



Shop Distributive and Allied Employees' Association

**THE UNION FOR WORKERS IN
RETAIL. FAST FOOD. WAREHOUSING.**

Annual Wage Review 2021-22

Submission in Reply

Shop, Distributive and Allied Employees' Association

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Introduction

1. The Shop Distributive and Allied Employees' Association (SDA) makes this submission in light of the Australian Council of Trade Unions (ACTU) submission of the 8th May 2022.
2. The SDA strongly supports the revised position in the amount that the ACTU seeks to increase the Minimum award rates. The 5.5% increase is now a realistic figure and the appropriate percentage increase that is needed by Award covered employees given the latest economic data that has been recently released.
3. The SDA would like to draw attention to the following points in the current data and makes the following submission.

Wage Increase from 1 July 2022

4. It is a disappointing position taken by some of major employer groups. Real wage cuts for retail workers will cause real hardship on top of the precarious position of the retail workforce as detailed in our initial submission. It is simply unacceptable for Ai Group, NSW Business Chamber and ACCI to be seeking that retail workers again wait longer for a wage increase and have their work value suppressed while they are facing a costs of living crisis.
5. With CPI inflation rising to 5.1% in the March quarter and predicted to rise to 6% by the end of the year and settle at a high 4.25% in June 2023¹ before the next annual wage review, there is simply no time to waste in helping retail workers cope with rising living costs. There is no justification to delay an increase beyond 1st July 2022.

Economic Strength

6. The retail sector is benefiting from a strong economic recovery. Friday's Statement of Monetary Policy from the RBA (Friday 6th May 2022) described the economy as "...more resilient than expected"² and predicted the economy to grow strongly this year at 4.5% over both the 2022 calendar year and 2022/23 financial year for the year-average.
7. Retail trade figures released by the ABS earlier this month³ show strong growth in all major retail categories over the year to March 2022 and in the March quarter 2022, with total retail turnover rising 9.4% over the year and 1.6% in the quarter. The continuing growth in retail turnover is corroborated by both the ABS Household Spending Indicator rising 7.7% through the year to February (boosted in particular by a 20.2% increase in clothing and footwear spending⁴) and the ABS monthly business turnover indicator for retail trade overall rising by a staggering 13.8% over the same period.⁵
8. Household consumption has been a significant contributor to GDP growth over the pandemic and the RBA states that it "remained resilient" in the March quarter⁶ This is in stark contrast to the contrary and vague complaints about a "shadow lockdown" by some employers. The RBA expects it to grow strongly over the remainder of the year. The slight softening of consumption growth beyond that is associated with a decline in household savings, the cessation of "once off" transfer payments, rising inflation and rising home loan interest.⁷

¹ RBA, Statement on Monetary Policy May 2022, at page 60.

² RBA, Statement on Monetary Policy May 2022, at page 3.

³ ABS Retail Trade Australia, March 2022.

⁴ ABS Monthly Household Spending Indicator, February 2022.

⁵ ABS Monthly Business Turnover Indicator, February 2022.

⁶ RBA, Statement on Monetary Policy May 2022, at page 27, 30, 62.

⁷ RBA, Statement on Monetary Policy May 2022, at page 62.

9. A lift in real incomes would no doubt contribute to even stronger growth in household expenditure to that which the RBA has forecast.
10. The labour market shows historically low underutilisation and strong evidence of continued labour demand. In retail where jobs continue to exceed pre-pandemic levels in March and in February 2022, there were over 29,000 job vacancies.⁸ The ACTU's initial submission shows that by end of 2021, both the "underemployment ratio" and "hours based underemployment" were at 15 year lows in the retail industry⁹.

Rental Pressure

11. Retail workers were shown in our in our initial submission to be more likely to be renting their homes than other industry workers¹⁰. The affordability of rental accommodation is a key concern for our members and there are signs of continuing if not deepening rental stress.
12. According to a recent report from Anglicare Australia, only 1.6% of rentals are affordable for a minimum wage worker without leading to rental stress – even a family of two full time minimum wage earners and two young children – therefore double the minimum wage and receiving family tax benefits - can afford only 15.3% of rentals.
13. Non-managerial retail workers under the General Retail Industry Award earn between 9.8% and 14% above the national minimum wage, it is clear that rental affordability for singles would be at the low end of the difference between the 1.6% and 15.3% levels measured by Anglicare. These alarming estimates come at a time when the ABS measure of rents for CPI purposes¹¹ grew in most capital cities over the year – whilst it grew between 2.8% (Adelaide) and 11.3% (Darwin), it fell in both Sydney (-1.2%) and Melbourne (-0.9%). In the March quarter, rents have risen in all capital cities 0.6%, which the RBA said was the strongest quarterly rise since September 2014¹² and it predicts "a further pickup in CPI rent growth in the year ahead, although the timing and extent of this pass-through remains uncertain".¹³

No Delay to Wage Increase

14. The SDA reiterates that:

Retail workers should not be dealt a delayed pay rise this 1 July 2022. Retail workers have worked tirelessly at the frontlines of the pandemic, providing essential services to the Australian community.

Through their hard work, these workers have made a significant contribution to the economy. Retail workers (approximately 10% of the workforce) and fast-food workers also have the capacity to contribute significantly to the economy through their spending, but this is constrained by the decline in their real wages. The AWR process provides the Fair Work Commission with the avenue to promote economic prosperity by providing 'fair' and 'relevant' wage increases for retail workers that in turn encourages and supports consumer spending.¹⁴

15. With the demonstrated economic recovery that Australia has experienced, these essential Australian workers should not be forced to suffer any delay in receiving a pay increase in 2022.

⁸ ABS; Weekly Payroll Jobs and Wages Australia, 12 March 2022; Job Vacancies Australia, February 2022.

⁹ At figures 14 and 15.

¹⁰ At Table 6.7.

¹¹ ABS Consumer Price Index Australia, March 2022.

¹² RBA, Statement on Monetary Policy May 2022, at page 54.

¹³ RBA, Statement on Monetary Policy May 2022, at page 54.

¹⁴ SDA submission to AWR April 2022 PN 21-22.