



MEDIA STATEMENT

National Retail Association

16th March, 2009

Modern Awards But Job Prospects for Young People are History

Recent employment data shows that youth unemployment is rising rapidly. The unemployment rate for young males has risen from 11.9% in February 2008 to 17.9% in February 2009. Over the same period unemployment for all persons has risen from 3.9% to 5.2%.

In the 1980's recession the male youth unemployment rate peaked at 26% in July 1983, while in the 1990's recession the same rate peaked at 26.1% in February 1993. Youth unemployment is now trending to crisis levels in the current recession.

In the circumstances, a focus on measures which preserve jobs for young people should be a high priority for all. Not unfortunately for the Australian Industrial Relations Commission! Inadvertently or otherwise the AIRC has singled out the retail and fast food sectors, which provide work for more than half of all young people in a job, for unprecedented wage increases which will cripple some businesses and substantially curtail the operating hours of others.

This means that at a time when the emphasis should be on preserving jobs for young people the AIRC is on a course of job destruction.

Using its award modernisation powers the AIRC has decided to increase labour costs for many fast food operators by up to 30% and for some retailers by up to 10%, with effect from January 1, 2010.

The quantum of the pay increases is unprecedented. Never before since the formation of the conciliation and arbitration system in 1904 has a tribunal awarded annual increases in retail of fast food sectors of the order the AIRC has now promulgated.

From January 1, 2010, at a point when Australia will be in the midst of its greatest ever economic recession, and with a youth unemployment rate in the order of 25%, employers in the retail and the fast food sector will be required to increase their labour costs by substantial amounts. Some estimates have suggested that job losses directly attributable to the AIRC decision will be in the order of 18,000 across Australia – young people will account for the great majority of these losses.

Perversely the decision of the AIRC is given in the context of a ministerial direction that whatever decision the Commission arrives atit should not give rise to "increases in labour costs for employers". Equally perversely the AIRC has arrived at its decision notwithstanding that it is under a statutory direction that it must have regard to "protecting the position in the labour market of young people".

Already the rising unemployment rate is contributing to an increase in retail crime and some retailers are reporting an increase in juvenile participation in retail crime. Retail crime costs retailers, and the community in the form of price increases, in the order of \$2 Billion dollars each year. Keeping young people in employment is an urgent priority for the community.

Gary Black
Executive Director | NRA
M. 0413 046 614
E: g.black@nra.net.au

www.nra.net.au
NRA Helping Australian Business Grow.



MEDIA STATEMENT

National Retail Association

Keeping the retail and fast food sectors viable is an obvious way to keep young people in jobs. Additionally It is widely acknowledged that the retail and fast food sectors contribute greatly to the development of a work ethic in young people, provide training in employability skills that are central to most jobs, and provide an income and a focus which enhances self-esteem and helps support family budgets.

It is time for an urgent re-consideration of the mechanism that allowed the Industrial Relations Commission to inflict on the retail and fast food sectors unexplained, unjustified and unprecedented labour cost increases.

NRA urges the Australian Government and all Senators to amend the Fair Work Bill to ensure that the Industrial Relations Commission's award modernisation powers are limited and can not be used in a way that will cause increases in youth unemployment and contribute to higher incidences of youth waywardness and crime.

Gary Black
Executive Director | NRA
M. 0413 046 614
E: g.black@nra.net.au

www.nra.net.au
NRA Helping Australian Business Grow.