

RETAIL IN THE REGIONS: STRONG FOUNDATIONS FOR A SECURE FUTURE

By

Sam Ibrahim, Shirley Jackson & Matthew Lloyd-Cape

Table of Contents

| | |
|--|-----------|
| ABOUT PER CAPITA | 3 |
| ABOUT THE AUTHORS | 3 |
| EXECUTIVE SUMMARY | 3 |
| INTRODUCTION: OUR REGIONAL LANDSCAPE | 6 |
| WORK IN REGIONAL AUSTRALIA | 6 |
| LOCAL SHOPPING, LOCAL BENEFITS | 9 |
| MEASURING THE IMPACT OF RETAIL IN REGIONAL ECONOMIES | 14 |
| GENERAL DEMOGRAPHICS | 15 |
| GENDER, AGE AND RETAIL WORK | 18 |
| WAGES AND ECONOMIC IMPACT | 20 |
| CONCLUSION | 23 |
| BIBLIOGRAPHY | 25 |
| APPENDIX 1. METHODOLOGY | 26 |
| APPENDIX 2. STATE-LEVEL MAPS | 27 |
| APPENDIX 3. AGE AND PROPORTION OF RETAIL WORKERS BY AGE | 29 |

About Per Capita

Per Capita is an independent public policy think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice. Our research is rigorous, evidence-based and long-term in its outlook.

We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

About The Authors

Sam Ibrahim is a Research Associate at Per Capita, providing research and editorial support to projects across our research areas. Sam's research and policy interests include climate change, social justice, social security, and social policy. Prior to joining Per Capita, Sam was a Research Assistant at Swinburne University in the Information Systems for Social Impact research group.

Sam completed a Bachelor of Business Information Systems majoring in Business Analytics at Swinburne University, and is an alumnus of the Swinburne Emerging Leaders Program.

Shirley Jackson is the Senior Fellow, Industry Policy. Shirley spent most of his working life in warehouses, in the print industry and being unemployed. He has been fortunate enough to have spent the last 10 years in the union movement, culminating in his work coordinating the shipbuilding industry as a national union official with the Australian Manufacturing Workers Union.

His areas of interest and expertise are industry policy, structural adjustments, skills formation, labour markets, and young workers. Shirley undertook undergraduate and postgraduate studies in history, economics and political economy, and is currently completing a doctorate on the just transition and the use of industry and skills policy to create secure pathways in regions undergoing structural adjustments.

Matt Lloyd-Cape is a Research Economist at Per Capita. Following a brief career as a carpenter, Matt has worked on issues of poverty, economic inequality and social justice in a range of jobs. Over the past 20 years he has worked in trade unions, international development NGOs and with universities. This work has included managing disaster relief and social development projects, industrial relations research in Eastern Europe, Russia and Central America, and livelihoods research in East Africa, Papua New Guinea and South Asia. Prior to joining Per Capita he worked on international and social policy issues at the Australian Council of Trade Unions as an International Officer.

Matt holds a BA (Hons) in Development Studies from the University of East Anglia, an MSc in International Relations and Development from the School of Oriental and African Studies (SOAS), University of London, and an MPhil in Political Economy from Central European University.

Executive Summary

The COVID-19 pandemic has altered not only the operation of our economy, but our perception of what is necessary, valuable and essential in our economy. Far from the well remunerated jobs at the “bleeding edge” of manufacturing and services, that have long been the focus of economic commentary, our survival was, and remains, dependent on the people stacking our supermarket shelves, nursing our sick, caring for our elders, cleaning our hospitals, and educating our kids.

In the recent period of economic uncertainty, retail has been a critical stabilising element. The October and November retail data showed record level increases in retail turnover,¹ which acted as a significant stimulus to overall growth.

So, on the one hand, retail, and the nearly 1.3 million Australians employed in the retail sector, are increasingly seen as part of the backbone of our national prosperity and preparedness for disasters such as COVID-19. Yet the workers who have ensured the supply of essential goods, and kept working through the pandemic, are amongst some of the lowest paid, most insecure and undervalued in our society.

Previous studies of the retail sector have highlighted that quality of working life measures, such as flexibility, work-life balance and career potential are relatively poor,² underemployment and casual contracting is common,³ job related stress can be high and remuneration is relatively low. Median employee income in Australia is \$1200 per week, but just \$795 for retail workers, and the average hourly rate of pay for sales workers of \$27 is around 25 per cent lower than the national median hourly rate of \$35.⁴

Beyond these background issues, workers in the retail sector have been negatively and acutely affected by the ongoing pandemic.

Hours have become more uncertain due to trade restrictions and staffing shortages; customers have hurled abuse and frustration at frontline staff, and the public facing nature of their roles mean that retail workers are on the frontlines of the virus' spread.⁵ Yet despite the essential nature of the work and the risks that these workers have assumed during the pandemic, the workforce remains undervalued in our economic and political discourse.

This report examines the impact of the retail industry on places outside of the capital cities. We use the categories of Rural Areas, Country Towns and Regional Cities to describe the retail workforce, and their economic contribution to each locality.

In general, we find that outside of the capital cities, retail plays a particularly important role in local economies. Our research shows that:

There are around 420,000 retail workers in Rural, Country Towns and Regional City areas. Rural Areas are home to around 200,000 retail workers, Country Towns, 108,000 and Regional Cities 111,000.

The overall weekly retail wage bill for the country is over 805 million dollars. \$78 million dollars per week enters Regional Cities through retail wages. For Country Towns this increases to \$61 million, and for Rural Areas, retail wages contribute \$163 million per week.

The proportion of people working in retail is larger outside of capital cities. In the Greater Capital Cities retail workers make up 9.5% of the total workforce, while in Country Towns the figure rises to 10.7%

Retail workers outside of capital cities tend to be older, with women in particular spending more of their prime working lives in retail. This has significant implications for their lifetime capacity to earn, save and seek career advancement.

Women make up a larger share of the retail workforce nationally, but this increases the more rural one gets. In capital cities, women make up 55% of the retail workforce, but this grows to 60% in Rural Areas.

¹ Australian Bureau of Statistics. (2022b, January 11). November retail sales up 7.3 per cent to record level. <https://www.abs.gov.au/media-centre/media-releases/november-retail-sales-73-cent-record-level>

² Roan, A., & Diamond, C. (2003). Starting Out: The Quality of Working Life of Young Workers in the Retail and Hospitality Industries in Australia. *International Journal of Employment Studies*, 11, 91–119.

³ Campbell, I., & Chalmers, J. (2008). Job quality and part-time work in the retail industry: An Australian case study. *The International Journal of Human Resource Management*, 19(3), 487–500. <https://doi.org/10.1080/09585190801895569>

⁴ Australian Bureau of Statistics. (2021b). Employee earnings. <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/employee-earnings/latest-release#industry>

⁵ Vromen, A., Lipton, B., Cooper, R., Foley, M., & Rutledge-Prior, S. (2021). Pandemic pressures: Job Security And Customer Relations for Retail Workers. *Org/Publications/Pandemic ...*, November. <https://www.resolutionfoundation.org/app/uploads/2021/01/Pandemic-pressures.pdf>

RETAIL IN THE REGIONS

Retail wages contribute \$302 million per week to the economies of Rural, Country Town and Regional Cities, equating to well over \$15.7 billion per year.

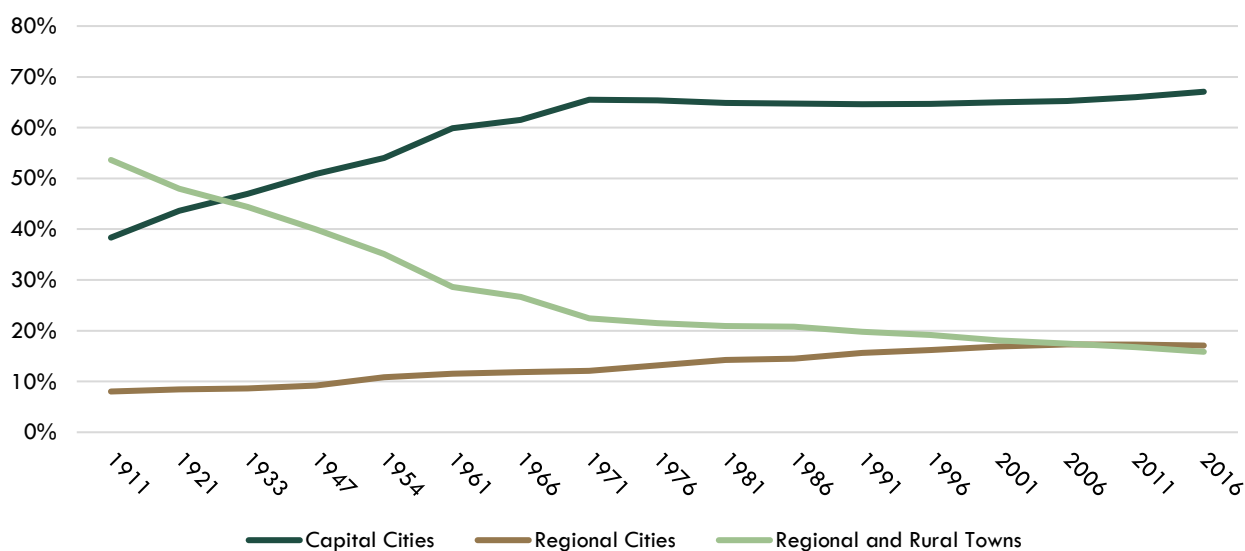
Due to the demographic makeup of retail workers, who tend to be younger and in lower income categories, the vast majority of this money will be spent very quickly and mostly in the local economy.

Introduction: Our Regional Landscape

Australia's rural and regional areas are the nations' heartlands: without them, our history would be very different. However, across the country, towns that were once thriving communities are facing multiple challenges. Successive waves of globalisation have seen thousands of job losses, first in agriculture then manufacturing, and local economies that have traditionally been dependent on primary industries have been forced to shoulder the cost of competing in an increasingly globalised market place.⁶

This has led to a decline in the share of Australians living in regional areas and rural towns from around half the population to less than 16%, over the last century. However, while much of the narrative around population change in recent decades focusses on capital cities, the biggest increase in population share has been in regional cities. Between 1970 and 2016, the share of the population in the capitals rose just 2%, from 65% to 67%. However, the share in regional cities increased from 12% to 16% over the same period.

Figure 1
Australian Population Distribution



Source: ABS 3105.0.65.001

The population decline in our regional and rural communities started with the rapid industrialisation that swept the country following the First World War, drawing regional Australians into industrial hubs in cities and towns across the country, and it has continued unabated into the 21st century. As primary industries diminish, retrenched workers in regional communities are too often forced into internal migration to find work. Young people are drawn to the capital cities, seeking opportunities in education and employment that are no longer available in their hometowns. Those who remain are often locked into cycles of unemployment, poverty and hopelessness. Older people in regional and rural Australia are increasingly isolated from essential services, as decisions made in government departments thousands of miles away determine their economic viability.

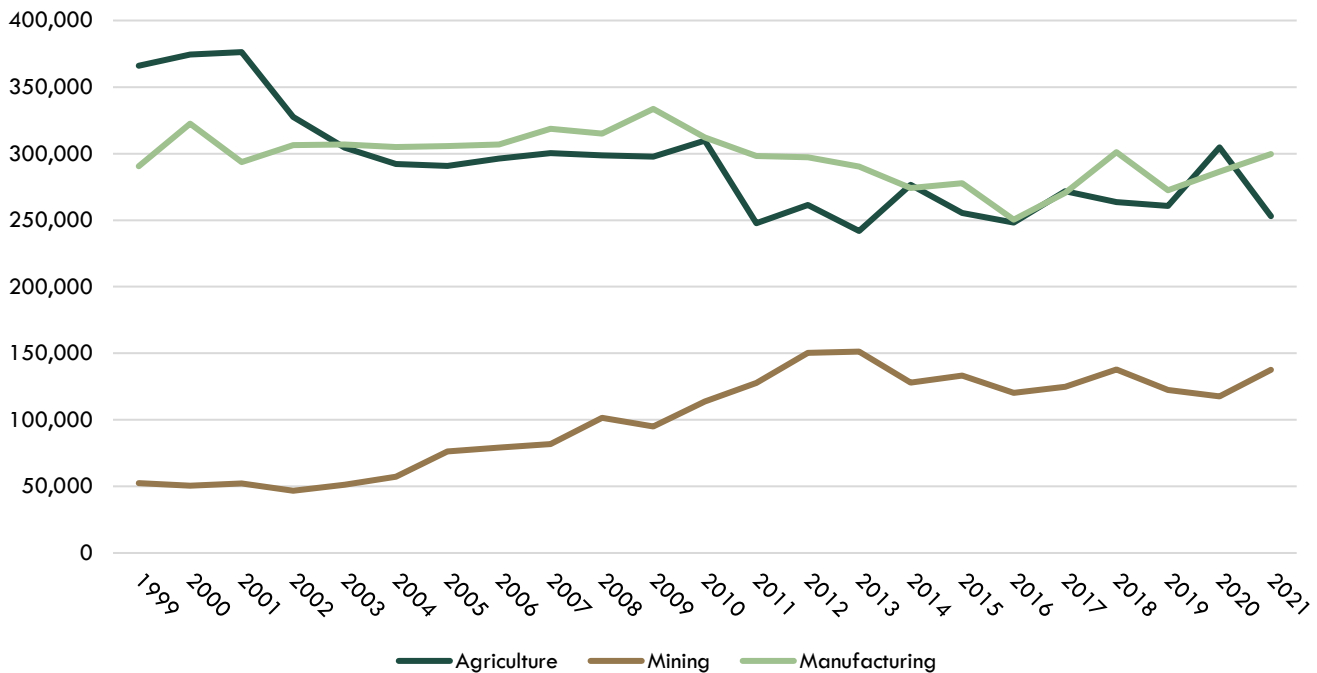
Work in Regional Australia

A common idea throughout Australia's economic history is that our economy 'rode on the sheep's back'. This was especially true after the initial pastoral expansion of colonial Australia, when the role of agricultural production and in particular wool was integral to Australia's economic development. Since then, our regional communities are often described in narrative terms that draw heavily on farming as a way of life for regional Australia. However, the modern

⁶ Beer, A. (2012). The Economic Geography of Australia and Its Analysis: From Industrial to Post-Industrial Regions. *Geographical Research*, 50(3), 269–281. <https://doi.org/10.1111/j.1745-5871.2012.00771.x>

economy bears little resemblance to this description, and the composition of the regional labour market has changed substantially over the last few decades.

Figure 2
Regional Employment in Traditional Industries



Source: ABS 6291.0.55.001.

While we still view our regions through this lens, primary industry has been in decline for decades (see Figure 2). In 1999, almost 1 in 4 regional workers worked in either agriculture, mining, or manufacturing. Yet at the time of writing, employment in manufacturing (6.85%), agriculture (5.78%), and mining (3.15%) is dwindling. While the largest declines have come from the agricultural sector, neither mining nor manufacturing has increased enough to compensate. As a result, young people from regional areas increasingly are seeking to move away in search of a better life, with recent research finding that half of young workers surveyed wanted to go to university and work in a professional job elsewhere.⁷

This demographic and economic decline threatens the long term viability of our regions: recent research highlights the fragile nature of economic resilience in these areas.⁸ While rural towns have proved surprisingly resilient, in most areas outside the metropolitan core, economic resilience has been heavily dependent on the scale of investment in mining and construction.

ALICE SPRINGS, NT

Alice Springs is a regional city in the centre of Australia, within the Northern Territory.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 51% | Part Time | 44% |
| | Full Time | 49% |
| | Unspecified | 5% |

Economic Contribution \$487,114 per week

| | | |
|----------|-------------|-----|
| Male 49% | Part Time | 26% |
| | Full Time | 67% |
| | Unspecified | 7% |

Economic Contribution \$574,726 per week

Total Economic Contribution \$1,073,165 per week

⁷ Cuervo, H., Chesters, J., & Aberdeen, L. (2019). Post-school aspirations in regional Australia: an examination of the role of cultural and social capital. *Australian Educational Researcher*, 46(5), 843–861. <https://doi.org/10.1007/s13384-019-00305-7>

⁸ Courvisanos, J., Jain, A., & K. Mardaneh, K. (2016). Economic Resilience of Regions under Crises: A Study of the Australian Economy. *Regional Studies*, 50(4), 629–643. <https://doi.org/10.1080/00343404.2015.1034669>

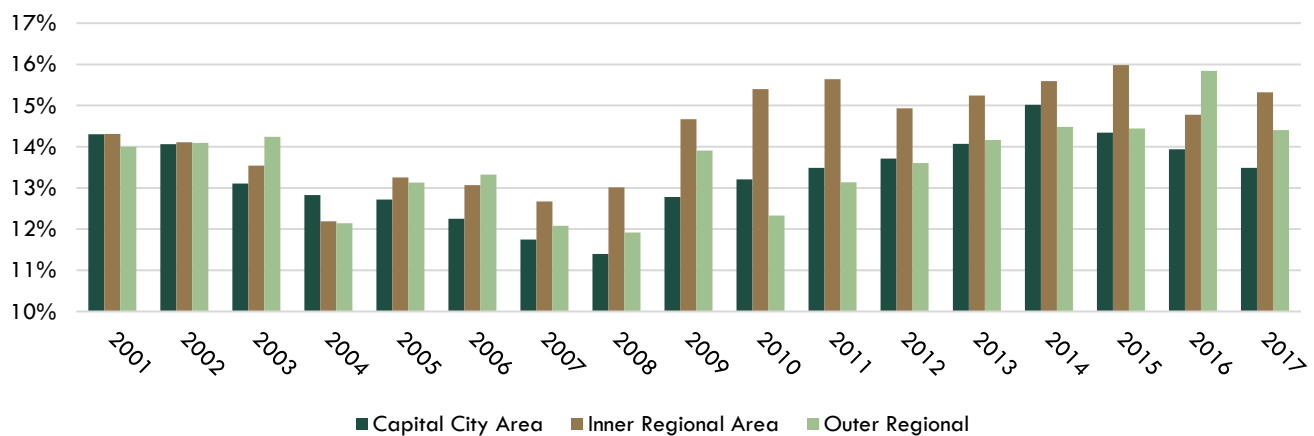
RETAIL IN THE REGIONS

However, contrary to popular perceptions of regional Australia, most workers are employed in the *Foundational Economy*. The Foundational Economy encompasses the jobs and services that people rely on and interact with every day. These economic activities are a key building block in the foundation of our way of life. It includes (but is not limited to) such essential goods and services as care, retail, food preparation and distribution, education, health, utilities, warehousing and delivery.

The Foundational Economy employs more than 40% of Australian workers and underpins the essential services that provide security and succour to all citizens. It is fundamental to our national economy and to maintaining or improving our standard of living. Crucially, retail forms an essential pillar of the Foundational Economy in regional Australia.

When it comes to the health of our regional economies, it is not just a question of job quantity, but also of job quality. Unfortunately, regional workers are more likely to be employed in insecure and insufficient employment arrangements. Since the global financial crisis, underutilisation has risen significantly across urban, regional and rural economies. However, the largest growth has been in Inner Regional Areas, which encompasses all the major regional cities from Bourke to Broome. In the wake of the crisis, regional workers are increasingly at risk of unemployment, underemployment and insecure work.

Figure 3
Labour force underutilisation by region



Source: HILDA.

There is significant need for a program of stable and secure job creation in regional Australia. The unemployment rate is currently comparable between urban and regional Australia on average, but the participation rate is significantly lower in the regions: while the greater metropolitan areas of our capital cities enjoy an average participation rate of 68.1%, the rest of Australian has a participation rate of 56.5%.

While this in itself is cause for alarm, some areas fare worse than others. Regional centres like Coffs Harbour and Port Macquarie on the Mid-North Coast of NSW, and Toowoomba and Wide Bay in QLD have participation rates below 50%. This creates a vicious cycle of economic depression as less money is spent back into local communities, making it harder for local businesses to expand and take on additional workers.

In short, regional Australians need secure jobs in stable industries. The retail sector is a key source of employment and growth for our regions, across the country.

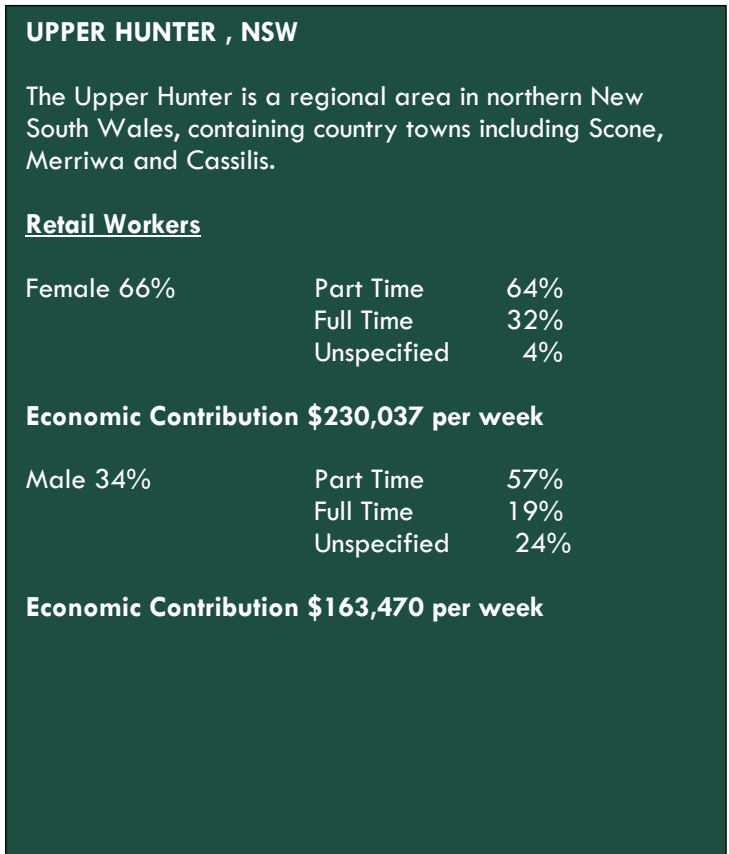
Local Shopping, Local Benefits

Regional Australians are very proud of the places they live, and their way of life. Donald Horne (1964)⁹ remarked on this heritage of localism in his seminal text, *The Lucky Country*, noting that ‘regional interests and loyalties are even stronger among Australians than among Americans - in that in social life they exist almost without challenge’.

While Horne may have regarded provincialism with derision, it has numerous positive benefits. While people in regional areas report that their communities thrive when they have access to services and employment opportunities, they also list a culture of supporting each other and a close-knit community as the most important aspects of regional life (see Figure 4).

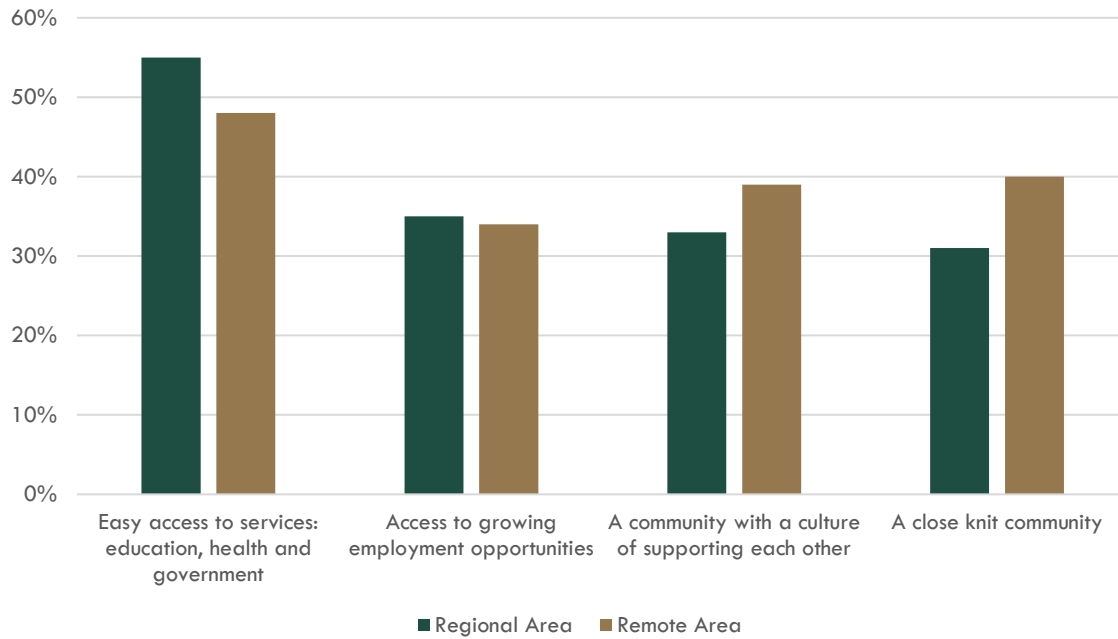
Figure 4

Comparison of community aspirations by Rurality



⁹ Horne, D. (1964). *The Lucky Country*. <https://www.penguin.com.au/books/the-lucky-country-978174253157>

RETAIL IN THE REGIONS



Source: *Australia Post. (2020). Economic and social value of Australia Post in regional, rural and remote communities.p19*

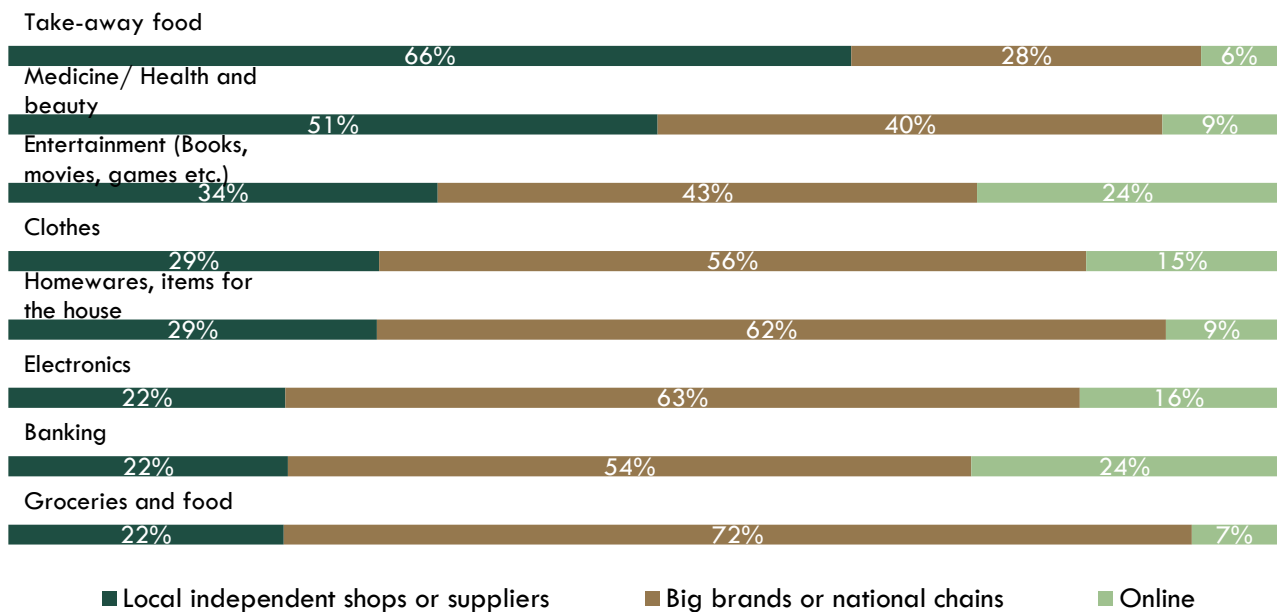
In particular, there is a strong preference among regional and rural Australians to support local businesses, local services and local products. While there have been changes to the retail industry's composition over the past few decades, due to market concentration, deregulated shopping hours, increased mobility levels and a change in consumption practices driven by the growth in online retailing¹⁰ people in regional and rural areas remain very supportive of local retail businesses.

For residents of regional cities, local shopping was a high priority, with the majority of purchases being conducted in local shopping or national chains (see Figure 5).

Figure 5
Retailer for most purchases, Regional cities.

¹⁰ Baker, R. G. V, & Wood, S. (2009). Towards Robust Development of Retail Planning Policy: Maintaining the Viability and Vitality of Main Street Shopping Precincts, Drechsler, P. (2014). Metropolitan activity centre planning in Australia: Implications of millennial consumption practices. *Urban Policy and Research*, 32(3), 271–287., Goodman, R., & Coiacetto, E. (2012). Shopping Streets or Malls: Changes in Retail Form in Melbourne and Brisbane. *Urban Policy and Research*, 30(3), 251–273.

RETAIL IN THE REGIONS



Source: Essential Media (2021).

MORETON BAY, QUEENSLAND

Moreton Bay is a regional area that sits between Brisbane and the Sunshine Coast in Queensland, containing country towns including Dayboro, D’Aguilar, Mount Mee and Woodford.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 58% | Part Time | 57% |
| | Full Time | 38% |
| | Unspecified | 5% |

Economic Contribution \$9,697,568 per week

| | | |
|----------|-------------|-----|
| Male 42% | Part Time | 23% |
| | Full Time | 64% |
| | Unspecified | 13% |

Economic Contribution \$9,583,236 per week

Total Economic Contribution \$19,261,323

Only banking and entertainment products were popular online shopping choices, with about a quarter of respondents chasing digital means as their preferred method of retail consumption. This is likely because of the multiplier effect of spending into local economies, which was mentioned by a number of participants.

Shopping centres are important because they not only provide local employment but also help to keep people in their own community. If people have to go elsewhere they are likely to spend in other businesses rather than locally.

(Tim, Regional City, Western Australia)¹¹

You stand to grow your community if you spend money locally. Spending money locally can create more jobs.

(Lee, Regional City, QLD)

There was a strong perception that buying locally means supporting local businesses, who are in turn able to support local employment. This local employment was seen as a way of attracting further investment, either through the flow of money back into the town through the wages it pays to workers, the additional jobs it creates or because it provides a base to support regional tourism.

Buying local and supporting local has a huge impact on the local economy in a positive way! It keeps local business running who may draw in tourism/visitors into the area who are interested in that particular business which in return will create business for the next local business and work as a domino effect.

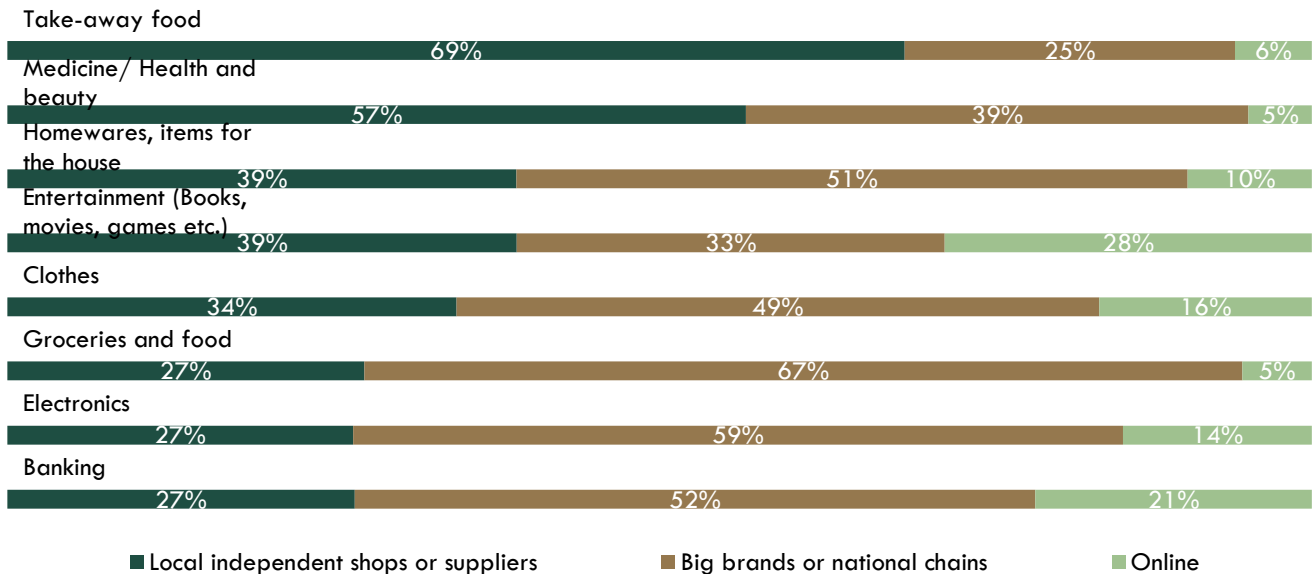
(Fatimah, Regional City, NSW)

¹¹ All names are changed to ensure anonymity

RETAIL IN THE REGIONS

Similarly, residents of smaller country towns saw this responsibility to support local businesses as part of the way of life for community members (see Figure 6).

Figure 6
Retailer for most purchases, Country Towns.



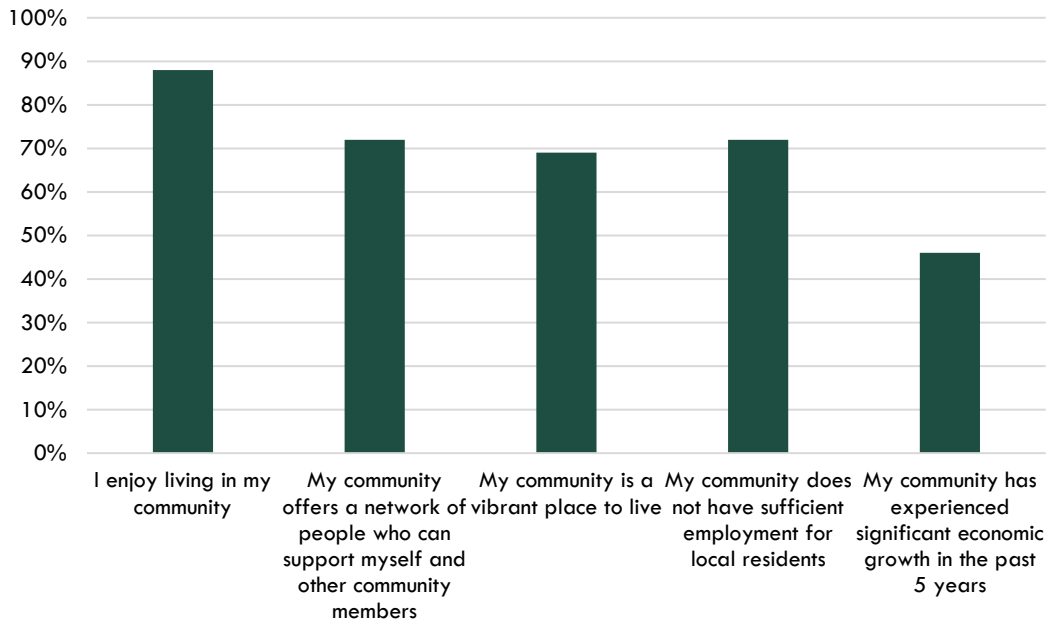
Source: Essential Media (2021).

People from country towns were far more likely to shop locally than their regional metropolitan counterparts, but still turned to national chains for their grocery, electronics and textile needs. They were similarly likely to use digital platforms for their financial service needs, but slightly more likely to go online for their entertainment consumption.

This has led to a growing concern amongst regional residents, despite a generally positive view of life in their communities. In particular, economic opportunities are seen as lacking in regional areas, with 72% of surveyed participants reporting that their communities do not have sufficient employment opportunities for local residents (see Figure 7).

Figure 7
Regional perceptions of life in their local community

RETAIL IN THE REGIONS



Source: Australia Post. (2020). Economic and social value of Australia Post in regional, rural and remote communities.p20

LAUNCESTON, TASMANIA

Launceston is a regional city in the north east of Tasmania.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 55% | Part Time | 63% |
| | Full Time | 31% |
| | Unspecified | 6% |

Economic Contribution \$1,432,151 per week

| | | |
|----------|-------------|-----|
| Male 45% | Part Time | 27% |
| | Full Time | 62% |
| | Unspecified | 11% |

Economic Contribution \$1,589,729 per week

Total Economic Contribution \$3,021,627 per week

While the presence of a strong tourism sector can provide additional benefits to retail employment in regional areas and alleviate some of these concerns,¹² when interviewed, people from country towns identified the ability of locals to spend back into their regional economies as being the most reliable way to benefit their town.

It keeps the locals employed and puts money back into our economy and hopefully the community.

(Jacob, Country Town, WA)

Buying local makes a huge difference, even using the normal, old check out system in the supermarket...[it] means locals have jobs and they in turn have money to spend.

(Tina, Rural Area, NSW)

This positive appraisal of local retail translates to strong support for external interventions to expand the industry and continue to grow the impact it has on local economies.

Crucially, local residents want to see an investment in the care economy (see Figure 8). While one in three

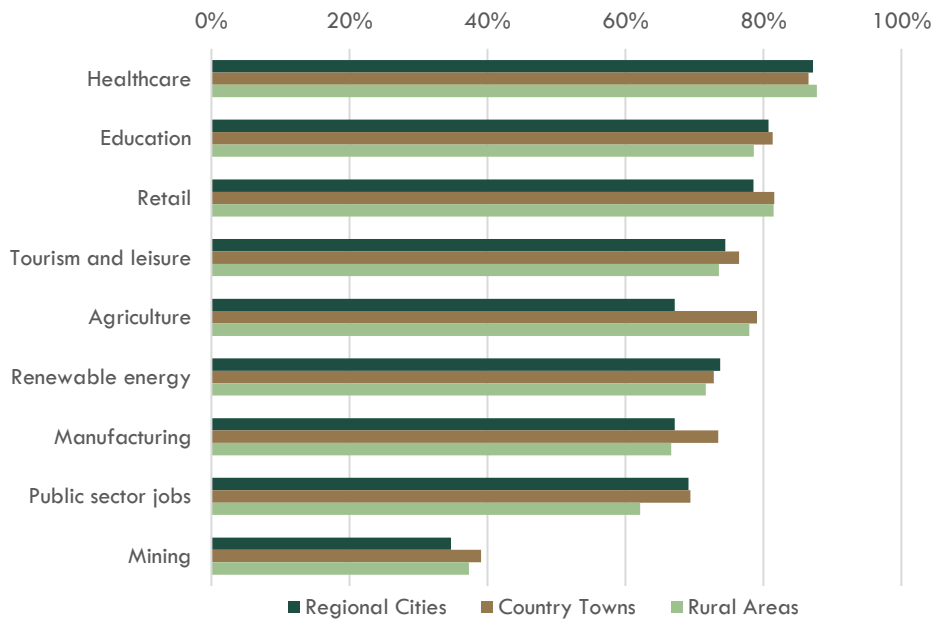
regional residents want to see investment in mining, eight out of every ten respondents wanted to see an investment in regional retail. Outside of healthcare and education, both largely operated by the government in regional areas, retail was the most valued industry across regional cities, country towns and rural areas.

Figure 8

Support for local economies

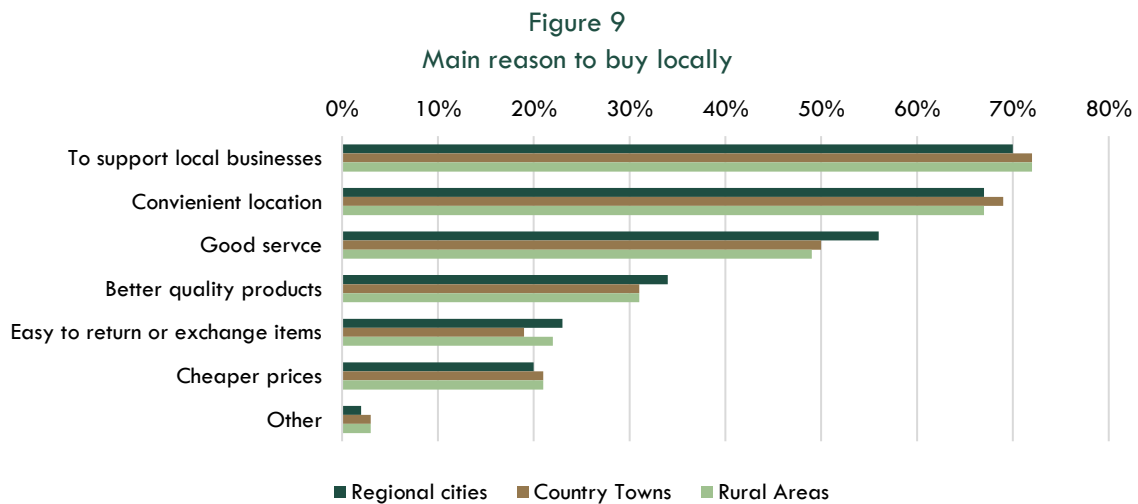
¹² Naranpanawa, N., Rambaldi, A. N., & Sipe, N. (2019). Natural amenities and regional tourism employment: A spatial analysis. *Papers in Regional Science*, 98(4), 1731–1757. <https://doi.org/10.1111/pirs.12431>

RETAIL IN THE REGIONS



Source: Essential Media 2021.

However, local residents don't see it as purely the responsibility of government or industry to support regional retail – they are more than happy to do their part to support local businesses (see Figure 9). While service and convenience rated high for regional residents, the ability to support local businesses was listed as the primary motivator for shopping locally.



Source: Essential Media 2021.

There is little doubt that any interventions to support the growth of the retail industry in Australia's regions will be incredible popular with the people who call them home.

Measuring the impact of retail in regional economies

The retail sector has a turnover of \$320 billion and contributes \$80 billion in Gross Value Added (GVA) to the Australian economy every year: around 6% of all value generated in the economy. To put this in perspective, this is roughly equivalent to two-thirds of the contribution made by construction, and around twice the contribution made by accommodation and food services.¹³

¹³ Australian Bureau of Statistics. (2021, May 28). *Australian Industry, 2019-20 financial year*.

Whyalla, SA

Whyalla is a regional city in South Australia, famous for its steelworks.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 70% | Part Time | 64% |
| | Full Time | 30% |
| | Unspecified | 6% |

Economic Contribution \$382,928 per week

| | | |
|----------|-------------|-----|
| Male 30% | Part Time | 18% |
| | Full Time | 55% |
| | Unspecified | 27% |

Economic Contribution \$ \$223,756 per week

Total Economic Contribution \$607,516 per week

The economic performance of the retail sector over the past decade has been strong. Annual growth in GVA is significantly higher in the retail sector than in the economy at large, with 2.32% growth per year compared to 1.9% for the overall economy.¹⁴

The total retail workforce is well over one million people. However, there is a significant difference between the numbers of retail workers reported by employers to the ABS, and the number who self-report in the Census. The latest ABS workforce numbers are roughly 1.25 million¹⁵, while the Census data would suggest closer to 1,050,000.

This is likely due to the way people self-report their occupation (eg. people may not see themselves as “working in retail” if they spend more time in a different job). We have used the census figures to estimate local retail workforce numbers and then adjusted them using the latest ABS workforce figures.

General Demographics

In this section, we describe in detail the economic and employment impacts of retail work. We identify some of the core demographic metrics, including the proportion of the workforce in retail work, the relative proportions of men and women in the workforce, and their age profiles. We then identify the economic contribution in terms of wages that the retail sector provides for each location.

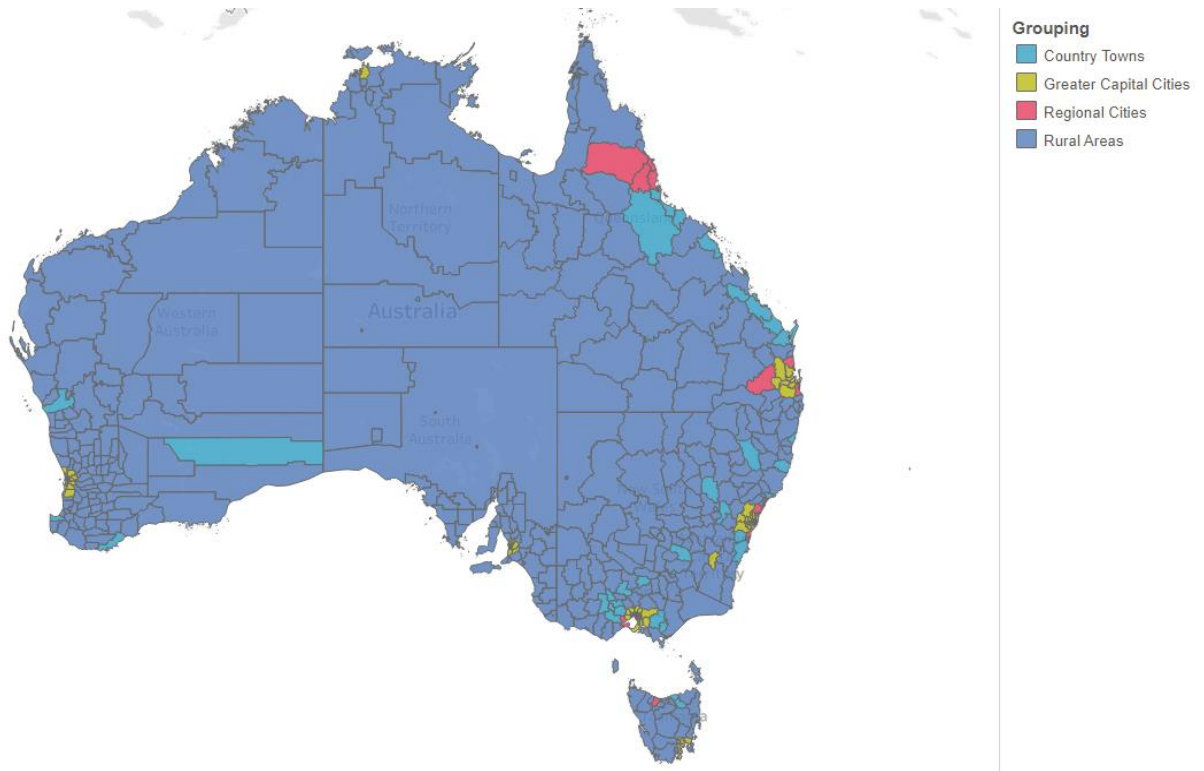
Based on the available LGA level data from the 2016 census, we categorise the population of the country into four categories; Greater Capital Cities (GCCs), Regional Cities, Country Towns, and Rural Areas (Figure 10).

Figure 10
National Rurality Map (state level images available below)

¹⁴ Australian Bureau of Statistics. (2021 d, December 13). Estimates of Industry Multifactor Productivity, 2020-21 financial year. <https://www.abs.gov.au/statistics/industry/industry-overview/estimates-industry-multifactor-productivity/latest-release>

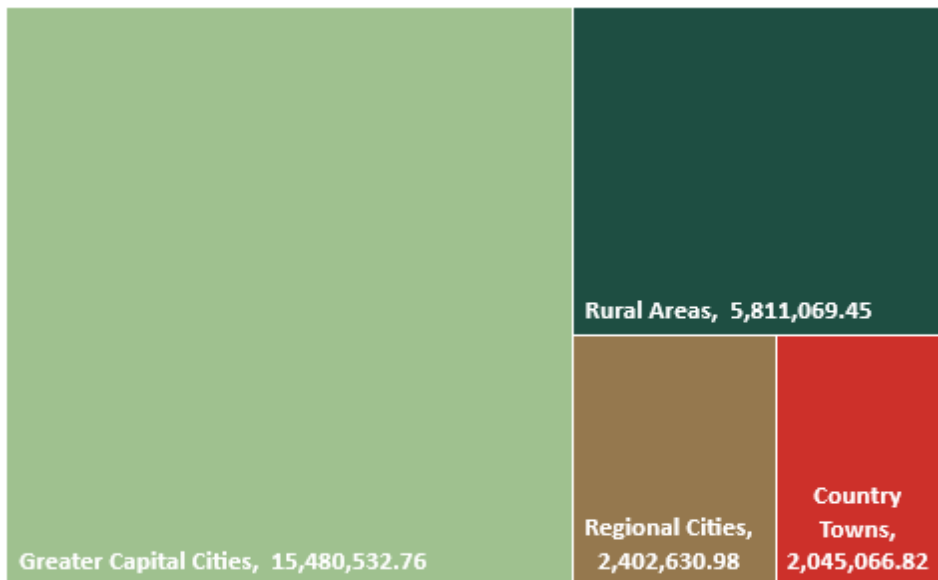
¹⁵ Australian Bureau of Statistics. (2022). Labour Force, Australia, Detailed, December 2021. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/dec-2021#industry-occupation-and-sector>

RETAIL IN THE REGIONS



As described earlier, since the end of the Second World War, the population of Australia has become increasingly urbanised, with 60% in the Greater Capital Cities (GCCs), 23% in Rural Areas, 9% in Regional Cities, and 8% in Country Towns (see Figure 11).

Figure 11
Population by Rurality



Source: 2016 census, adjusted for population increase

RETAIL IN THE REGIONS

In total, the retail workforce comprises just under 10% of the total workforce (see Table 1).¹⁶ However, this proportion increases for rural areas. Country Towns have the highest retail workforce rates. Rural areas, unsurprisingly, have a lower level of retail employment than other areas outside of the GCCs. This is likely due to many people travelling to country towns and regional cities for their shopping.

Table 1
Retail Workforce by Rurality.

| | Total Population | Total Workforce | Retail Workforce | Retail % of Workforce |
|-------------------------------|------------------|-----------------|------------------|-----------------------|
| Rural Areas | 5,811,069 | 2,081,733 | 199,924 | 9.6% |
| Country Towns | 2,045,067 | 1,013,017 | 108,446 | 10.7% |
| Regional Cities | 2,402,631 | 1,054,283 | 111,173 | 10.5% |
| Greater Capital Cities | 15,480,533 | 7,483,951 | 708,335 | 9.5% |
| National | 25,739,300 | 11,632,984 | 1,127,879 | 9.7% |

Source: Authors calculations, ABS 2016 Census, ABS 6306, Employee Earnings and Hours, May 2021

Of the roughly 1,128,000 retail workers, around 708,000 work in GCCs, 200,000 in Rural Areas, and around 108,000 and 111,173 in Country Towns and Regional Cities respectively.

Figure 12
Retail Workforce by Rurality



Source: Authors calculations, ABS 2016 Census, ABS 6306, Employee Earnings and Hours, May 2021

¹⁶ Much of this report uses publicly available Census data, a detailed methodology is available in Appendix 1.

Gender, Age and Retail Work

Women account for 47.4% of the total national workforce. However, the proportion of women working in the retail sector is significantly higher than men overall, at 57%. The difference is progressively more pronounced the further one gets from a capital city, with women accounting for more than three out of five retail workers in Rural Areas.

Table 2
Retail Workforce Size by Gender.

| | Women | Men | Total | Difference | Women as % of Workforce |
|------------------------|---------|---------|-----------|------------|-------------------------|
| Rural Areas | 120,414 | 79,510 | 199,924 | 38,274 | 60.2% |
| Country Towns | 64,948 | 43,498 | 108,446 | 20,048 | 59.9% |
| Regional Cities | 65,025 | 46,148 | 111,173 | 17,648 | 58.5% |
| GCCs | 392,418 | 315,917 | 708,335 | 71,478 | 55.4% |
| National | 642,778 | 485,101 | 1,127,879 | 147,448 | 57.0% |

Source: Authors calculations, ABS 2016 Census, ABS 6306, Employee Earnings and Hours, May 2021

Nationally, retail jobs account for a total of 12.57% of all jobs held by women, while only 7.31% of jobs held by men.

Employment patterns are significantly different between the genders. Across all rurality distinctions, women are almost twice as likely as men to work less than full time hours (see Figure 13). This has significant effects on women’s wages, and knock on effects regarding employment security, economic independence and retirement incomes.

While women make up the largest part of the retail workforce in regional areas, they are most likely to be employed part time. Men on the other hand are significantly more likely to work 35 hours to 48 hours, and around three times more likely to work over 49 hours.

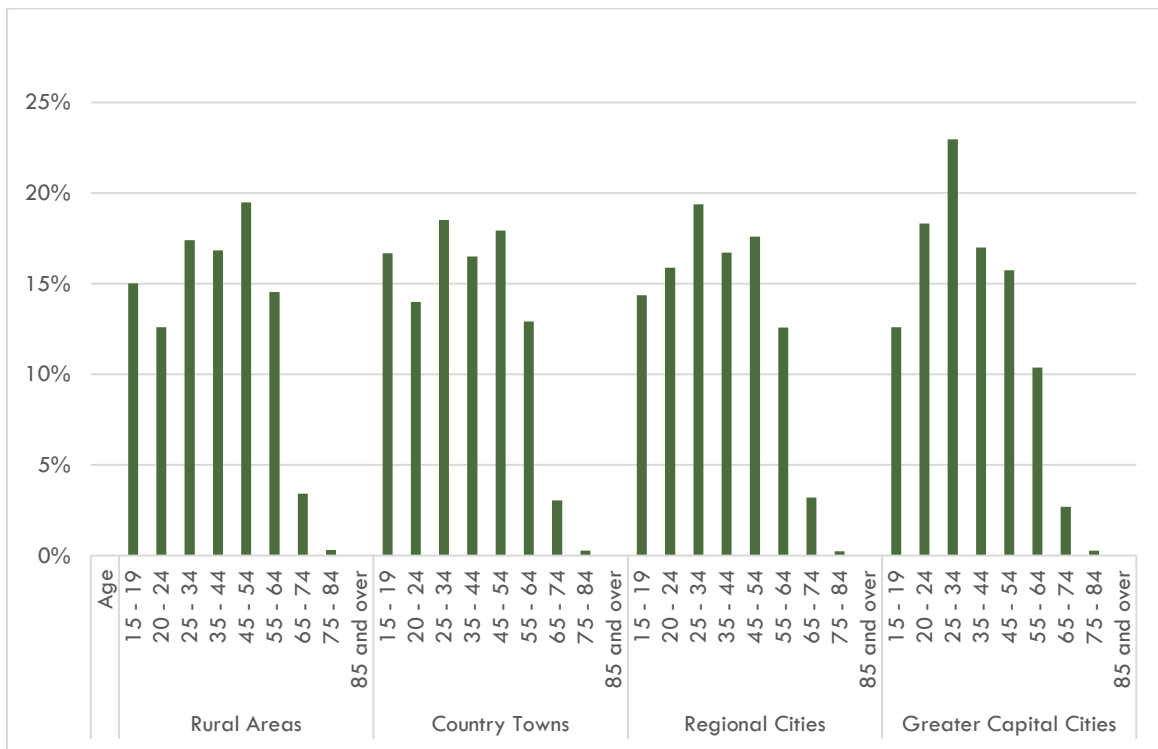
Figure 13
Hours Worked by Gender



Source: Authors calculations, ABS 2016 Census

The age profile of retail workers is relatively young, with around 26-28% of retail workers being aged 15-19 (see figure 14). Another 15-18% of retail workers are aged 20-24. This both explains, and is explained by the low pay, and relatively easy entry characteristics of retail work: young workers are in general paid less, and more experienced workers may seek higher paid employment in other sectors.

Figure 14
Retail Workforce by Age



Source: Authors calculations, ABS 2016 Census

CAIRNS, QUEENSLAND

Cairns is a regional city in Far North Queensland, and a famous tourist destination.

Retail Workers

Female 51%

| | |
|-------------|-----|
| Part Time | 44% |
| Full Time | 49% |
| Unspecified | 7% |

Economic Contribution \$3,583,187 per week

Male 49%

| | |
|-------------|-----|
| Part Time | 26% |
| Full Time | 67% |
| Unspecified | 7% |

Economic Contribution \$3,294,352 per week

Total Economic Contribution \$6,891,790 per week

There are 1% or 2% more retail workers in the 25-64 age categories in Rural, Country Town and Regional Cities than in Capital Cities in aggregate. However, examining the age profile of retail workers by gender, shows the specific importance of retail work to women in the regions.

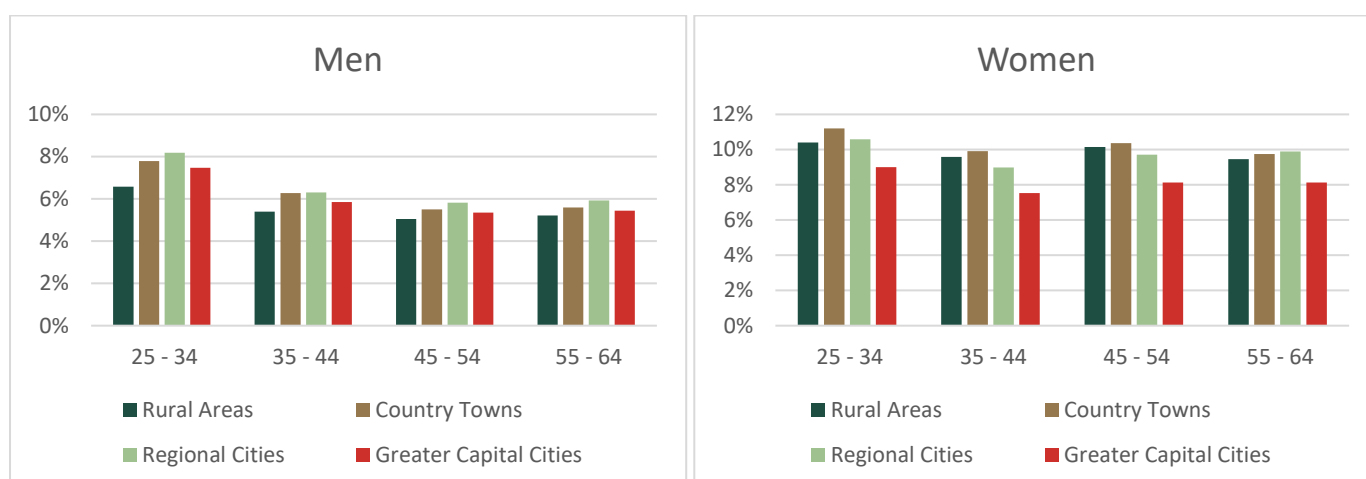
In Rural Areas young men and women are roughly equal in terms of their share of retail jobs, with women accounting for 51% of retail jobs in the 15-24 age group. But for workers aged 25-64 women account for over 62% of retail jobs. The balance then shifts back in the 65 and over range, with men actually working in retail more than women (51.5%).

There are far more women of prime working age in retail work outside of the capital cities, than in them: around 8% of women in GCC retail work are of prime working age, while outside of the capitals, that proportion rises to over 10%.

This means that prime age work, where people build up their superannuation, and have the most opportunities for promotions and other working benefits, is specifically gendered in the retail sector in the regions.

Figure 15
Prime age workers by gender

RETAIL IN THE REGIONS



Source: Authors calculations, ABS 2016 Census

Wages and Economic Impact

Average weekly earnings in the sector are relatively low, at \$802.20, compared to \$1305.80 for the average worker.¹⁷ For women the figure is lower, at \$706, compared to \$1068.90. For men it is \$929.80 compared to a national average of \$1555.30. This means that women earn slightly better as a proportion of average wages than men do in the retail sector.

Table 3
Average weekly wages

| | Retail (\$) | Average (\$) | Retail as % of average |
|-------|-------------|--------------|------------------------|
| Women | 706 | 1068.9 | 66.0% |
| Men | 929.8 | 1555.3 | 59.8% |

Source: Authors calculations, ABS 6306, Employee Earnings and Hours, May 2021

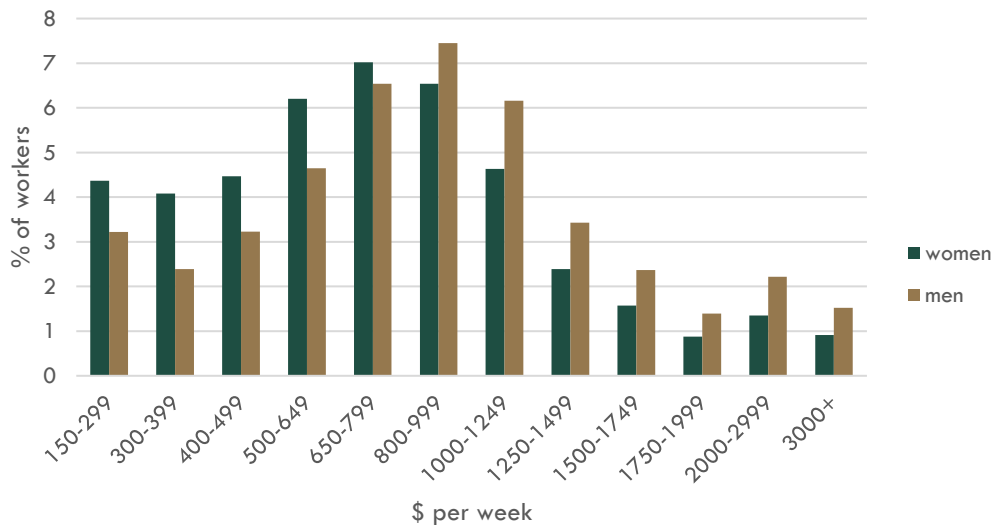
¹⁷ Australian Bureau of Statistics. (2021c, August 19). Average Weekly Earnings. <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>

RETAIL IN THE REGIONS

At the individual level, wages of retail workers are generally low. The median retail wage is around \$33,800-\$41,599 for men in each rurality, and for women in the GCCs. For all women outside of the GCCs, that range falls to between \$26,000-\$33,799.

Figure 16 below shows the distribution of weekly wages broken down by gender. As is clear, women earn far less from retail than men. At the low end 17.3% of women earn less than \$500 per week compared to 12.6% for men. This trend is reversed for top earners, with 17.1% of men earning over \$1000 per week, compared to 11.7% of women. This is likely explained by the much higher rates of part time work among Australian women.

Figure 16
Retail Wages by Gender



Source: Authors calculations, ABS 2016 Census, ABS 6306, Employee Earnings and Hours, May 2021

KALGOORLIE, WA

Kalgoorlie is a regional city in Western Australia.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 69% | Part Time | 55% |
| | Full Time | 40% |
| | Unspecified | 5% |

Economic Contribution \$724,339 per week

| | | |
|----------|-------------|-----|
| Male 31% | Part Time | 15% |
| | Full Time | 64% |
| | Unspecified | 21% |

Economic Contribution \$455,674 per week
Total Economic Contribution \$607,516 per week

RETAIL IN THE REGIONS

The overall share of retail wages of total wages is relatively low given the number of people employed. While between 9.5% and 10.7% of the workforce is in retail in each rurality, retail wages only account for between 6.7% and 8.3%.

FRANKSTON, VICTORIA

Frankston is a regional city on the Mornington Peninsular in Victoria.

Retail Workers

Female 57% Part Time 59%
 Full Time 35%
 Unspecified 6%

Economic Contribution \$3,321,652 per week

Male 43% Part Time 24%
 Full Time 64%
 Unspecified 12%

Economic Contribution \$3,681,414 per week

Total Economic Contribution \$7,022,543 per week

Table 4 below gives a breakdown of the proportion of people in retail employment, and the proportion of total wages for each rurality. There appears to be no clear relationship or trend between the two metrics, or between wages and rurality.

Table 4
Retail wages as a share of total wages.

| | Greater Capital Cities | Regional Cities | Country Towns | Rural Areas | National |
|--------------------------------|------------------------|-----------------|---------------|-------------|----------|
| Retail wages share | 7.96% | 7.74% | 6.71% | 8.30% | 7.88% |
| Retail employment share | 9.5% | 10.5% | 10.7% | 9.6% | 9.7% |

This is partly explained by the higher share of retail workers who are in part time rather than full time employment, and partly by the high number of young workers and “low skill” work involved in retail.

Despite the relatively low incomes of retail workers, the overall economic impact of retail wages is very large. We calculate the overall weekly wage bill for the country is over 805 million dollars (see Table 5). \$78 million dollars per week enters Regional Cities through retail wages. For Country Towns this increases to \$61 million, and for Rural Areas, retail wages contribute \$163 million per week.

Overall this means that retail contributes some \$302 million per week in wages into regional and rural areas, equalling \$15.7 billion per year.

Table 5
Total wages by rurality

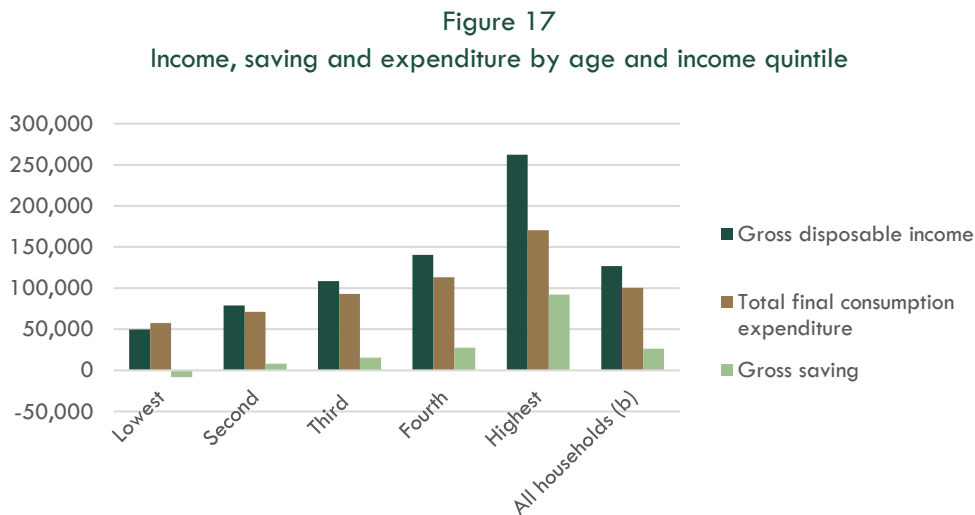
| | Rural Areas | Country Towns | Regional Cities | Greater Capital Cities | National |
|-------------|--------------|---------------|-----------------|------------------------|---------------|
| Male | \$81,334,055 | \$28,937,130 | \$38,233,367 | \$257,788,969 | \$406,293,521 |

RETAIL IN THE REGIONS

| | | | | | |
|---------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|
| Female | \$81,517,099 | \$31,929,188 | \$40,203,740 | \$245,121,919 | \$398,771,944 |
| Weekly Total | \$162,851,153 | \$60,866,317 | \$78,437,106 | \$502,910,889 | \$805,065,465 |
| Annual Total | \$8,468,259,970 | \$3,165,048,465 | \$4,078,729,536 | \$26,151,366,215 | \$41,863,404,186 |

It is well known that low income workers and young workers spend a higher proportion of their wages than older workers on higher incomes.¹⁸

Figure 17 below shows that young workers in the 15-24 category spend slightly more than they earn low income workers in the bottom lowest income. The graph on the right shows that the poorest 20% of households (quintile 1) actually spend more than they earn, while for the second poorest 20% of households (quintile 2) spend roughly every dollar they earn.



Source: ABS 5204, Australian National Accounts: Distribution of Household income, consumption and Wealth, RBA, Laura Berger-Thomson, Elaine Chung, and Rebecca Mckibbin. 2009. "Reserve Bank of Australia Estimating Marginal Propensities to Consume in Australia Using Micro Data."

Low income workers also tend to spend more frequently in their local economy, and spend more in small businesses than medium/high income and older households.¹⁹ This is because everyday expenditures such as rent/mortgage payments, food, childcare, transport etc are frequently spent at local businesses.

Overall, this means that the overall economic impact of retail work will contribute to the viability of small local independent businesses, which are extremely important in local communities. Because of these factors, any increase in retail wages will be spent locally, and quickly, in the local community, bolstering the economy and securing local jobs and businesses.

Conclusion

The impact of the retail industry in regional areas is considerable. The money spent in local shops and regionally located national chains provides stable employment for community members, who are almost certainly spending the majority of their wages back into the local economy.

Residents value this ability to engage in local economic stimulation. They feel proud of their communities, and like to support local business. However, they also want to see this foundational part of their economy supported by external stakeholders.

¹⁸ Berger-Thomson, L., & Chung, E. (2009). DISCUSSION Estimating Marginal Propensities to Consume in Australia Using Micro.

¹⁹ Farrell, D., & Kim, B. (2017). Younger and Lower Income Consumers Drive Small Business Spending | JPMorgan Chase Institute.

RETAIL IN THE REGIONS

Retail provides employment for nearly one in ten regional Australians, and is a particularly important employer for a predominantly young, female workforce. Unfortunately, the economic activity generated by this employment is being dampened by low wages and insecure employment.

While there is little doubt that retail forms a core pillar of the foundational economic in regional Australia, an increase to the wages and working conditions of its workforce can have significant impacts on local economies. By boosting the wages of retail workers, a virtuous cycle of local spending could be stimulated, allowing more money to be added to regional consumption, creating stronger profit margins for regional businesses and allowing them to bring on additional workers to meet rising demand.

Most importantly, this stimulation creates greater local security for regional communities. At a time when country towns across Australia are seeing a decline in population, increasing the economic security of regional retail workers can help to arrest the decline experienced in rural and remote communities.

Ultimately, this is a matter of equity. The regional retail workforce is undervalued, underappreciated and underpaid relative to workers in the broader economy, as is typical of all jobs and industries in the Foundational Economy. By supporting foundational workers, we not only provide discreet local stimulus to regional economies, we provide security and support to (often young and female) workers, reducing the inequalities experienced across generational and gender lines.

Retail is a crucial part of the social and economic fabric of life in our regions, and it's time we started supporting the people who support us every day.

CENTRAL COAST, NSW

Central Coast is a regional area centred on Gosford in NSW, and also containing many country towns including Somersby, Yarramalong and Gwandalan.

Retail Workers

| | | |
|------------|-------------|-----|
| Female 59% | Part Time | 62% |
| | Full Time | 32% |
| | Unspecified | 5% |

Economic Contribution \$429,660 per week

| | | |
|----------|-------------|-----|
| Male 41% | Part Time | 24% |
| | Full Time | 61% |
| | Unspecified | 15% |

Economic Contribution \$376,385 per week

Total Economic Contribution \$811,148 per week

Bibliography

- Australia Post. (2020). *Economic and social value of Australia Post in regional, rural and remote communities*.
- Australian Bureau of Statistics. (2021a, May 28). *Australian Industry, 2019-20 financial year*.
<https://www.abs.gov.au/statistics/industry/industry-overview/australian-industry/latest-release>
- Australian Bureau of Statistics. (2021b). *Employee earnings*. <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/employee-earnings/latest-release#industry>
- Australian Bureau of Statistics. (2021c, August 19). *Average Weekly Earnings*.
<https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>
- Australian Bureau of Statistics. (2021d, December 13). *Estimates of Industry Multifactor Productivity, 2020-21 financial year*. <https://www.abs.gov.au/statistics/industry/industry-overview/estimates-industry-multifactor-productivity/latest-release>
- Australian Bureau of Statistics. (2022a). *Labour Force, Australia, Detailed, December 2021*.
<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/dec-2021#industry-occupation-and-sector>
- Australian Bureau of Statistics. (2022b, January 11). *November retail sales up 7.3 per cent to record level*.
<https://www.abs.gov.au/media-centre/media-releases/november-retail-sales-73-cent-record-level>
- Baker, R. G. V, & Wood, S. (2009). *Towards Robust Development of Retail Planning Policy: Maintaining the Viability and Vitality of Main Street Shopping Precincts* *geor_622 65..74*. <https://doi.org/10.1111/j.1745-5871.2009.00622.x>
- Beer, A. (2012). The Economic Geography of Australia and Its Analysis: From Industrial to Post-Industrial Regions. *Geographical Research*, 50(3), 269–281. <https://doi.org/10.1111/j.1745-5871.2012.00771.x>
- Berger-Thomson, L., & Chung, E. (2009). *DISCUSSION Estimating Marginal Propensities to Consume in Australia Using Micro*.
- Campbell, I., & Chalmers, J. (2008). Job quality and part-time work in the retail industry: An Australian case study. *The International Journal of Human Resource Management*, 19(3), 487–500.
<https://doi.org/10.1080/09585190801895569>
- Courvisanos, J., Jain, A., & K. Mardaneh, K. (2016). Economic Resilience of Regions under Crises: A Study of the Australian Economy. *Regional Studies*, 50(4), 629–643. <https://doi.org/10.1080/00343404.2015.1034669>
- Cuervo, H., Chesters, J., & Aberdeen, L. (2019). Post-school aspirations in regional Australia: an examination of the role of cultural and social capital. *Australian Educational Researcher*, 46(5), 843–861.
<https://doi.org/10.1007/s13384-019-00305-7>
- Drechsler, P. (2014). Metropolitan activity centre planning in Australia: Implications of millennial consumption practices. *Urban Policy and Research*, 32(3), 271–287. <https://doi.org/10.1080/08111146.2014.908768>
- Farrell, D., & Kim, B. (2017). *Younger and Lower Income Consumers Drive Small Business Spending* | JPMorgan Chase Institute. <https://www.jpmorganchase.com/institute/research/small-business/insight-age-and-spend-growth>
- Goodman, R., & Coiacetto, E. (2012). Shopping Streets or Malls: Changes in Retail Form in Melbourne and Brisbane. *Urban Policy and Research*, 30(3), 251–273. <https://doi.org/10.1080/08111146.2012.667771>
- Horne, D. (1964). *The Lucky Country*. <https://www.penguin.com.au/books/the-lucky-country-9781742531571>
- Naranpanawa, N., Rambaldi, A. N., & Sipe, N. (2019). Natural amenities and regional tourism employment: A spatial analysis. *Papers in Regional Science*, 98(4), 1731–1757. <https://doi.org/10.1111/pirs.12431>
- Roan, A., & Diamond, C. (2003). Starting Out: The Quality of Working Life of Young Workers in the Retail and Hospitality Industries in Australia. *International Journal of Employment Studies*, 11, 91–119.
- Vromen, A., Lipton, B., Cooper, R., Foley, M., & Rutledge-Prior, S. (2021). *Pandemic pressures: Job Security And Customer Relations for Retail Workers*. *Org/Publications/Pandemic ...*, November.
<https://www.resolutionfoundation.org/app/uploads/2021/01/Pandemic-pressures.pdf>

Appendix 1. Methodology

At the time of writing, the 2021 census data has yet to be released. This is unfortunate since much of the data required for this study comes from the census, meaning that we rely on the 2016 census data to carry out this analysis. This means that key metrics do not correspond to other current data. For example, in 2016 there were just over one million retail workers. Now however, there are closer to 1.3 million.

Our data extrapolates from the 2016 census data, bringing it up to date with other sources. This means that while the data is not as accurate as it would be with 2021 census data, it is as accurate as the current ABS data allows us to be.

The aim of this report is to quantify the economic contribution of retail to regional and rural economies, in terms of secure employment and economic activity. To keep focus on regional and rural communities, geographic areas were defined by the following four categories:

- Greater Capital Cities: the greater capital city of each state and territory.
- Regional cities: major metropolitan areas including Wollongong, Central Coast, Newcastle, Gold Coast, Sunshine Coast and Geelong.
- Country Towns: individual areas with a population greater than 20,000; e.g., Muswellbrook (NSW), Cairns (QLD), Mt. Gambier (SA), Geraldton (WA).
- Rural Areas: All other areas in inner/outer regional Australia. Local government authorities have similar functions and powers but have varying designations in each state; particularly if they are urban or rural.

Distinguishing between these categories allows us to analyse and discuss the role of retail in regional and rural economies at the national level without skewing towards more populous areas.

Data was collected from the Australian Bureau of Statistics as their Australian Statistical Geography Standard (ASGS) structures include Mesh Blocks which can be grouped into local government areas (LGAs). This allowed us to collect data and gain insights into the role of retail in local communities.

The Retail Trade industry in Australia is comprised of 39 sectors ranging from Supermarkets and Grocery Stores, to Garden Supplies Retailing, to Clothing Retailing. However, the ABS defines retail workers by the following 6 Australian and New Zealand Standard Industrial Classification (ANZSIC) (cat. no. 1292.0) classes:

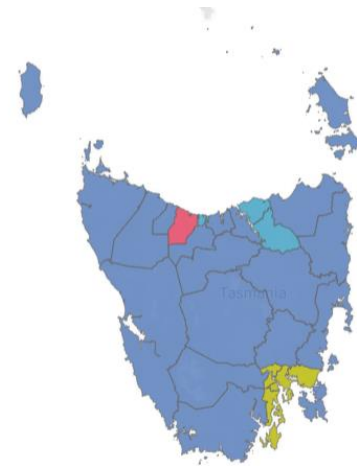
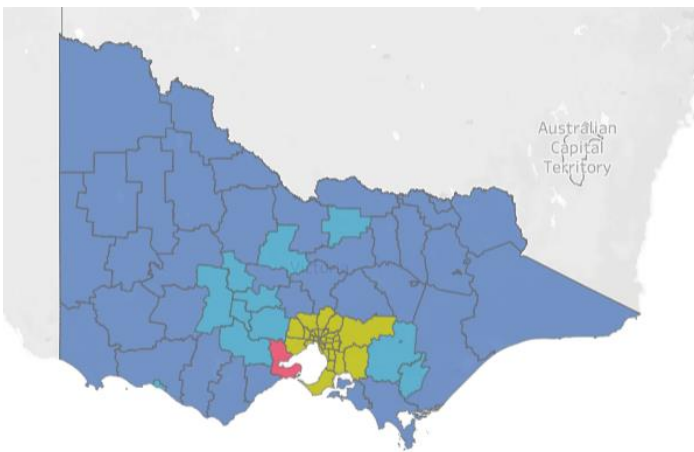
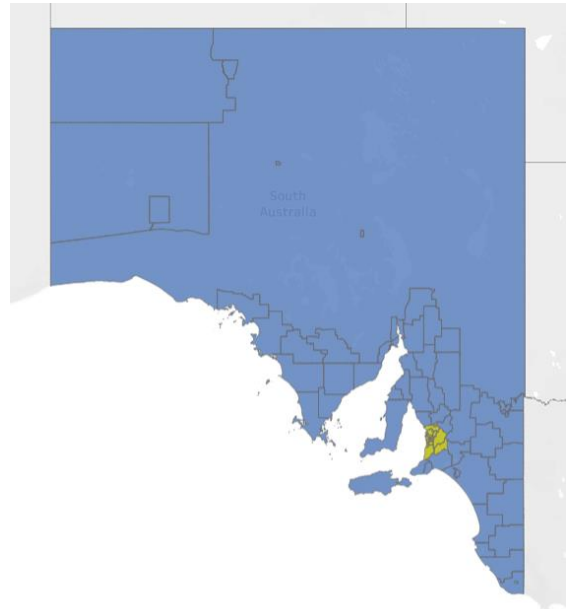
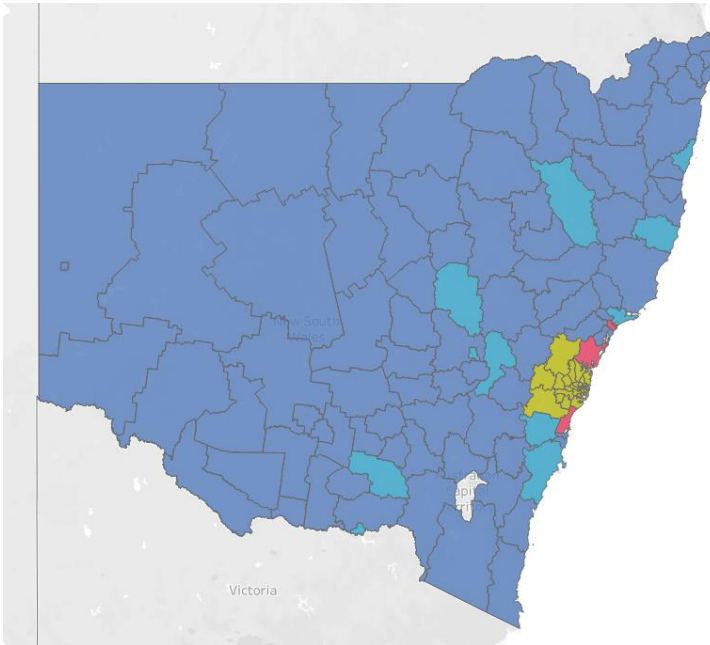
- Food retailing;
- Household goods retailing;
- Clothing, footwear, and personal accessory retailing;
- Department stores;
- Other retailing;
- Cafes, restaurants, and takeaway food services.

Each of the 563 LGAs were categorised, and this framework was used to show the number and proportion of retail workers in comparison to all other industries by regionality, gender, and age. Retail wages were also weighed against the income of the entire local workforce to show the contribution of retail wages to local economies.

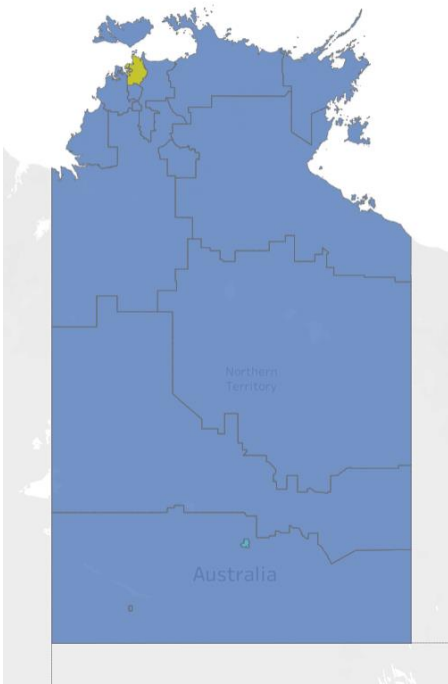
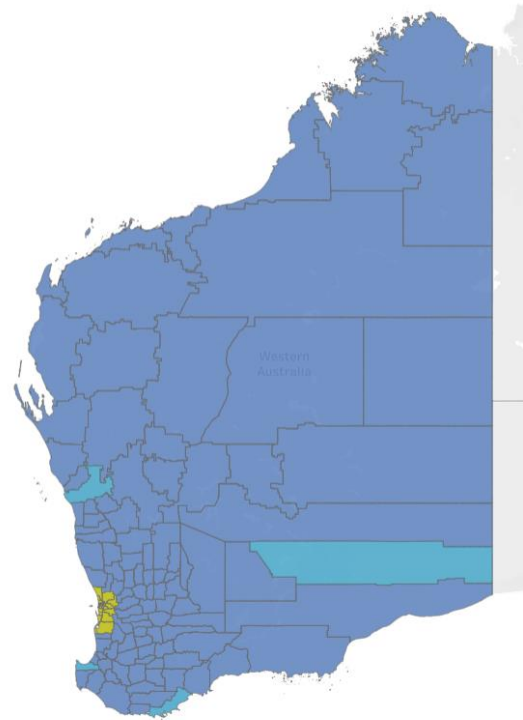
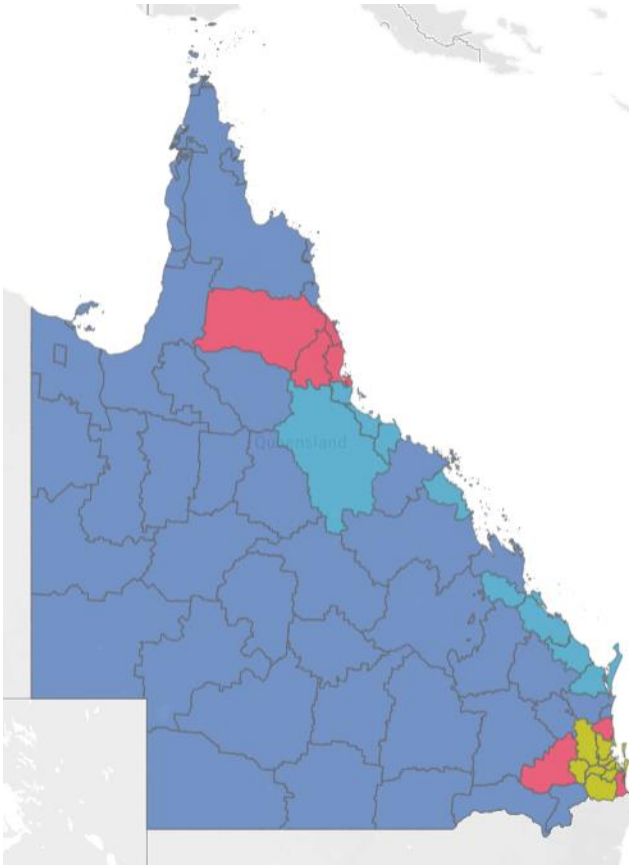
Appendix 2. State-Level Maps

Remotness

- Country Towns
- Greater Capital Cities
- Regional Cities
- Rural Areas



RETAIL IN THE REGIONS



Appendix 3. age and proportion of retail workers by age

| Remoteness | Age | Men | Women | Men | Women |
|------------------------|--------------|----------------|---------------|------------------|--------------|
| | | retail workers | | % retail workers | |
| Rural Areas | 15 - 19 | 11183 | 16908 | 19.8% | 29.2% |
| | 20 - 24 | 10227 | 13321 | 11.3% | 17.0% |
| | 25 - 34 | 13870 | 18685 | 6.6% | 10.4% |
| | 35 - 44 | 12092 | 19409 | 5.4% | 9.6% |
| | 45 - 54 | 12488 | 23937 | 5.0% | 10.1% |
| | 55 - 64 | 10628 | 16577 | 5.2% | 9.4% |
| | 65 - 74 | 3184 | 3195 | 5.2% | 8.2% |
| | 75 - 84 | 402 | 189 | 3.7% | 3.7% |
| | 85 and over | 9 | 6 | 0.5% | 0.7% |
| | Total | 74365 | 112639 | 6.7% | 11.6% |
| Country Towns | 15 - 19 | 6572 | 10337 | 21.5% | 30.8% |
| | 20 - 24 | 5953 | 8225 | 12.4% | 18.5% |
| | 25 - 34 | 8243 | 10526 | 7.8% | 11.2% |
| | 35 - 44 | 6688 | 10032 | 6.3% | 9.9% |
| | 45 - 54 | 6302 | 11876 | 5.5% | 10.4% |
| | 55 - 64 | 5070 | 8025 | 5.6% | 9.7% |
| | 65 - 74 | 1602 | 1489 | 6.7% | 9.2% |
| | 75 - 84 | 184 | 96 | 5.1% | 5.5% |
| | 85 and over | 3 | 3 | 0.6% | 1.1% |
| | Total | 40655 | 60703 | 7.8% | 12.4% |
| Regional Cities | 15 - 19 | 5679 | 9247 | 19.4% | 27.5% |
| | 20 - 24 | 7023 | 9482 | 13.9% | 19.1% |
| | 25 - 34 | 9246 | 10904 | 8.2% | 10.6% |
| | 35 - 44 | 7426 | 9946 | 6.3% | 9.0% |
| | 45 - 54 | 6855 | 11436 | 5.8% | 9.7% |
| | 55 - 64 | 5085 | 7985 | 5.9% | 9.9% |
| | 65 - 74 | 1638 | 1685 | 7.0% | 10.2% |
| | 75 - 84 | 160 | 96 | 5.4% | 6.8% |
| | 85 and over | 18 | 17 | 5.3% | 7.5% |
| | Total | 43139 | 60787 | 8.0% | 11.8% |
| Greater Capital Cities | 15 - 19 | 33109 | 50306 | 20.7% | 27.8% |
| | 20 - 24 | 52620 | 68754 | 14.4% | 19.3% |
| | 25 - 34 | 73099 | 79008 | 7.5% | 9.0% |
| | 35 - 44 | 53129 | 59404 | 5.8% | 7.5% |
| | 45 - 54 | 43096 | 61188 | 5.3% | 8.1% |
| | 55 - 64 | 29691 | 38989 | 5.4% | 8.1% |
| | 65 - 74 | 9335 | 8487 | 6.3% | 8.4% |
| | 75 - 84 | 1112 | 649 | 6.2% | 7.5% |
| | 85 and over | 101 | 15 | 4.3% | 1.2% |
| | Total | 295393 | 366871 | 7.5% | 10.3% |