



National Retail Association

MEDIA STATEMENT

19 March, 2010

Retailers should be exempted from wages ‘double whammy’

Retail businesses should be exempted from the upcoming minimum wage increase if they are already facing significant costs under award modernisation, the National Retail Association said today.

Releasing its submission to Fair Work Australia on the minimum wage issue, the NRA warned of a “double whammy” for businesses when the new wage rates and award modernisation changes both took effect on July 1.

NRA Executive Director Gary Black warned that a minimum wage rise of around five per cent would contribute to a total payroll increase of at least 10 per cent for many businesses on July 1.

“The NRA believes employers who are faced with award modernisation costs higher than the upcoming minimum wage rise should be exempted from paying both increases,” Mr Black said.

“Those whose award modernisation costs are below the minimum wage increase should only be required to “top up” their employees to the level of the minimum wage increase.

“It’s just unrealistic to think employers can pay two rounds of wage increases at the same time. Employers who face significant costs from award modernisation should simply be exempted from the minimum wage increase.”

Mr Black said without the NRA’s proposed exemption, employers would be forced to cut back the hours worked by staff or to reduce their staff numbers altogether.

“The promise that award modernisation would not add to wages bills has turned out to be false,” he said.

“Many retailers in New South Wales and Queensland are already facing a range of new penalty rates and other staff costs as a result of award modernisation.

“In the overwhelming majority of cases they are small businesses in highly competitive sectors such as fast food, and they do not have the option of increasing their prices. The only choice they will have if confronted with even higher wages bills is to cut staff.

“This will impact most severely on young and low-skilled workers. One in every two young people relies on retail for employment, and with youth unemployment already well above the average for the general population they cannot afford to be forced out of work.”

Mr Black said Fair Work Australia should also bear in mind recent retail trade data, which showed the sector was still struggling to emerge from the global financial crisis.

“The recovery in the retail sector is fragile at best. While retailers enjoyed strong growth at the height of government stimulus spending last year, that figure collapsed to be just 0.2 per cent by December.

www.nra.net.au

NRA Helping Australian Business Grow.

“A major wage increase now is simply not sustainable, and will cause major economic damage to low-paid workers – the very people the minimum wage is designed to protect.”

The NRA is Australia’s largest and most representative retail organisation with more than 3000 members and affiliates located across all states and territories. Its membership includes the majority of Australia’s national retail chains and extends across the retail take-away food and fast food sectors.

The NRA’s submission to Fair Work Australia is available on request.

Gary Black is available for interviews. Contact Malcolm Cole on 0408 612 603.