing)

Exclusions/References

Units mainly engaged in:

- the retailing of goods through means of a shopfront or physical store presence are included in the appropriate classes of subdivisions within the Retail Trade Division; and
- providing mobile food services such as ice cream vending from a van are included in Class 4512 Takeaway Food Services.

431 Retail Commission-Based Buying and Selling

4320 Retail Commission-Based Buying and/or Selling

This class consists of units mainly engaged in selling goods to the general public on a fee or commission basis. These activities include units who arrange the sale of goods on behalf of a principal, but do not take title to the goods themselves.

Primary activities

- Commission-based milk vending
- Commission buying service
- Commission retailing of books
- Commission retailing of cosmetics
- Commission retailing of health foods
- Commission selling service

Exclusions/References

Units mainly engaged in:

- the commission-based buying and selling of real estate are included in Class 6720 Real Estate Services;

- the broking of financial or insurance services are included in the appropriate classes of Subdivision 64 Auxiliary Finance and Insurance Services; and
- providing auction services are included in Class 3800 Commission-Based Wholesaling.

Division H – Accommodation and Food Services

This division comprises of units providing short-term accommodation for visitors and/or meals, snacks, and beverages for consumption by customers both on and off-site. The division includes units providing accommodation, food/beverage, and hospitality services because one or more of these activities are undertaken by the same unit.

Excluded from this division are gambling institutions (casinos); amusement and recreation parks; long-term (residential) caravan parks; theatre restaurants; sporting clubs; and other recreation or entertainment facilities providing food, beverage, and accommodation services.

451 Cafes, Restaurants and Takeaway Food Services

4511 Cafes and Restaurants

This class consists of units mainly engaged in providing food and beverage serving services for consumption on the premises. Customers generally order and are served while seated (i.e. waiter/waitress service) and pay after eating.

Primary activities

- Cafe operation
- Restaurant operation

Exclusions/References

Units mainly engaged in

- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services;
- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- selling alcoholic beverages both for consumption on and off the premises are included in Class 4520 Pubs, Taverns and Bars; and
- operating theatre restaurants mainly engaged in providing live theatrical productions with food and beverages are included in Class 9001 Performing Arts Operation.

4512 Takeaway Food Services

This class consists of units mainly engaged in providing food services ready to be taken away for immediate consumption. Customers order or select items and pay before eating. Items are usually provided in takeaway containers or packaging. Food is either consumed on the premises in limited seating facilities, taken away by the customer or delivered. This class also includes units mainly engaged in supplying food services in food halls and food courts.

Primary activities

- Juice bar operation
- Mobile food van operation
- Takeaway food operation

Exclusions/References

Units mainly engaged in:

- providing food services for consumption on the premises only are included in Class 4511 Cafes and Restaurants;
- providing catering services (including airline food catering services) at specified locations or events are included in Class 4513 Catering Services;
- retailing baked goods manufactured on the same premises are included in Class 1174 Bakery Product Manufacturing (Non-factory based);
- retailing baked goods manufactured at other premises are included in Class 4129 Other Specialised Food Retailing; and
- retailing beer, wine or spirits for consumption off the premises only are included in Class 4123 Liquor Retailing.

4513 Catering Services

This class consists of units mainly engaged in providing catering services at specified locations or events such as airline catering. Meals and snacks may be transported and/or prepared and served on or off the premises, as required by the customer.

Primary activities

- Airline food catering service
- Catering service operation

Exclusions/References

Units mainly engaged in:

- providing food services for consumption on the premises only are included in Class 4511 Cafes and Restaurants;
- providing food ready to be taken away for immediate consumption are included in Class 4512 Takeaway Food Services; and
- manufacturing food products (including snack foods and prepared meals) are included in Class 1199 Other Food Product Manufacturing n.e.c.

Appendix D

Description of the remainder of Division G, Retail Trade, as per the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 (cat. no. 1292.0)

The majority of Division G Retail Trade, namely that which is in common with the ABS Retail Trade series (cat. no. 8501.0), was detailed at Appendix C. But some of the data referred to in this report is collected and reported by the ABS according to the ANZSIC classification Division G Retail Trade. The extent of the difference in coverage is indicated by the material below, which shows those industry sectors included in Division G of the ANZSIC classification but not included in the ABS Retail Trade series (cat. No. 8501.0) or included in the coverage of the General Retail Trade Award 2010.

391 Motor Vehicle Retailing

3911 Car Retailing

This class consists of units mainly engaged in retailing new or used cars.

Primary Activities

- New car retailing
- Used car retailing Exclusions/References

Units mainly engaged in wholesaling cars are included in Class 3501 Car Wholesaling.

3912 Motor Cycle Retailing

This class consists of units mainly engaged in retailing new or used motor cycles or scooters.

Primary activities

- All terrain vehicle retailing
- Go-kart, motorised, retailing
- Motor cycle or scooter retailing
- Motorised minibike retailing

Exclusions/References

Units mainly engaged in

- wholesaling new or used motor cycles or scooters are included in Class 3503 Trailer and Other Motor Vehicle Wholesaling;
- repairing motor cycles or scooters are included in Class 9419 Other Automotive Repair and Maintenance; and
- retailing motor cycles or scooter parts or accessories are included in Class 3921 Motor Vehicle Parts Retailing.

3913 Trailer and Other Motor Vehicle Retailing

This class consists of units mainly engaged in retailing caravans, trailers and other motor vehicles, including mobile homes or cabins.

Primary activities

- Box trailer retailing
- Caravan retailing

- Horse float retailing
- Mobile home retailing
- Trailer retailing (except boat trailers)

Exclusions/References

Units mainly engaged in

- retailing boat trailers are included in Class 4245 Marine Equipment Retailing; and
- hiring of trailers or caravans are included in Class 6619 Other Motor Vehicle and Transport Equipment Rental and Hiring.

392 Motor Vehicle Parts and Tyre Retailing

3921 Motor Vehicle Parts Retailing

This class consists of units mainly engaged in retailing new or used parts or accessories for motor vehicles.

Primary activities

- Automotive air conditioning retailing
- Automotive battery retailing
- Car radio or CD-player retailing
- Motor cycle or scooter parts or accessory retailing
- Motor vehicle accessory retailing
- Motor vehicle parts retailing

Exclusions/References

Units mainly engaged in

- wholesaling motor vehicle parts are included in either Class 3504 Motor Vehicle New Parts Wholesaling or 3505 Motor Vehicle Dismantling and Used Parts Wholesaling; and
- installing automotive air conditioners, car radios or CD-players are included in Class 9411 Automotive Electrical Services.

3922 Tyre Retailing

This class consists of units mainly engaged in retailing motor vehicle or motor cycle tyres (new or reconditioned) or tubes.

Primary activities

- Motor cycle or scooter tyre and tube retailing
- Tyre or tube, motor vehicle, retailing

Exclusions/References

Units mainly engaged in retreading, recapping or rerubbing motor vehicle tyres are included in Class 1914 Tyre Manufacturing.

400 Fuel Retailing

4000 Fuel Retailing

This class consists of units mainly engaged in retailing fuels, including petrol, LPG or lubricating oils.

Primary activities

- Automotive CNG retailing
- Diesel oil retailing
- Distillate retailing
- Engine oil retailing
- Kerosene retailing
- LPG, automotive, retailing
- Lubricating oil or grease retailing
- Petrol retailing
- Service station operation (mainly petrol retailing)

Exclusions/References

Units mainly engaged in

wholesaling of petroleum products are included in Class 3321 Petroleum Product Wholesaling; and automotive repairs and services are included in the appropriate classes of Group 941 Automotive Repair and Maintenance

4245 Marine Retailing

This class consists of units mainly engaged in retailing new or used boats or boat accessories.

Primary activities

- Boat retailing (including used)
- Boat trailer retailing
- Marine accessory retailing n.e.c.
- Outboard motor retailing
- Sailing or nautical accessory retailing
- Yacht retailing

Exclusions/References

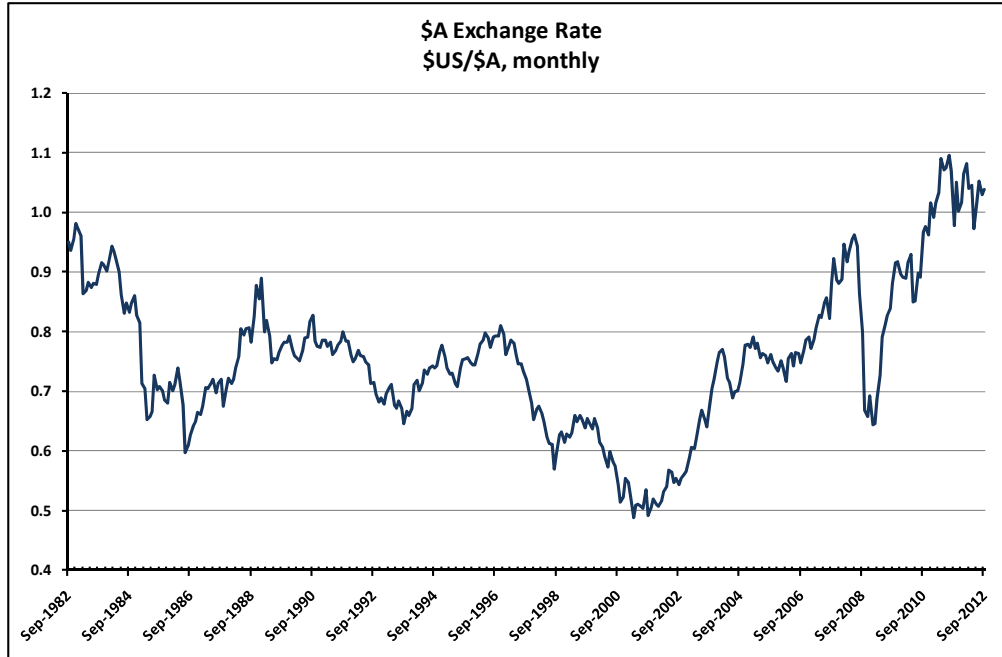
Units mainly engaged in

- retailing sailboards, canoes or wetsuits are included in Class 4241 Sport and Camping Equipment Retailing;
- repairing boats are included in Class 2392 Boatbuilding and Repair Services; and
- hiring of pleasure craft (without crew) are included in Division L Rental, Hiring and Real Estate Services.

Appendix E

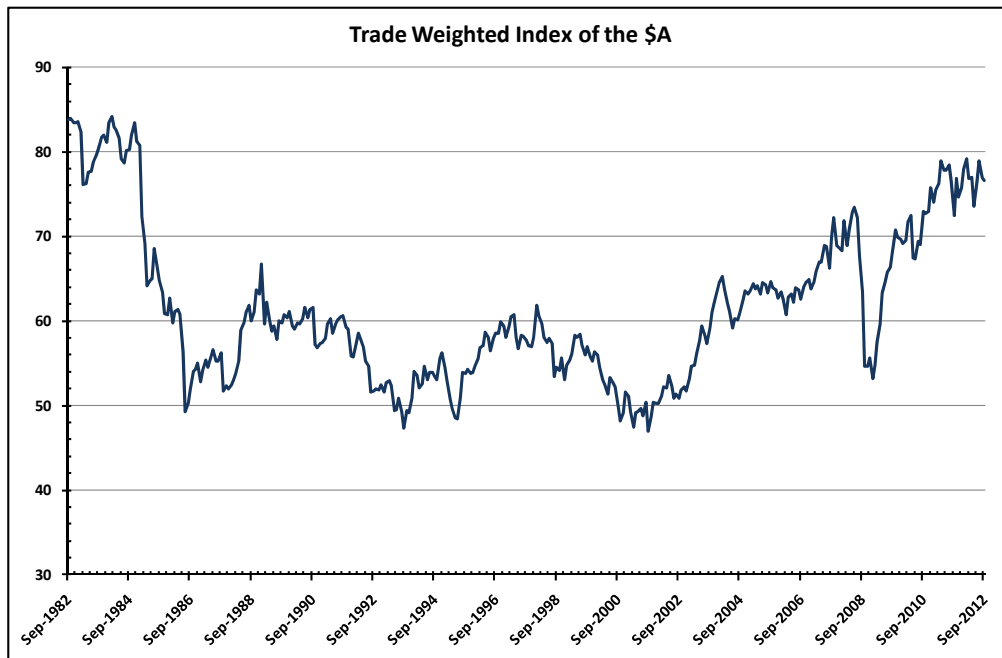
Additional Graphs and Data

Graph E1



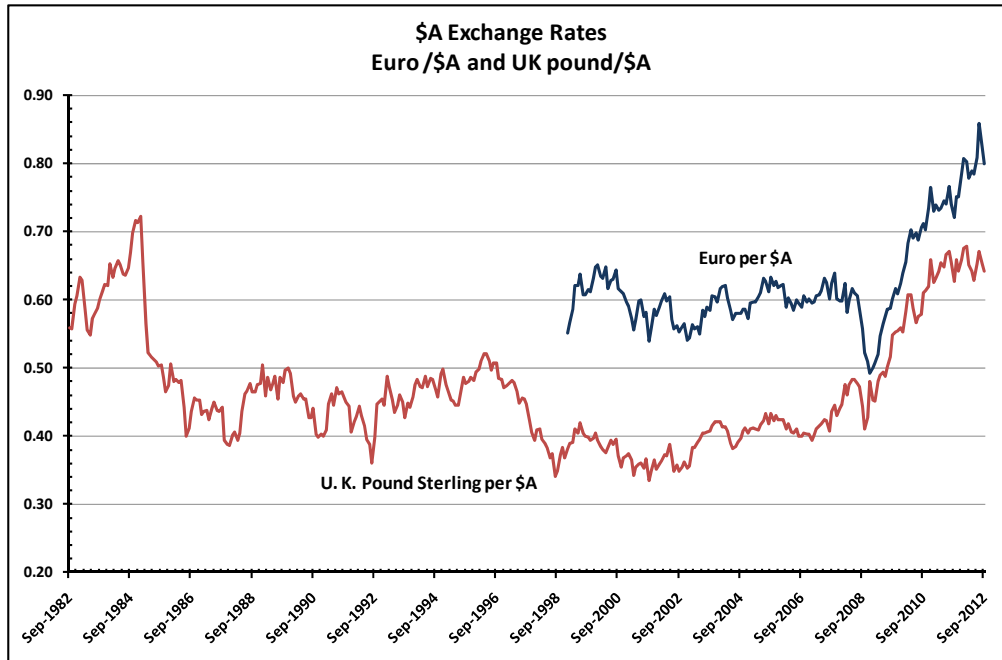
Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph E2



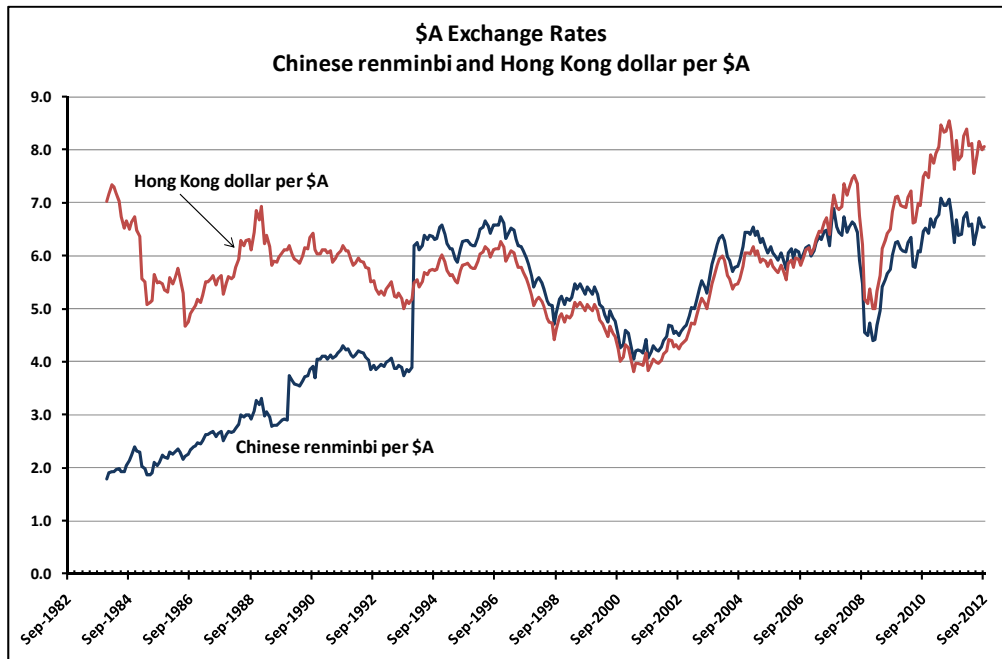
Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph E3



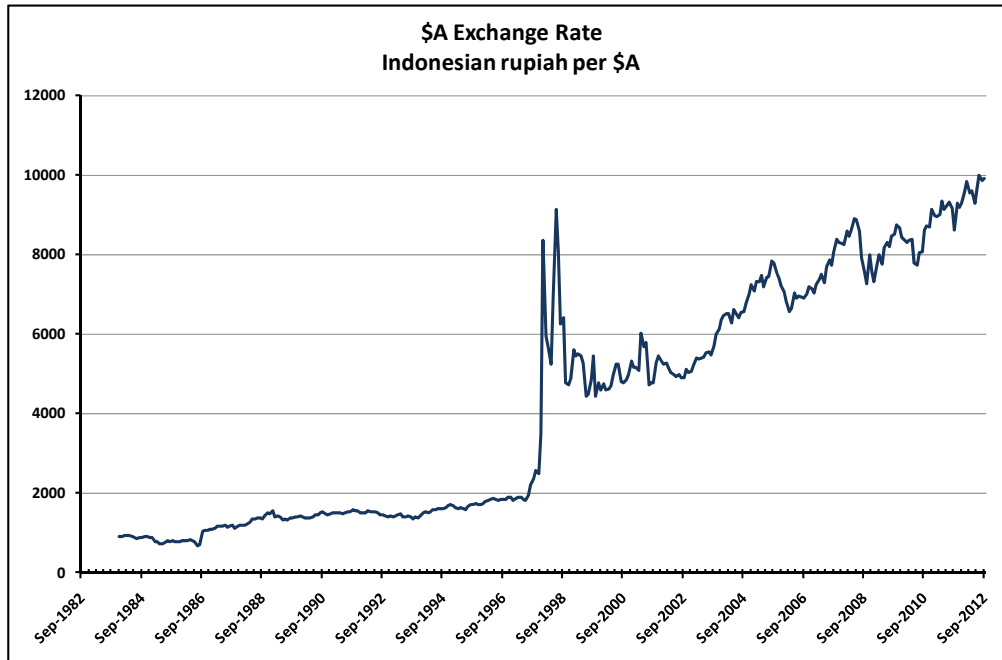
Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph E4



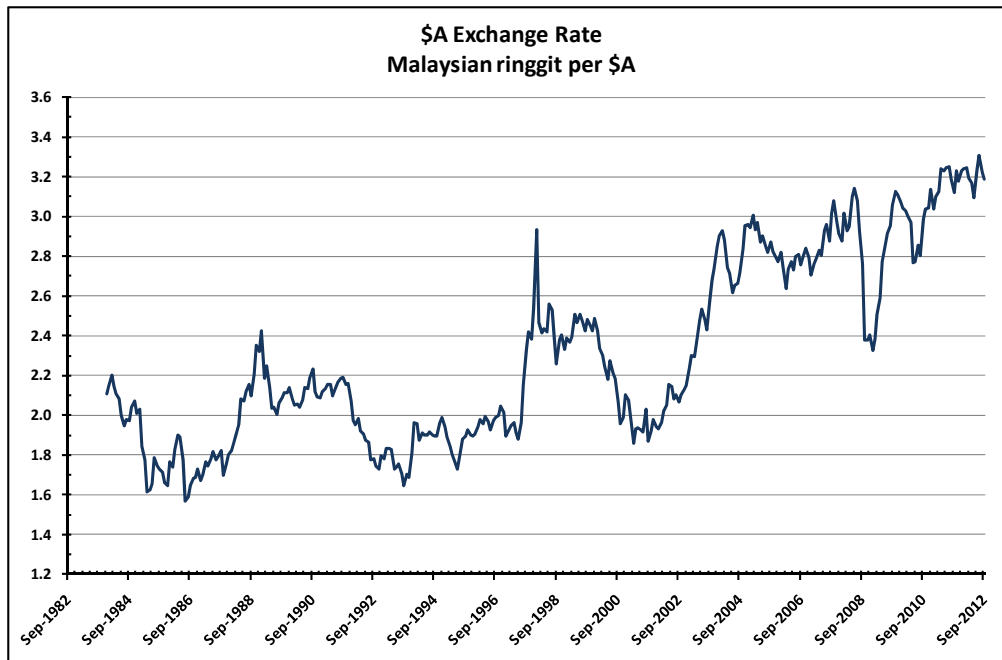
Source: Reserve Bank of Australia, via www.rba.gov.au.

Graph E5



Source: Reserve Bank of Australia, via www.rba.gov.au

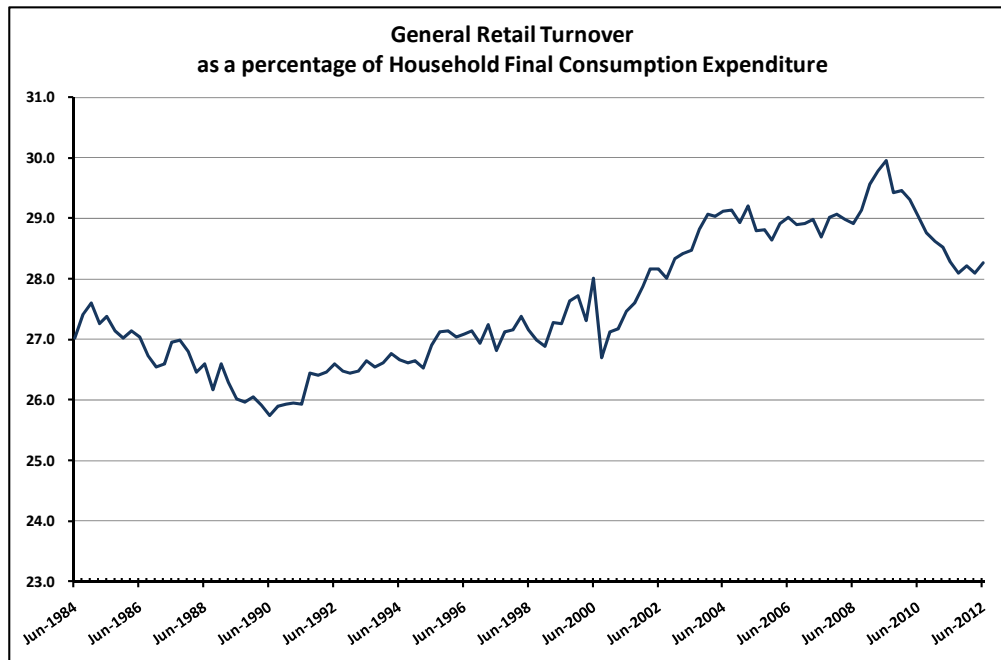
Graph E6



Source: Reserve Bank of Australia, via www.rba.gov.au

The above graphs, E1 to E6, illustrate movements in the exchange rate of the \$A, which was referred to on a couple of occasions in this report.

Graph E7

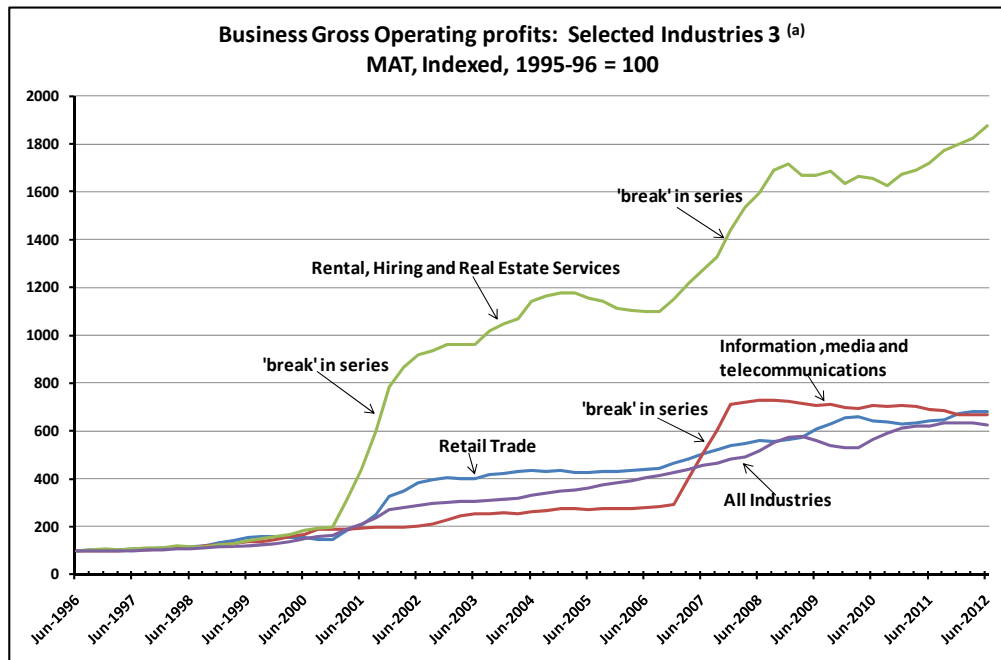


Source: Australian Bureau of Statistics, cat. no. 5206.0 National Accounts, cat. no. 8501.0 Retail Trade, via www.abs.gov.au; Fulcrum Economics Australia

The above graph (E7) is included primarily for the sake of completeness. It presents essentially the same picture as Graph 26 in the main body of this report. However, it does make clear that in the last three years there has been a decline in the proportion of household spending on consumption directed to expenditure on general retail items. In part this would reflect faster rises in costs in non-general retail areas including rent, electricity, health and education, so that a greater proportion of household consumption expenditure has needed to be directed to these areas. But in part it likely also reflects the fact that there has been a structural change in household expenditure in recent years, reflecting in particular the lower level of investment in housing (both new and established), thus leading to a lower level of demand for new household goods.

The other notable feature of Graph E7 is that despite the decline in recent years in the percentage of household consumption expenditure being directed to general retail purchases this percentage nevertheless remains higher than it did throughout the 1990s. Furthermore, in recent quarters it has again turned up.

Graph E8



(a) There are a number of “breaks” in these series. The indicated ‘break’ at around 2001 reflects a change in the scope and coverage of the survey. The main change in the coverage was the inclusion of unincorporated enterprises (ie previously only the profits of companies had been included in the survey). A second change around this time was a widening of the scope of the survey to include companies with less than 30 employees. Consequently, in interpreting the data the spike in profitability around 2001 should be adjusted for. The ‘break’ in the ‘information, media and telecommunications’ series around 2007 reflects the privatization of Telstra.

(b) Gross operating profit refers to profits before income tax and with certain other selected items also being excluded, so as to provide a better measure of underlying profits. The items excluded include interest income and expenses; depreciation and amortization; and selected items which do not involve the production of goods and services, such as foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealized gains/losses from the revaluation of current or non-current assets.

Business gross operating profit is the sum of unincorporated gross operating profit and company gross operating profit.

Note: This data series refers to the Retail Trade Industry as defined by ANZSIC.

Source: Australian Bureau of Statistics, cat. no. 5676.0 Business Indicators, via www.abs.gov.au; Fulcrum Economics Australia

Graph E8 has been included here and not in the main body of the report since the two additional industry sectors that it shows are sectors where the data on profitability has been severely impacted by ‘breaks’ in the series, so that it is difficult to draw any solid conclusions about longer run trends in profitability in these two industry sectors.