



National Retail Association

MEDIA STATEMENT

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Retailers Warn Of Job Losses Unless FWA Exercises Wage Restraint

Australian retailers are urging Fair Work Australia to exercise 'caution and restraint' in making its minimum wage decision, due to the stress being experienced across the sector.

In its submission to the 2010/11 FWA Annual Wage Review, the National Retail Association said the FWA panel must specifically take into account the impact of award modernisation outcomes on both the retail and fast food sectors.

NRA Executive Director Gary Black urged FWA to give special consideration to, and make specific determinations in respect of, the *Fast Food Industry Award 2010* and the *General Retail Industry Award 2010*.

"The retail and fast food industries have faced significant cost increases as a result of the Award Modernisation process and this must be taken into account by FWA.

"Specific determinations are allowable under the FWA legislation and are entirely appropriate in light of the increased costs to employers which flow from the commencement of the key elements of these awards from 1 July 2010."

Mr Black said in the retail industry the labour cost increases were predominantly due to increased penalty rate provisions for weekend work; increased casual loadings; increased allowances and increased basic rates of pay for particular classifications.

In the fast food industry the labour cost increases were predominantly due to: increased penalty rate provisions for evening and weekend work; increased casual loadings; increased allowances; and increased basic rates of pay for particular classifications, he said.

Mr Black said, "The significant increases will inevitably hit both small businesses and larger retailers and in the current trading environment staff cut backs are a certain result."

The NRA submission to FWA detailed examples of direct increases in labour costs, including:

- Fast Food, Retail Take-away Food, and Cafés and restaurants in SE Queensland - The relevant modern awards will increase labour costs for casual employees by 10% after 9pm Monday to Friday; by 25% on Saturdays and by 50% on Sundays . Weekend trading will be the peak trading and staffing periods for many operators and simple modeling shows that if labour costs increase by 25% on Saturday and 50% on Sunday - the impact across the week will be in the order of 20%.
- Retail - In NSW and Queensland many retailers face an increase in the Sunday penalty from 50% to 100%. In SA the Sunday penalty increases from 60% to 100%. For small businesses in particular this increased penalty will mean that trading hours will be reduced and/or owners will work more hours in the business.

"If the FWA exacerbates the stress that the sector is under the clear result will less job opportunities for young people," Mr Black said.

The NRA submission argues that it is entirely appropriate for the Minimum Wage Panel to acknowledge the extraordinary impact of the award modernisation process in particular sectors and take action to minimise this impact.

“This can be achieved by allowing employers in the fast food and retail sectors to reduce the 2011 minimum wage increase by the same amount that they have been required to pay as a result of the operation of the award modernisation transitional provisions.

“That is, if the transitional provisions have meant that an employer was required to implement an increase in labour costs of 2% from July 1, 2010, this same amount can be deducted from the 2011 Minimum Wage increase,” Mr Black said.

The National Retail Association is Australia's largest and most representative employer association for the retail industry. NRA's membership embraces a diverse range of businesses within the retail, fast food and service industries, from some of Australia's largest retail organisations to small family businesses.

****A copy of the NRA's submission to FWA is available at: www.nra.net.au

Gary Black is available for interviews. Contact Gary Black on 0413 046 614.