

FAIR WORK COMMISSION

Matter No.: AM2024/24

Re: Application by the Shop, Distributive and Allied Employees' Association – Junior Rates

Outline of Submissions of Master Grocers Australia Ltd

INTRODUCTION

Overview

1. Master Grocers Australia Ltd (**MGA**) opposes the application by the Shop, Distributive and Allied Employees' Association (**SDA**) to amend junior wage rates within the *General Retail Industry Award 2020* (**GRIA**).
2. MGA submits that the application to amend junior wage rates, which seeks to abolish junior pay rates for employees between the ages of 18-21 years of age and increase junior wage rates for employees below 18 years of age, would have detrimental financial and social impacts on businesses, communities and young workers. Through these submissions, MGA submits any benefit obtained from the proposed variations does not outweigh the expected detriment. The proposed variations will create a lose-lose situation where employers face significant financial pressure, and young people face a significant decline in opportunity for growth, development and financial support at a crucial point in their lives.
3. MGA represents thousands of small and medium businesses who operate independently in the grocery, liquor and hardware sectors across Australia. MGA members collectively employ thousands of people, including a significant portion of junior employees under 21 years of age. A majority of MGA members pay their employees in accordance with the GRIA and will be significantly impacted by the proposed variations to the GRIA if the SDA's application is successful.
4. MGA, through its members, is acutely aware of the realities of operating on slim profit margins. The employment of junior employees plays a vital role in the business operations of independent retailers and provides young people with important employment opportunities and access to the development of life skills.
5. On behalf of independent "mum and dad" retailers, and their young staff, MGA urges the Fair Work Commission to reject the SDA's application.

Summary of MGA's position

6. The SDA's proposal to remove junior rates for employees over the age of 18, and increase junior rates for those below the age of 18, is not necessary to achieve a fair safety net and in fact would undermine the modern awards objective.¹ In particular, the variation would:
 - a. Impose significant new wage costs on retailers who are already facing a cost-of-doing business crisis, jeopardising the financial viability of many independent retailers. Small, independent businesses are struggling to stay in business. Adding further financial pressure on these businesses will force many to consider drastic operational changes, including the closure of their business.
 - b. Reduce employment opportunities for young people in Australia, particularly in regional locations of Australia. It is likely that businesses will respond by changing their mix of staffing and will hire senior employees in place of junior employees. Junior employees face significant challenges in terms of upskilling and developing in an increasingly competitive job market. These changes would only detriment the cohort the changes are purporting to help.
 - c. Not be justified by work value reasons. The proposals do not suggest there has been any material change in circumstances since previous reviews of junior pay rates. The application is essentially an attempt to resubmit a policy position that the Commission has previously rejected. The SDA does not establish a compelling case to overturn longstanding practices.
 - d. Disrupt the balance of fairness and equity in the award system. While aiming to improve wages for younger workers, it would create new inequities and negative consequences for young people who face a lack of employment opportunities as they are seen as less experienced, engaged and accountable as older staff who are no more costly.

Recommendation

7. MGA respectfully submits that the Commission should dismiss the SDA's application. The existing junior rates structure in the GRIA and other modern awards associated with the application remains an important feature of a fair and relevant minimum safety net which encourages youth employment, supports business sustainability and reflects the true value of the work performed by junior employees.

¹ *Fair Work Act 2009* (Cth) s 135.

BACKGROUND

8. The SDA has made an application (AM2024/24) to vary the GRIA, the *Fast Food Industry Award 2020* and the *Pharmacy Industry Award 2020* so that full adult minimum wage rates apply once an employee turns 18 years of age. In addition, the SDA's application seeks to increase the prescribed percentages of the full adult wage rate for younger employees under the age of 18.
9. A similar application was considered by the Fair Work Commission when the SDA pursued an application to vary the GRIA so that employees who were 20 years of age would receive 100% of the adult rate of pay. The Fair Work Commission held in this application that the discounted pay rate for junior employees continued to be justified, particularly in the retail industry given the large number of juniors who are employed in it.²
10. The Fair Work Commission reiterated that '*The productivity of young workers and value to employers being less than that of adult employees has been long accepted by Federal and State industrial tribunals. Junior rates reflect the general lack of experience of young employees and can act as an incentive or encouragement to employers to engage young persons, thereby allowing young persons to get a start or foothold in employment when they might otherwise struggle to compete against older applicants. Further, it is generally the case that the engagement of young persons will be associated with the additional costs to the employer because of training and supervision needs.*'³
11. MGA submits that since the decision was made regarding the SDA's application to vary the GRIA in 2014, there has been no significant evolution in, or change to, junior employment. MGA submits that junior employees still perform work at the same level, have the same level of maturity, the same responsibilities, the same life experience and require the same amount of training and supervision as junior employees did in 2014.
12. For that reason, MGA submits that there should be no departure from the discounted rates of pay for junior employees which sensibly reflect the differences in life experience, work experience, maturity and the additional costs for employers in employing junior employees.
13. MGA will submit, through lay evidence, that the SDA's application to vary modern awards, if successful, would have a direct impact on the cost of employment and will subsequently disincentivise junior employment. The variation to modern awards will only serve to disadvantage young Australians who will have less job opportunities, particularly in regional areas of Australia.

² *Re Modern Awards Review 2012 – General Retail Industry Award 2010 – Junior Rates* [2014] FWCFB 1846, [104].

³ *Ibid.*

IMPACT ON INDEPENDENT RETAILERS: FINANCIAL AND OPERATIONAL CONSEQUENCES

Independent stores vs large chain resilience

14. Independent retailers in Australia will be more heavily impacted by an increase to junior rates compared to larger chains in both the grocery and hardware industries. Large supermarket and hardware retailers as well as multinational fast-food corporations are more likely to be able to absorb the financial impact which higher wages will have on their business.
15. Contrary to this, independent retailers in Australia often operate on extremely slim profit margins and don't have the same ability to absorb cost increases. It is important to emphasise that the SDA's proposal would come on top of other recent and impending cost escalations that independent retailers have already had to absorb, such as a surge in operating expenses from supplier price inflation, energy costs, rent increases, insurance increases, and the cumulative effect of annual wage increases. Additionally, the superannuation guarantee has been rising by 0.5% annually.
16. Unlike large chains, independent retailers generally cannot hedge or spread across these costs across a vast national network. Each independent business feels the impact of these costs directly on its bottom line. For some independent retailers, the day-to-day operation of their business has a heavy focus on survival rather than profit.⁴ It is not out of the realm of possibility that continuing to increase wages on top of already rising costs of doing business will mean that some independent retailers will be required to close their business.
17. Independent retailers also have different operational priorities. An increase in costs means that they inevitably need to make decisions which will assist their bottom line. For many independent retailers, this means increasing pricing of products sold to consumers, or cutting the cost of wages (i.e. decreasing the number of hours provided to employees). Given the market power of large chain retailers, independent retailers are already finding it difficult to remain competitive with pricing and a further increase to the pricing of their pricing is likely to render their business unviable. As such, it is likely that many independent retailers will be required to cut costs by changing staffing arrangements.⁵ For some independent retailers that are one of the main employers in their regional town, this could have a devastating impact on employment.
18. Should MGA members choose to deal with the increase in costs by maximising revenue through a price increase of their products, Australians will be forced to pay more for their grocery and hardware needs. This will only contribute to the cost-of-living crisis that Australia has grappled with in recent years.

Scale of proposed wage hikes

19. The SDA's proposals to increase junior rates needs to be considered in the context of smaller, independent retailers rather than on a monolithic basis which considers the

⁴ Statement of Bruce Francis Luchterhand [32].

⁵ Statement of Slavka Leikas Koch [30].

industry. When considering the financial impact on an independent retailer compared to large-scale national retailers, the SDA's proposals are highly significant.

20. To illustrate the potential impact of the changes, an 18-year-old Retail Employee Level 1 under the GRIA today is paid 70% of the full adult hour, \$18.59 per hour when compared to the full adult rate of \$26.55 per hour. If the SDA's claim is granted, that same 18-year-old employee would immediately need to be paid 100% of the adult rate, an increase of approximately 42%. This is not a minor adjustment to wage rates, these are step changes which would have a direct impact on payroll costs for virtually every independent retailer employing young people.
21. Professor Borland's expert evidence indicates that the impact on the industry will be minimal and there will only be a small percentage rise in total wage costs for the retail industry. However, this aggregate view masks the acute pain at the individual business level, particularly for small enterprises employing a large proportion of junior employees. It is not uncommon for some businesses to employ a high proportion of junior employees for various reasons, such as to decrease expenditure on wages in high penalty rate periods.⁶ While this may be sustainable for large-scale retailers earning significant profits each year, the impact will be crippling on independent businesses who are operating on thin margins. The impact of such changes needs to be considered on individuals in the industry, not the industry as a whole.
22. The impact of a hypothetical wage increase of 2-3% will have a significant impact on a business who has a profit margin of 2-3%, or even up to 5%. In many cases, this could wipe out an independent retailer's annual profit, push them into an operational deficit, or put them in a financially unsustainable position. This increase in wages is not 'marginal' for the families running independent businesses who rely on the small profit margin to fund the basic needs of their families.

Employer responses to increased wage costs

23. If junior rates are abolished or if there is a significant increase to junior rates, it is inevitable that independent retailers will make changes to adjust to the increase wage costs and stay afloat.
24. The measures taken by employers are rational from a business perspective but are likely to have social consequences which are explored in further detail in MGA's submissions.
25. Labour, particularly in the retail industry, is often the largest controllable expense for a business. When a business earns high profit margins and generates significant revenue, it can support a larger workforce. Businesses operating on slim profit margins often need to operate their business on skeleton staffing with business operators and their families picking up the slack.⁷
26. It is likely that if the SDA application is successful, employers will change their staffing mix. A store that currently employs a high proportion of junior employees will reconsider

⁶ Statement of Domenico D'Agostino [9-10].

⁷ Statement of Bruce Francis Luchterhand [16].

their mix of employees to engage fewer junior employees and prioritise adult employees who perform their duties to a higher standard and in a more efficient manner.⁸

27. These changes could be viable as employers will be able to engage one senior employee in the place of two or more junior employees as their time will not be spent supervising employees and because they perform their duties in a more efficient manner.⁹ The outcome of the proposed variation to an independent retailer's staffing mix is that the employer will likely engage fewer employees at any one time but maintain the same, or a higher, level of productivity.
28. The change in the mix of staffing is not an isolated event. Employers across Australia, particularly small businesses, will be required to make the same or similar changes. This will mostly be to the detriment of young people who are making a start in the workforce as they will not have the same employment opportunities that they currently have available.
29. The current junior rates system provides employers with an incentive to hire junior employees in taking a chance on less experienced workers. This allows employers to undertake the essential task of balancing the salary budget of the business, whilst still engaging a base of workers that allows them to be productive. If the SDA's application is successful, businesses will lose the incentive of discounted wage rates and will not take the chance on less experienced employees. Businesses will either be forced to replace junior employees themselves, with family members, or with more experienced employees.¹⁰

Closure of businesses or downsizing

30. It is entirely foreseeable that independent retailers may take more drastic measures to deal with the impact of an increase to the overall wage bill resulting from junior wage rate increases. A way that retailers may respond to these circumstances might be to alter the trading conditions of the business, by:
 - a. Shortening their operating hours;
 - b. Operating with skeleton staffing at times when they used to rely upon junior casual employees;
 - c. Downsizing their operations; or
 - d. In some extreme cases, closing the business if business owners decide it is not viable to continue running the business at all.
31. It is important to acknowledge that challenging economic conditions has seen the number of companies entering insolvency rise sharply over the past couple of years.¹¹

⁸ Statement of Slavka Leikas Koch [31].

⁹ Statement of Slavka Leikas Koch [32].

¹⁰ Statement of Bruce Francis Luchterhand [20].

¹¹ Reserve Bank of Australia, '4.3 Focus Topic: The Recent Increase in Company Insolvencies and its Implications for Financial Stability', *Financial Stability Review – April 2025* (Web Page, April 2024) <<https://www.rba.gov.au/publications/fsr/2025/apr/focus-topic-the-recent-increase-in-company-insolvencies-and-its-implications-for-financial-stability.html>>.

Such insolvencies are often caused by an extended period of cashflow difficulty and/or pressure on margins.¹²

32. For independent retailers operating on slim margins and continuing to incur increasing business costs, a further increase to wage bills may be a factor that tips the business over the edge of financial sustainability. While large scale retailers may be able to absorb this financial pressure, communities will be impacted by the closure of their local retailer.

Community impact

33. If small, independent businesses are forced to close their doors because of insurmountable financial pressures, regional communities will be impacted.
34. MGA members provide an essential service to the members of their community, and many are the lifeline of that community. If these businesses cease operating, communities may lose more than a source of price competition.
35. Regional communities of Australia may lose a community hub and a reliable source of entry level employment. In these areas, the local IGA or hardware store might be one of the few accessible employers for teenagers. In particular, it provides teenagers with important life and work experience and an opportunity to compete in urban areas if their intention is to move from their regional location.¹³
36. Undermining the viability of such businesses can therefore exacerbate youth unemployment. Young people engaged in meaningful work enjoy the respect they earn through the work they perform and their contribution to the community, leading to a healthier community with fewer anti-social behaviours.¹⁴ The net effect of youth unemployment would be harmful to social cohesion and inclusion as idle youth find it harder to get that critical first job.

Conclusion on financial and operational consequences

37. In summary, the proposed changes would impose substantial cost burdens on independent retailers who have scant ability to absorb them.
38. The likely businesses responses explored above will have negative flow-on effects for employees, especially junior employees who are faced with a lack of job opportunities. Far from a win-win, the changes create a lose-lose, where the financial and operational strain on businesses increases and young people lose crucial opportunities which can set them up for a successful career.
39. The Commission's duty is to maintain a fair minimum safety net for both employees and employers and to take into account factors such as *"the likely impact of any exercise of modern award powers on business... including on productivity, employment costs and*

¹² Ibid.

¹³ Statement of Slavka Leikas Koch [36].

¹⁴ Statement of Anthony Charles Bongiovanni [37].

the regulatory burden".¹⁵ Here, the impact on small business sustainability and employment costs is alarmingly high when considered separately from the industry as a whole. MGA submits that this weighs heavily against the SDA's proposed variation to junior rates.

IMPACT ON YOUNG WORKERS UNDER 21 YEARS OF AGE

Unemployment

40. The Australian Bureau of Statistics shows that in May 2025, the youth unemployment rate was significantly higher than the general unemployment rate. The rate of youth unemployment was 9.2% compared to general unemployment rate of 4.1%.¹⁶ The youth unemployment rate was therefore more than double that of the general unemployment rate.
41. This signifies that youth unemployment is already in a precarious position when compared with the general unemployment rate. This is likely due to the difficulty of breaking into the employment market as a young Australian with no prior experience in the workforce.
42. Section 134(1)(c) of the *Fair Work Act 2009* states that the Commission must take into account the need to promote social inclusion through increased workforce participation when ensuring that modern awards provide a fair and relevant minimum safety net of terms and conditions.
43. Employers, particularly those in the retail industry, often provide first exposure to the workforce for many young Australians and are willing to take the chance on employees with no prior work experience. They are in an opportunity to do this because the current junior rates system incentivises youth employment by providing lower rates for junior employees. Therefore, the difference in productivity or efficiency with a junior employee is offset by their lower rate.
44. If junior employees were paid significantly more than they currently are, or the same amount as adult employees, it is unlikely that employers would be as likely to take a chance on them due to the lower productivity when compared to an adult worker. Varying the current junior rates system would remove one mechanism that promotes youth employment. Junior employees would not have the same opportunities available to them to enter the workforce.

Training and development opportunity

45. The opportunity to enter the workforce as a junior employee provides benefits to young people that is far beyond the hourly rate they will receive in their role.
46. As well as providing junior employees with a wage to support their own needs in their younger years, casual employment will also provide:

¹⁵ *Fair Work Act 2009* (Cth) s 134(1)(f).

¹⁶ Australian Bureau of Statistics, '<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia>

- e. Guidance and training from a mentor or adult employee with years of real life work experience and the ability to learn important skills such as customer service, teamwork and time management.
 - f. An opportunity to understand the responsibilities and pressures of being in the workforce.
 - g. An opportunity to build a CV which will allow them to build their career and develop professionally.
47. If employers chose not to hire junior employees in place of adult employees, junior employees would not have these same opportunities. In economic terms, there may be trade off between having a job at a lower youth rate as compared to the higher youth rate but not having a job. MGA submits that the former is far more beneficial for a junior employee's long-term growth, development and employability in the future. MGA considers that a more modest, but fair, wage along with training and education, is a fair exchange for gaining a foothold in the workplace.
48. MGA members consistently state that they provide in-depth training and guidance to their junior employees which provides them with the ability to build a strong CV and the necessary foundations for a successful career.
49. Bruce Luchterhand of The Alex Pantry in Queensland has stated that he invests a significant amount of time into his junior employees to develop their social and analytical skills in the workplace which provides junior employees the foundation of providing exceptional customer service. Bruce has stated that he has received feedback from Teachers in local schools that their students have come out of their shell and developed their social skills since working at The Alex Pantry.¹⁷
50. Slavka Koch of Loxton and Renmark Foodland stated that the training she provides to junior employees invites them to use their initiative and to consider strategies for merchandising which will appeal to the local community. This teaches young employees the foundations of sales and marketing and provides them with life-long skills that they can utilise in any profession.
51. Without these footholds into the workforce, young Australians will be deprived of the opportunity to learn foundational skills which are so important in setting them on the path to a successful and prosperous career.
52. As such, MGA submits that a young adult (e.g. a 19-year old) who is unemployed and earning \$0 per hour, is far more worse off than a young adult who is earning 80% of the adult rate, whilst undergoing real-life, practical work experience.

Workplace friction

53. An often-overlooked aspect of changing wage rates for junior employees is workplace harmony. Maintaining workplace harmony is a vital part of running an efficient and effective business and creating an environment where employees can function to a high level with positive morale.

¹⁷ Statement of Bruce Francis Luchterhand [10].

54. If junior rates were removed for employees above the age of 18, there could be situations where employees that have little to no experience are earning the same amount as an employee who has been engaged in the role for some time. For example, an 18-year old who is hired to perform their first job could be paid exactly the same amount as a 21-year old colleague who has been performing the job for three years (and who, under the current system, has only just reached the full rate after gradually progressing).
55. Situations like this have the potential to cause resentment or morale issues among older staff members who feel as though they had to work their way into a position with higher pay through time on the job.¹⁸ On the other hand, being paid the same rate as an older, more experienced employee may place unrealistic performance expectations on younger employees who may feel as though they are not of the same value to their employer as the older employee with more experience.
56. Although equality in pay sounds just and straightforward, a workplace values perceived fairness, which sometimes means acknowledging differences in experience. Generally, employees who are younger will have less experience than an older employee who has been in the workforce for longer. The older employee will also have a greater level of maturity and a higher degree of autonomy and responsibility.
57. The current system of junior rates is fair and acknowledges the difference in experience and maturity between young employees as they gradually gain more experience, both in life and in the workforce. Allowing a younger employee who has just entered the workforce to essentially skip through to the full adult rate does not adequately reflect the employee's level of experience and maturity.

EVIDENCE

58. The following section provides a summary of MGA's lay evidence and a response to the SDA's lay evidence and expert economic evidence.

SUMMARY OF MGA'S LAY EVIDENCE

59. MGA will call evidence that contradicts the SDA's lay evidence. The SDA focuses on three key elements in its lay evidence, being:
- a. The skills and responsibilities of junior workers;
 - b. Training and supervision; and
 - c. Employment and Rostering.

The skills and responsibilities of junior workers

60. The SDA's lay evidence asserts that "*in respect of junior employees aged between 18 and 21 years, these employees perform the same duties, use the same skills, work under the same conditions, and have the same responsibilities [sic] as employees doing the same job who are over 21 years old*".¹⁹

¹⁸ Statement of Anthony Charles Bongiovanni [40].

¹⁹ Shop, Distributive and Allied Employees' Association Outline of Submissions AM2024/24 [67].

61. Similarly, the SDA will call lay evidence that “employees aged 17 years old perform largely the same duties, use the same skills, work under the same conditions, and have the same responsibilities as employees doing the same job who are 18 years of age” and that “employees who are under 16 perform largely the same duties, use the same skills, and have the same responsibilities as employees doing the same job who are 16 years of age”.²⁰

62. MGA’s lay evidence directly contradicts that of the SDA. MGA will call lay evidence that junior employees consistently perform their job to a lower standard or as efficiently as adult employees and are largely assigned significant less responsibility and have less accountability than adult employees.

63. For example, an independent retailer operating in Victoria, Anthony Charles Bongiovanni, states:

‘The practical skills and experience of a junior employee are not as developed as a senior employee who has already been in the workforce for some time.

I find that the differences between my junior and senior employees are mainly in regard to product knowledge, customer service and attention to detail.’²¹

64. An independent retailer operating in Queensland, Bruce Luchterhand, states:

The overall difference between junior employees and adult employees is the level of maturity, initiative and care that they display in their work. This leads to a crucial difference in output of junior employees when compared to adult employees.²²

65. Understandably, junior employees bring less life experience to their role which would otherwise enable them to operate at the same level as an adult employee. Bruce Luchterhand goes on to state:

Junior employees also lack crucial life experience which enables them to operate as efficiently or effectively as an adult employee over the age of 21. I have found that in most cases, junior employees lack the social and analytical skills that an adult employee will usually have.²³

66. The difference in skill sets between junior employees and adult employees also means that junior employees are more susceptible to perform their work less efficiently, make more mistakes and ultimately be assigned with less responsibility. Slavka Koch, an independent retailer operating in South Australia, states:

‘The difference in commitment between junior employees and adult employees results in junior making more errors than adult employees. I find that our junior employees rostered to work at the check-out registers make a significant number

²⁰ Shop, Distributive and Allied Employees’ Association Outline of Submissions AM2024/24 [73], [77].

²¹ Statement of Anthony Charles Bongiovanni [14-15].

²² Statement of Bruce Francis Luchterhand [12].

²³ Statement of Bruce Francis Luchterhand [15].

of errors when processing sale due to their lack of attention to detail. These errors result in a loss to our business.²⁴

67. Junior employees are less accountable for their work and take on less responsibility for more complex tasks or tasks that pose more risk to the business, for example, Bruce Luchterhand states that he cannot provide junior employees with simple tasks such as making sandwiches and peeling the chicken for the sandwiches as the lack of attention to detail can result in bones being left in the chicken and poses health and safety risks to customers.

Training, supervision and rostering

68. The SDA provide lay evidence which state that:

- d. Training is consistent across all age groups, and does not differentiate between employees doing the same job, regardless of their age;²⁵
- e. Initial training for junior employees is usually completed within two weeks. Any additional training for junior employees – if any – is very limited;²⁶
- f. Most junior employees complete online training modules. This training typically takes no more than a few hours. Most junior employees receive on the job training, which rarely takes more than two weeks;²⁷
- g. Most junior employees are comfortable working in their role within two months;²⁸ and
- h. Junior employees often work alone or subject to limited supervision.²⁹

69. MGA's lay evidence contradicts the evidence provided by the SDA regarding training, supervision and rostering. The lay evidence MGA intends to call outlines that employers are required to invest significant amounts of time and resources in training and supervising junior employees. The training provided by employers goes beyond just teaching junior employees how to undertake the practical aspects of their employment and teaches junior employees important life and career skills which will set them on a successful career path.

70. Early employment provides young people with more than just an opportunity to learn the practical skills of employment (e.g. stocking shelves or operating the checkout). Employment at a young age allows young people to learn important life lessons and skills such as customer service and analytical skills, as well as the responsibilities that come with employment. Junior employees who fully grasp the opportunity to learn and grow in their early employment take years to fully develop their interpersonal skills, initiative and maturity required to perform their job to a high standard.

²⁴ Statement of Slavka Leikas Koch [21]

²⁵ Shop, Distributive and Allied Employees' Association Outline of Submissions AM2024/24 [79].

²⁶ Ibid [81].

²⁷ Ibid [82].

²⁸ Ibid [83].

²⁹ Ibid [86].

71. For example, Bruce Luchterhand states:

I have found in most cases, junior employees lack the social and analytical skills that an adult employee will usually have, and these skills are not properly developed until the employee has spent years in the workforce.³⁰

72. Employers are often required to create their rosters around junior employees to ensure that they have adequate supervision, even after months or years of these employees having been employed. For example, Slavka Koch states:

...when we roster a junior employee to work, we need to consider that there are additional costs of rostering a senior employee to supervise them. Additionally, there is a significant loss of productivity of that senior employee as they are preoccupied in supervising or guiding junior employees.³¹

73. Training provided to junior employees is far beyond merely undertaking training modules, or on the job training for a matter of days. Independent businesses provide a unique opportunity for young employees to be involved in decision making which teaches them important business skills, such as merchandising, marketing, and sales.³²

74. The SDA's assertion that an employee usually feels comfortable working in their role within two months is an indication that an employer has successfully integrated an employee into their culture and environment. It is not an indication that an employee has learnt everything there is to learn in the workplace, or developed to an extent where further learning, training or development is futile.

75. The training provided to junior employees is not always the same as the training provided to a more senior employee in the same position. Whilst there are inevitably similar elements to each employee's training, a junior employee is often subject to further training and development in skills that older employees may have already developed (e.g. customer service). For example, Bruce Luchterhand states that he is unable to leave junior employees alone in the store in case of an unpleasant or uncomfortable interaction with customers. Bruce provides junior employees with a bell that they can ring in these situations, where he will come and assist the employee with the interaction and provide them with ongoing training and guidance in handling such interactions.³³

THE SDA EXPERT ECONOMIC EVIDENCE

76. The expert evidence submitted by the SDA states that the proposed changes to the GRIA, if successful, would have the following impact:

- a. A small impact on employers' costs of around 0.34%;
- b. A minimal impact on total employment while being likely to cause some substitution between employees by age;
- c. No significant impact upon economic performance constituted by a miniscule 0.2% impact on an economy wide price inflation.

³⁰ Statement of Bruce Francis Luchterhand [15].

³¹ Statement of Slavka Leikas Koch [15].

³² Statement of Slavka Leikas Koch [13].

³³ Statement of Bruce Francis Luchterhand [14a].

77. MGA approaches the expert evidence with respect, but also with healthy caution. Economic modelling of labour markets is inherently based on assumptions that may not hold uniformly across all business types and regions. MGA considers this is particularly the case for MGA members, many of which are small, independently owned businesses in regional areas of Australia. Even if the SDA's expert evidence is accepted on face value, there are several reasons why the Fair Work Commission should be wary in giving it determinative weight.

Averages vs Outliers

78. The expert evidence provided by the SDA treats the retail industry monolithically, and assumes that any business operating within the retail industry would be able to absorb a 'small impact' on their costs. MGA submits that these assumptions and the modelling used conceals the real impact that the proposed variations will have on outliers in the retail industry.

79. Many MGA members are independently owned businesses that operate on thin margins and small profits. Many of these businesses operate in regional areas of Australia where they are often one of the only employers providing opportunities for employment to locals in the community, particularly young Australians.

80. It is not uncommon for these regional businesses to employ a higher proportion of junior employees being one of the only major sources of employment in the region. For example, in lay evidence provided by MGA, Slavka Koch of Loxton and Renmark Foodland in South Australia states that she has a high proportion of junior employees under the age of 18. Once the employees reach the age of 18, they often move to Adelaide for education and greater employment opportunities, or they start a trade and move into a different industry after completing their schooling.

81. MGA submits that it is likely that the SDA's proposals to change the GRIA will have a greater impact on some employers in the retail industry compared to others. In particular, independently owned businesses who operate on thin margins, and employ a high proportion of junior employees will be more heavily impacted when compared with major national retailers who employ a higher proportion of adult employees.

82. A small, independently owned business is unlikely to consider the impact on their costs as 'small' when they are already facing soaring costs of doing business. Whilst a major national retailer may be able to absorb the increase in costs that the proposed changes will have on the business, it may force small businesses to consider other options such as reducing levels of employment, particularly amongst junior employees. Other businesses may be forced to close their business entirely.

Static vs Dynamic Effects

83. Economic modelling provided by the SDA may also assume that there will be a relatively static, short-run response to its application should it be successful.

84. In reality, it is more likely that a business will adjust to the changes gradually and in stages. The first stage of that response may be a slight adjustment to hours and rostering

conditions. However, over time the business may seek to restructure their workforce entirely or eventually even automate tasks.

85. A small, independent retailer may initially try to absorb the increased costs resulting from the changes. This may result in slimmer margins for a business, which an economist may interpret as being a small impact on the industry and minimal job losses. However, if losses continue to persist there is a very real chance that the business may close, lay off staff or refrain from taking opportunities to grow and open new stores (leading to a stagnant job market).
86. Long term dynamic effects such as discouraging new store openings or accelerating options for automation are hard to capture in simple, short-term modelling. MGA cautions that the true impact on youth employment, business sustainability and economic growth may be larger in the long-run than the SDA's evidence suggests in the short-term.

SDA SUBMISSIONS

87. The following section provides a response to the SDA's submissions that seek to justify that its application is justified by work value reasons and is necessary to meet the modern awards and minimum wages objectives.

THE VARIATIONS ARE NOT JUSTIFIED BY WORK VALUE REASONS

88. The SDA make submissions that the lay evidence they have provided supports the conclusion that the variations are justified by work value reasons. In particular, the SDA submit that:
 - a. The nature of the work performed by junior employees is the same as the work performed by older workers doing the same job.
 - b. The level of skill or responsibility required by junior employees to perform their job is often acquired within two weeks, with little further training and junior employees acquire further skills or take on further duties based on experience and not by reference to age.
 - c. Junior employees are able to work independently and with limited supervision.
89. The lay evidence provided by MGA directly contradicts that of the SDA. MGA submits that the variations are not supported by work value reasons for the following reasons:
 - d. The nature of the work performed by junior employees is not the same as work performed by older workers doing the same job.
 - i. MGA's lay evidence provides examples of duties that junior employees do not perform as opposed to older workers performing the same job. Bruce Luchterhand of the Alex Pantry states that he is unable to provide certain duties to junior employees as they either require further training or guidance, cannot legally perform those duties, or because the level at which they perform such duties causes a risk to customers. For example;

1. Junior employees are not required to deal with customer complaints. Bruce provides employees with a bell that they can ring in these situations to avoid unpleasant customer interactions. Older employees are expected to deal with such interactions.
 2. Junior employees in Queensland under the age of 18 cannot sell tobacco products to customers.
 3. Bruce does not allow junior employees to peel the chicken to make sandwiches as the level of carelessness can cause significant risk to customers of choking on bones that have been left in the chicken by junior employees.³⁴
- ii. Even if junior employees are performing the same duties as older employees, MGA's lay evidence consistently indicates that the standard of work performed by junior employees is much lower compared to an adult employee. Junior employees are cited as being less productive and are more likely to make mistakes.³⁵ Whilst employers expect this and accommodate for these differences, they do not expect to pay the same rate of pay to employees who are providing less.
- e. MGA's lay evidence demonstrates a consistent pattern of junior employees requiring a higher level of training and guidance as compared to adult employees.
- i. The training required for a junior employee to perform their job to a satisfactory standard does not just involve training on the physical duties they perform. Customer service skills and analytical skills are a major part of the retail industry, and these skills develop with time and as workers mature. It is unlikely these skills are fully developed within the period the SDA claims.
 - ii. Junior employees do not have the same level of responsibility as adult employees. Adult employees are often required to deal with more complex issues which require superior analytical skills or customer service skills.
- f. It is incredibly uncommon that junior employees can work independently or without the supervision of adult employees.
- i. MGA's lay evidence demonstrates that junior employees are less productive, make more mistakes,³⁶ and are unable to perform some of the duties that adult employees perform. Employers are often required to roster senior employees to work with junior employees in the event the junior employee has any questions or makes any mistakes. This also

³⁴ Statement of Bruce Fancis Luchterhand [14].

³⁵ Statement of Domenico D'Agostino [12-14].

³⁶ Statement of Domenico D'Agostino [12-13].

impacts the productivity of senior employees who are required to spend additional time supervising and assisting junior employees in their roles.

- ii. In the rare circumstances when a junior employee can work without the supervision of adult employees, they are generally performing different duties and to a much higher standard than others in their cohort. This places them in a classification which is already rewarded with adult rates (i.e. Retail Employee Level 4 and above).

90. MGA does not consider that there has been any significant development in the nature of the work, skill, responsibility or conditions that warrant a higher rate since this issue was last reviewed in 2014.

THE VARIATIONS ARE NOT NECESSARY TO MEET THE MODERN AWARDS OBJECTIVE AND THE MINIMUM WAGES OBJECTIVE

91. The SDA submit that the proposed changes are necessary to achieve the modern awards objective and minimum wages objective. In doing so, the SDA made submissions regarding the following factors which are to be taken into consideration by the Commission:

- g. Overarching consideration – a fair and relevant minimum safety net;
- h. Relative living standards and the needs of the low paid;
- i. Economic, labour market and business considerations; and
- j. Job security.

Overarching consideration – a fair and relevant minimum safety net

92. The SDA submits that the current junior rates in relevant modern awards do not provide a fair and relevant minimum safety net. The main reason provided by the SDA is that it is a perversion of the principle of equal pay for equal work for employees aged between 18 and 21 to be paid less than employees aged over 21 who are doing the same job.

93. The SDA also submit that this is the case for employees aged under 16 and aged 17 as the junior rates are not a true value of the work those employees perform.

94. MGA submits that the current junior rates within the GRIA provide a fair and relevant minimum safety net given the level of experience and standard of work performed by junior employees when compared to adult employees.

95. The SDA submit that junior rates are set by arbitrary and outdated notions of what is good for young people, and what they need, rather than the value of work they perform. In 2014, the Fair Work Commission reiterated that junior rates reflect the '*general lack of experience of young employees*' and the '*costs to the employer because of training and supervision needs*'. MGA submits that junior employment has not advanced so far to render the Commission's comments in 2014 to be outdated.

96. Junior employees still come into the workforce or individual businesses with less work experience and less life experience than adult employees and require further training and supervision than adult employees.

97. It is not controversial that employees with less experience on the job and in life will generally perform work to a lower standard or will require greater supervision from someone with more life experience and work experience to perform the job to a satisfactory standard. MGA submits that the Commissions comments in 2014 still hold true to this day.
98. For that reason, MGA submits that the current junior rates within the GRIA are reflective of the work that junior employees perform, that is, work that is less productive, to a lower standard and requiring greater guidance and resources from employers.
99. If the SDA's proposals are accepted, employers would be required to pay a higher price for a lower standard of work or less output. It is not then out of the question that employers would favour hiring adult employees compared to junior employees.
100. If an increase in junior rates results in less employment opportunities for junior employees, then it is inconsistent with the intention of the proposals to provide a fair and relevant minimum safety net. Whilst the safety net for employees who are employed may be higher, there will be fewer junior employees that are actually employed in the first place.

Relative living standards and the needs of the low paid

101. The SDA submits that whilst junior employees do not necessarily live in low-income households, many of them are required to contribute to their upkeep, and some must support themselves entirely.
102. MGA does not deny that some junior employees would need to contribute to their upkeep in some form. However, a majority of junior employees do not have the same responsibilities as many adult employees. For example:
- k. A study conducted by the Australian Institute of Family Studies in 2023 showed that young adults living with their families has increased since 2006, with 72% of 19-year-olds living with their parents in 2021.³⁷ This supports the argument that most young adults are likely still living with their parents and have their support with rent/mortgage payments, food, utility bills and other associated costs with living in your own home.
103. This shows that junior employees below the age of 20 do not have the same life expenses as adult employees who are beyond their early twenties. The rates they receive are therefore relative to the expenses they have in life.

³⁷ Australian Institute of Family Studies, 'More young adults living with parents than ever before' (June 2023): <<https://aifs.gov.au/media/more-young-adults-living-parents>>.

104. The SDA's submissions regarding the performance of junior employees' work being the same as adult employees should not be a consideration for this factor and is irrelevant.

Economic, labour market and business considerations

105. MGA submits that the proposals are likely to have a negative impact on the labour market.
106. The SDA's submission, demonstrated through expert evidence, does not consider the practical reality of these proposals from an employer's perspective.
107. If an employer is given the option of employing a junior employee with little to no experience, compared with an adult employee with years of experience in the workforce, and greater maturity for the same rates, they are going to choose the adult employee. This will have an impact on the labour market.
108. This contradicts the SDA's submission that the proposals will remedy the inherent unfairness of paying employees' different rates for performing the same job. Junior employees will be faced with an unequal playing field where adult employees are far more likely to be chosen for employment opportunities. This only serves to disadvantage junior employees and increases the unfairness present in the labour market.

Job security

109. The SDA submit that the proposals will have a positive impact on job security for junior employees as employers will not have an incentive to offer them less shifts as they get older.
110. MGA submits that the proposals will only have a negative impact on job security for employees, particularly junior employees.
111. MGA's lay evidence consistently states that employers will change their mix of employment to hire fewer junior employees if the proposals are successful. Junior employees are less productive and perform their work to a lower standard and employers have stated that it would make no sense to hire them if they can hire an adult employee and pay the same rates.³⁸
112. As employers actively change their mix of staff, junior employees will have far less job opportunities than they currently have and will find it difficult to make their start in the workforce. A more concerning aspect of this is that junior employees will have a gap in their experience in their formative years of employment and once they reach the age where they are seeking employment in their chosen career paths, they will have no meaningful experience which makes them desirable to prospective employers. A recent study showed by Jobs and Skills Australia revealed that a significant reason that young applicants were unsuccessful in getting a job was lack of experience and lack of

³⁸ Statement of Domenico D'Agostino [20].

qualifications/skills.³⁹ Depriving young people of the opportunity to attain these skills and gain experience will only exacerbate this concerning statistic.

113. Not only will the proposals impact junior employees in their younger years, but the next generation will find it increasingly difficult to find employment.

114. MGA submits that the SDA's proposals will also have an impact on job security across the board. With increased wages for employers, there is a likelihood that some small businesses who operate on thin margins will not be able to absorb the increase in costs and will need to close their business. This will result in fewer job opportunities for Australians, particularly those in regional parts of Australia.

The continued existence of junior rates

115. It is also worth noting that Parliament clearly intended for junior rates to exist as a way of differentiating the value of work performed by junior employees when compared with adult employees.

116. Section 153(3) of the *Fair Work Act 2009* itself states that a term of a modern award does not discriminate against an employee merely because it provides for minimum wages for all junior employees, or a class of junior employees.⁴⁰

117. This reflects a legislative recognition that distinguishing pay based on age can be a legitimate method in achieving other means (for example, incentivising youth employment). It is also reflective of the common understanding that young employees do not have the same level of maturity or life experience as an adult employee.

118. Merely because an employee has reached the age of 18 does not mean that they have reached the same level of maturity as someone who has been out of school for several years, who may have attended additional tertiary education, may have been in the workforce for some time and who has developed an understanding of life outside of education.

CONCLUSION

119. MGA's response to the submissions and lay evidence establish that junior rates remain a logical way of reflecting the true nature of the work performed by junior employees and the skill, experience and responsibilities that they bring to their role.

120. The SDA has not provided any persuasive evidence or submissions that substantiate a departure from well understood principles of compensating junior employees. The value or nature of work that junior employees perform, and the personal responsibilities of young people have not changed over time and there is no logical

³⁹ Jobs and Skills Australia, 'Findings from the Recruitment Experiences and Outlook Survey', *Employers' experiences of young job applicants* (6 March 2025) <<https://www.jobsandskills.gov.au/data/recruitment-experiences-and-outlook-survey/research-articles/employers-experiences-young-job-applicants>>.

⁴⁰ *Fair Work Act 2009* (Cth) s 153(3).

explanation as to why junior employees should be compensated at a higher rate. Junior employees still perform work to a lower standard and have less responsibility than adult employees, and the current junior rates system reflects that reality.

121. The SDA's application, if successful, will only serve to detriment businesses and young employees. Business that operate on slim margins will find it increasingly difficult to sustain their business, and young people will face increased challenges in finding employment and entering the workforce.

MASTER GROCERS AUSTRALIA

ANNEXURE A – LIST OF LAY WITNESSES

Witness name	Business trading name	State/Territory
Anthony Charles Bongiovanni	Gisborne Cellarbrations	Victoria
Slavka Koch	Loxton Foodland & Renmark Foodland	South Australia
Bruce Francis Luchterhand	The Alex Pantry	Queensland
Domenico D'Agostino	Lorenz Group	Victoria

**IN THE FAIR WORK COMMISSION
IN THE MATTER OF AN APPLICATION BY THE
SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION**

FWC Proceeding No.: AM2024/24

STATEMENT OF ANTHONY CHARLES BONGIOVANNI

I, Anthony Charles Bongiovanni, Director, of Shop 1, 33 Hamilton Street, Gisborne in the State of Victoria, say as follows:

Introduction

1. My full name is Anthony Charles Bongiovanni.
2. I am a Director of Grogbusters Pty Ltd.
3. In my capacity as a Director, I am responsible for the retail operations of one independent liquor store trading under the Cellarbrations banner. My Cellarbrations store is located in Gisborne, Victoria.
4. I have managed and owned and several Liquor Stores over 45 years.
5. I am an active member of the Liquor Retailers Australia committee and provide a trusted, expert advisory voice to Master Grocers Australia Ltd on important issues in the liquor industry.
6. I have owned and operated Cellarbrations Gisborne since 2007.
7. I currently pay wages to my staff working at Cellarbrations Gisborne in accordance with the *General Retail Industry Award 2020 (GRIA)*.
8. I am aware that the Shop Distributive and Allied Employees' Association (**SDA**) has made an application with the Fair Work Commission to vary the GRIA to remove junior rates of pay for employees who are 18 years or older, and to increase junior rates of pay for employees under the age of 18.

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Employment of Junior Employees

9. I currently employ two junior employees at Cellarbrations Gisborne and have employed over 15 junior employees since 2007.
10. As my store primarily trades in liquor, my employees must be at least 18 years of age. As such, the junior employees that I employ are between the ages of 18 and 21 years of age.
11. When I employ junior employees, it is often their first experience in the workforce and either myself, or another employee with experience in the industry, needs to spend a significant amount of time training the employee.
12. For most 18-year-olds, it takes around 2 years of working under the supervision of a senior employee to be able to work independently and without supervision.
13. By that stage, most junior employees are entitled (or close to being entitled) to the adult rate of pay in accordance with the GRIA as they have reached the age of 20 and have usually been employed in the business for longer than 6 months.

Junior employee skills and experience

14. The practical skills and experience of a junior employee are not as developed as a senior employee who has already been in the workforce for some time.
15. I find that the differences between my junior and senior employees are mainly in regard to product knowledge, customer service and attention to detail.

Product knowledge

16. Being in the liquor industry, junior employees understandably do not have the same product knowledge compared to senior employees. Junior employees have not had the same exposure and time to familiarise themselves with subtle product differences.
17. Whilst this is not an insurmountable barrier to hiring junior employees in the liquor retailing industry, hiring experienced people with intimate product knowledge is highly appealing. For example, if a customer comes into the store asking for a wine recommendation, I find a senior employee is almost always able to provide a more

satisfying customer experience by providing expert advice. Junior employees are able to process a sale transaction; however they lack the experience to be able to add value to the liquor retail experience.

18. It takes some time for a junior employee to develop this product knowledge and to understand the intricacies of the liquor industry, such as what products should appeal to people in varying circumstances, where the liquor is sourced and made, the different flavours and appropriate environments for liquor storage and how this all interacts with a customer's individual preference and use case.
19. Senior employees who can provide this extra level of service and understand these different factors elevate the customer experience and value proposition of my store. I consider such a skillset should be rewarded with a higher rate of pay than that of a junior employee with limited product and industry knowledge and therefore contribution to customer experience.

Customer service

20. Generally, junior employees come straight out of school when entering my business with no prior experience. This means they usually do not have any customer service experience prior to working in my business.
21. This lack of experience creates a major difference between the shopping experience that they can provide to customers when compared to senior employees who have such experience.
22. This is an important factor in the liquor industry as much of the shopping experience is built on my staff being friendly, approachable and taking an interest in the customer and their liquor preferences.
23. Unfortunately, I have found that junior employees without that customer service experience (which is almost all of them) lack the confidence to interact with customers and provide them with the level of advice and expertise expected in my business. On some occasions, I have observed that junior employees do not even greet customers when they enter the store; they initially see their role as no more than a payment terminal operator and not a person who customers rely on to make a product selection in what can feel like an overwhelming environment.

24. Senior employees that I have engaged in the business are usually more willing to enthusiastically greet customers, build personal relationships with local customers and get to know their preferences. This type of customer service experience is what differentiates my business from others and assists me in attracting and retaining consumers.

25. These kinds of interactions positively contribute to the reputation of my business in the local community, and the customer service experience that my senior employees provide to customers is deserved and justifiable.

Attention to detail

26. Junior employees do not have the same level of engagement in their employment and attention to detail when compared to senior employees.

27. Junior employees often make a greater number of errors compared to senior employees as they do not have the same level of attention to detail. Although these are simple errors, they add up to be a significant loss for the business and could be easily rectified if the employee was more engaged in their work.

28. For example, junior employees in my store have sold unbarcoded bottles of wine as a different bottle of wine with the same brand name but slight variations in either the vintage or grape variety. These bottles can have a price difference of over \$100, and this cost difference becomes a loss for the business. A senior employee would not make the same mistake as their product knowledge and experience is more advanced.

Senior employee preference

29. If the SDA were successful with their application to vary the GRIA, and I had to pay junior employees between the ages of 18-21 the same amount that I would need to pay a senior employee, I would consider changing the mix of my workforce.

30. Instead of hiring junior employees and giving them the opportunity to make their start in the workforce, it is likely that I would hire more senior candidates who have greater experience in the liquor industry and the workforce generally.

31. Senior employees who have spent a greater amount of time in the workforce (not only in the retail or liquor industries) have more to offer my business in terms of providing a positive customer experience.

32. I also have greater confidence that senior employees would not make as many simple mistakes as junior employees.

33. For all these reasons, it would make commercial and financial sense for me to preference senior employees over junior employees if I had to pay junior employees the same amount.

Community and social issues

34. The unfortunate result of preferencing senior job candidates is that the young locals of the Gisborne community will not have the same job opportunities that they once had available to them if other businesses in the retail or liquor industries are forced to make similar choices. If the SDA is successful with their application, I consider that young adults will find it more difficult to get their start in the workforce if businesses in the community, like mine, begin considering options which result in greater productivity and a better customer service experience for the same cost to the business.

35. A lack of opportunity in the workforce means that many young people will not be able to develop the fundamental life skills associated with early employment. This would be detrimental to young people who will become less attractive to prospective employers not only in the retail or liquor industry, but in the workforce generally. I believe that many young people make their start in retail and learn important life lessons and obtain real-life work experience that sets them on the path of success.

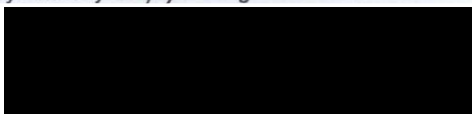
36. I have had many impressive young adults enter the workforce through my business who have gone on to become qualified Town Planners, Paramedics, Various Sports Management Positions, Geologists and Senior Management Roles. I am passionate about providing young people in my community with an opportunity to learn important life skills and get on the job experience. I am concerned that if the SDA's application is successful, I will no longer be able to viably provide this opportunity.

37. I consider that young people engaged in meaningful work take pride in their work and in their local community and subsequently enjoy the respect they earn through their work and contribution to the community. This leads to healthy communities with fewer anti-social behaviours.

Workplace tension

38. I am concerned that if the SDA were successful with their application to vary the GRIA, it would cause a significant amount of tension in the workplace.
39. Junior employees who are entering the workforce for the first time would be earning the same amount as older employees who are performing the same duties, but have been doing it for longer, and to a higher standard.
40. If my older employees were to find out that they were earning the same amount as an employee that has just entered the workforce, I think that they would be disheartened and offended. This would ultimately lead to a lack of job satisfaction and a drop in morale in the workplace. Subsequently, this is likely to also have an impact on my employees' ability to provide an exceptional standard of customer service. This will have a direct impact on my business and my loyal customer base.
41. Whilst the compassionate option may seem to be to increase the wages of young employees, it is simply unrealistic for a local business that already operates on slim margins to pay employees more than the rate that is commensurate with the duties that they perform and the skills that they bring to the role.
42. As a result, I would have employees that are less skilled and less mature being paid the same amount as employees that have built up their skills in the business and who have matured during their years in the workforce. This is a significant factor which will impact staff morale and the positive workplace culture that I have worked hard to create and preserve.
43. I believe that the contents of this statement are true and correct to the best of my knowledge.

Signed by Anthony Charles Bongiovanni



Dated

10th JULY 2025

This statement is filed by Master Grocers Australia Ltd whose address for service is Suite 5, 1 Milton Parade, Malvern VIC 3144.

**IN THE FAIR WORK COMMISSION
IN THE MATTER OF AN APPLICATION BY THE
SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION**

FWC Proceeding No.: AM2024/24

STATEMENT OF SLAVKA LEIKAS KOCH

I, Slavka Leikas Koch, Director, of 46 East Terrace, Loxton in the State of South Australia, say as follows:

Introduction

1. My full name is Slavka Leikas Koch.
2. I am a Director of Eversung Pty Ltd and G & S Koch & Sons Pty Ltd.
3. In my capacity as a Director, I am responsible for the retail operations of two independent supermarkets trading under the Foodland banner. One of my stores is located in Loxton, South Australia and the other is located in Renmark, South Australia. Each store is approximately a 3-hour drive from Adelaide, South Australia.
4. I have over 30 years' experience in the retail supermarket industry. Prior to operating Loxton Foodland and Renmark Foodland, I owned and operated an IGA store in Loxton which we purchased in 1995 and closed in 2017.
5. I have owned and operated Renmark Foodland since 2001 and Loxton Foodland since 2017.
6. I currently pay wages to my staff working at both Loxton and Renmark Foodland in accordance with the *General Retail Industry Award 2020 (GRIA)*.
7. I am aware that the Shop Distributive and Allied Employees' Association (**SDA**) has made an application with the Fair Work Commission to vary the GRIA to remove junior rates of pay for employees who are 18 years or older, and to increase junior rates of pay for most employees under the age of 18.

Employment of Junior Employees

8. Across both Renmark and Loxton Foodland, we employ approximately 40 junior employees at any one time.
9. The mix of junior employees that we employ is unique because our stores are in regional areas of South Australia and are quite a distance from Adelaide. By the time our junior employees reach 18 years of age, they have typically left the Renmark or Loxton areas to pursue tertiary education or careers in more urban locations such as Adelaide. As a result, the junior employees that we employ are generally below 18 years of age.
10. Otherwise, young people in the Loxton or Renmark communities opt to start their own business and / or commence a trade and are no longer working in our business past the age of 18.

Training and Guidance for Junior Employees

11. Koch's Foodland prides itself on the training and guidance that we provide to junior employees. We encourage and motivate junior employees to use their initiative and teach them social and customer service skills. Many of the junior employees we have employed in the past have gone on to start their own businesses and become respected tradespersons in the community.
12. The training we provide to junior employees is unique when compared to major retailers in the industry. Our stores are heavily focused on servicing the specific needs of the community and providing a personalised service as our point of difference. In particular, our store places a heavy focus on sourcing products that are desirable to the different demographics in each area which means that the members of our community feel that their individual consumer needs are being serviced.
13. To provide this highly personalised shopping experience, our junior employees are encouraged, with the assistance and supervision of management and senior employees, to use their initiative and assist in determining what works best in their store – for example, by rearranging a display to highlight a product that is popular with local customers, or by creating a small themed display such as seasonal produce to better meet local customer needs. This is unique when compared to major retailers where merchandising and sales strategies are intricately planned for

employees to follow step-by-step. Instead, our employees have a unique opportunity to be involved in business decisions from start to finish, teaching them a wide range of useful career and business skills such as sales, marketing, merchandising and exceptional customer service.

14. Although our junior employees are provided with comprehensive training and guidance, they require the constant supervision and guidance of a senior employee as their social and analytical skills are not developed to a point where they are able to work independently.
15. This means that when we roster a junior employee to work, we need to consider that there are additional costs of rostering a senior employee to supervise them. Additionally, there is a significant loss of productivity of that senior employee as they are preoccupied in supervising or guiding junior employees.
16. While we place high value on the importance of developing the young people in our community, we do consider that it is a significant time investment in our business and one that heavily impacts our productivity. The fact that we can pay juniors less than adult employees allows us to continue making that significant time investment as a viable option. This allows us to continue with our passion of helping the local community and providing a unique place of development and learning for the members of the community.

Productivity and Reliability of Junior Employees

17. Junior employees across both of our Foodland stores are engaged to undertake the basic duties of a retail assistant, such as working at the check-out register and stocking shelves.
18. Although management and senior employees provide comprehensive training and guidance to junior employees, they still do not perform their duties to the same standard, nor as efficiently, as an adult employee, which having regard to their relative inexperience is reasonable and expected.
19. I consider that junior employees generally do not have the same level of attention to detail or engagement when compared to an adult employee. Our adult employees generally work in our stores to support their families and earn a livelihood whereas our junior employees are often working in our stores to gain experience and to earn

some pocket money. Generally, I find that the personal stakes are therefore lower for junior employees when compared to adults, and subsequently, they have a lower level of accountability for their work.

20. As a result, junior employees are understandably less engaged and invested in their relatively transient employment and are content with performing the bare minimum in the workplace. This contrasts with our adult employees who rely on their employment to support their family and will go above and beyond to ensure they perform their duties to a higher standard and in a more productive manner to secure employment longevity.
21. The difference in commitment between junior employees and adult employees results in juniors making more errors than adult employees. I find that our junior employees rostered to work at the check-out registers make a significant number of errors when processing sales due to their lack of attention to detail. These errors result in a loss to our business.
22. In addition, the productivity of our adult employees is often impacted by junior employees. Adult employees are often required to supervise junior employees and to attempt to rectify any errors that they may have made. As such, a significant proportion of an adult employee's time is often spent assisting junior employees rather than focusing on their own duties.
23. Our adult employees are much more reliable than our junior employees whose focus is typically on making every attempt to be able to provide for and care for their families. Junior employees usually have many different points of focus and priority at that stage of their life such as schooling, sporting and a busy social life. Particularly in a regional town such as Loxton or Renmark, sporting takes up a significant portion of time for the young people in our community.
24. I find it difficult to maintain a reliable roster due to the number of junior employees engaged in the business. Our junior employees are regularly engaged in other areas of their life and their availability to work is heavily impacted. Additionally, our junior employees will regularly cancel their shift at short notice and in some instances, not attend their shift and fail to provide notice. The business acknowledges the many different responsibilities of a young person and accepts that their reliability may be impacted, however, this is viable when they receive a discounted rate of pay. If the SDA's application is successful, it would not be worth paying a junior employee who

is less reliable a rate that is significantly higher than the current junior rate, or a rate that is equivalent to that of an adult employee who is more reliable.

Financial Impact

25. Although our Foodland stores are located regionally, we face the fierce competition of major supermarket retailers in both areas and must remain competitive in terms of pricing and service offered to the local community to remain viable.
26. In order to stay competitive, our budget for wages has historically been approximately 9% of each store's annual turnover. Due to wage increases in recent years, our wages now make up approximately 11% of our annual turnover.
27. If the SDA were to be successful with their application, we consider this will have a significant impact on our wages and budgets due to the significant number of junior employees that we engage across both of our stores.
28. The actual wages of both stores already regularly exceed wage budgets and if the increase of junior wages were to further increase our annual wage costs, we would need to consider different strategies to stay competitive with major supermarket retailers and to ensure the ongoing viability of the business. We consider there would be two options for this, being:
 - a. Reducing and reconfiguring staffing levels and rosters to minimise expenditure on wages; or
 - b. Increase the price of products sold in both stores.
29. Increasing product prices across each of our stores will impact the viability of the stores by making them uncompetitive against major supermarket retailers. Major supermarket retailers already have significantly more market power to keep their prices as low as possible and unlike my business, may have some scope to absorb escalating losses. If we were to increase our prices as a result of budgetary pressures, there is a risk that we would price ourselves out of the market and impact our stores' ongoing viability.
30. Therefore, the more realistic option is to change staffing arrangements and subsequently reduce expenditure spent on wages.

Staffing Mix

31. If I had to pay junior employees more than I currently am, I would need to reconsider the mix of employees within my business. I would likely engage fewer junior employees than I currently do and prioritise adult employees who can perform their duties in a more efficient manner and to a higher standard.
32. This will result in higher productivity despite having less employees engaged at any one time. I would likely be able to engage one senior employee in the place of two junior employees as their time will not be spent supervising junior employees and because they can perform their duties more efficiently than a junior employee.
33. This will mostly be to the detriment of the youngest employees who are making a start in the workforce. Although we would like to continue to invest in our communities by providing employment opportunities to young people, an increase to their wages will likely make this community service no longer viable; ultimately it is the young people in the community who would have to bear the cost of any decision to increase junior wages.

Social Issues

34. If the SDA were successful with the application to vary the GRIA, there will be fewer job opportunities for young locals in regional communities. Businesses such as mine will be required to consider options that increase productivity whilst ensuring that wage budgets are met.
35. If young people in the community are not engaged in work and do not have any meaningful upskilling opportunities outside of their formal education, then I am concerned that the current generation of young people will be deprived of valuable workforce experience which builds up their skill set and maturity to allow them to compete in a highly competitive and skilled adult job market.
36. Without the foundation of necessary skills and experience that employment provides, the young people of my community who move to urban locations to pursue careers and education will be severely impacted by an underdeveloped skill set and a lack of maturity that work experience provides.

37. Unlike young people living in urban areas, many of our young employees who move to urban areas do not have the benefit of living with their parents and having most of, if not all, their expenses paid for. If these young people lack the skills and experience necessary to appeal to an employer and find a part time or casual job while they study, they will simply be unable to fund their lifestyle and education.

38. I am concerned that the SDA's proposals in the application will likely create future generations of young people from regional areas that are simply unemployable if they would like to leave their hometown and pursue a career in a city.

39. I believe that the contents of this statement are true and correct to the best of my knowledge.

Signed by Slavka Leikas Koch

A large black rectangular redaction box covers the signature of Slavka Leikas Koch.

Dated

8-7-2025

This statement is filed by Master Grocers Australia Ltd whose address for service is Suite 5, 1 Milton Parade, Malvern VIC 3144.

**IN THE FAIR WORK COMMISSION
IN THE MATTER OF AN APPLICATION BY THE
SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION**

FWC Proceeding No.: AM2024/24

STATEMENT OF BRUCE FRANCIS LUCHTERHAND

I, Bruce Francis Luchterhand, Director, of 98-110 Alexandra Parade, Alexandra Headland in the State of Queensland say as follows:

Introduction

1. My full name is Bruce Francis Luchterhand.
2. I am a Director of BFL Consult Pty Ltd trading as The Alex Pantry.
3. In my capacity as a Director, I am responsible for the retail operations of an independent supermarket located in Alexandra Headland, Queensland which trades as The Alex Pantry.
4. I have owned and operated The Alex Pantry for over 9 years.
5. I pay wages to my staff working at The Alex Pantry in accordance with the *General Retail Industry Award 2020 (GRIA)*.
6. I am aware that the Shop Distributive and Allied Employees' Association (**SDA**) has made an application with the Fair Work Commission to remove junior rates of pay for employees who are 18 years of age or older, and to increase junior rates of pay for most employees under the age of 18.

Employment of Junior Employees

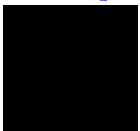
7. I currently employ 10 employees under the age of 21. Over the past 9 years, I have employed over 70 junior employees from the Maroochydore, Alexandra Headland, Queensland area. In most cases, this was the employees' first job, and I provided them with their first experience in the workforce.



8. Generally, the young employees that I have hired do not aspire to work at The Alex Pantry past the age of 21. Most of the young employees that I have hired are looking for casual work to get their first experience in the workforce while they undertake studies at school or in their desired career path in tertiary education.

Junior Employee Skills and Experience

9. All of the junior employees that I currently employ, and have employed in the past, start working at The Alex Pantry before they are 18 years of age. Understandably, these employees are yet to acquire retail specific mature problem-solving skills, appreciation of risk and use of initiative; I consider that those skills develop as someone ages and has the benefit of life experience, workplace mentoring and training.
10. I am often required to invest a lot of time and attention in junior employees and coach them in developing a strong work ethic and the social and analytical skills that are required to provide exceptional customer service. I often receive feedback from parents as well as teachers at local schools who tell me that their children / students have come out of their shell and that their social skills have developed since working at The Alex Pantry. I am always pleased to receive this feedback and to develop the young locals of my community.
11. Although I invest significant amounts of time and effort into training junior employees and genuinely care about developing the future generation, I do not receive the same efficiency and productivity from those workers compared to older employees who have significantly more life experience and work experience. It is experience shaped through progressive maturing which sets junior workers apart from their more experienced colleagues. My approach to employing young people is that if you want them to perform at their best, you need to put in the time to train and coach them. This comes at a cost in terms of time and productivity as an adult employee spends their time supervising and training junior employees; however, the cost tradeoff is that we pay junior award rates commensurate with their age. This provides me with a reason to develop great young people not only for my business, but for their own personal development.
12. The overall difference between junior employees and adult employees I have seen in my business is the level of maturity, initiative and care that they display in their work.



This leads to a crucial difference in the output of junior employees when compared to adult employees.

13. When I roster junior employees to work in the business, either my brother-in-law, my wife, another adult employee or I are always required to be in the store to supervise them. This is because there are many customer service situations which junior employees are unable to handle autonomously and safely and there are tasks that are consistently performed to a lower standard by junior employees that need to be monitored by an adult.

14. Examples of tasks that I am unable to assign to a junior employee until they are fully trained, amongst many others, include:

- a. Being alone in the store in case of an unpleasant or uncomfortable interaction with customers. I provide junior employees with a bell that they can ring in these situations, and I will come to the front of the store to assist them with these interactions and to provide them with ongoing training and guidance in handling difficult interactions. We have never and will never leave a junior employee in the shop by themselves either whilst trading or not trading.
- b. Not allowing junior employees to sell cigarettes or tobacco products to customers to comply with new changes to legislation which does not allow junior employees under the age of 18 to sell tobacco products.
- c. Not allowing junior employees to make sandwiches and peel the chicken for sandwiches as their lack of attention to detail can result in bones being left in the chicken which causes health and safety risks.
- d. Simple tasks such as sweeping up, mopping and cleaning equipment often have associated safety requirements. In most cases, junior employees do not have experience in safely performing these tasks and we do not allow them to complete such tasks until they are fully trained. Tasks such as cleaning slicers, combi ovens and washing up knives are all high-risk tasks, and we always have a strong risk minimisation strategy for junior employees.

15. In my experience, junior employees also lack crucial life experience which enables them to operate as efficiently or effectively as an adult employee over the age of 21. I

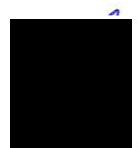


have found that in most cases, junior employees lack the social and analytical skills that an adult employee will usually have, and these skills are not properly developed until the employee has spent years in the workforce.

16. As a result, I work between 100 to 110 hours per week, my brother-in-law [REDACTED] works approximately 45 hours per week and my wife [REDACTED] works approximately 25 hours per week and undertakes further administrative work at home. We need to work these hours to properly supervise junior employees and ensure the business operates effectively.
17. Whilst this arrangement is a significant time investment for myself and my family, I am currently satisfied with the arrangement because I can maintain the salary budget of the business within a manageable range by providing junior employees with basic tasks, to free up higher paid adult employees, and my family to undertake more complex tasks that cannot be performed by junior employees to a satisfactory standard. For example, a junior employee may be tasked with stocking shelves or serving customers at the cash register to allow a more experienced employee to focus on peeling the chicken to avoid any hazards or risks to our customers.
18. In addition to the essential task of managing the salary budget of the business, I relish the opportunity to develop young locals to become well-rounded individuals who contribute to their community. Providing young locals with their first job gets them started in what will hopefully be a successful career. In my time at The Alex Pantry, I have employed young adults who have gone on to become lawyers, schoolteachers, day care teachers, health care professionals, nursing & occupational therapists and experienced trades people such as plumbers, carpenters, electricians and professional sportspeople.

Social Issues and the Community

19. I believe that there would be unfortunate and likely unintended consequences if junior employees were required to be paid the same amount as adult employees, or significantly more than they are currently earning.
20. If the SDA's application is successful, I would need to re-evaluate the employment of junior employees, particularly employees between the ages of 18-21 years of age. If faced with the choice, I will likely employ adults who already have significant life



experience, relevant workplace experience and who can perform the job to a higher standard and more efficiently than junior employees.

21. I consider the social consequences for junior employment if this application were successful would only be detrimental to young people in my community. For example, 17-year-old people looking for their first job and with no experience at all will find it difficult to obtain employment as employers like me will need to consider that we will be paying them the full adult rate of pay upon turning 18 years of age for little to no experience at all. Currently, I rarely employ 16- or 17-year-old employees with no experience. I instead choose to employ 14- or 15-year-old employees to train and develop and to fit into our operational model which is geared towards reducing wage costs and tackling the rising cost of doing business. These changes will reinforce that operational model, and 16–18-year-old employees will be most heavily impacted by these changes if they are successful as businesses like mine will be unable to afford to engage them for the work they are able to output.

22. Junior employees who I would have otherwise hired to work in my business will be left without a job during the formative years of their employment. As an employer, I will need to consider the practical realities of the business and its finances and will favour resources which increase productivity. If my reality is replicated within the businesses of other retailers, this will lead to a generation of young adults in my local community who have little to no work experience, underdeveloped social and analytical skills and a subsequent lack of suitable employment options.

23. If my circumstances are replicated within other businesses, I fear young adults will find it increasingly difficult to obtain employment that they need to assist them with their learning or to support their personal financial needs if the SDA's application is successful.

Financial Impact

24. I have undertaken calculations to determine the financial impact that this application would have on my business if it were successful.

25. My calculations are based on two roster periods, being the week commencing 24 September 2024 and the week commencing 27 January 2025. As a store in a tourist area, my roster differs significantly during different seasonal periods. These rosters



provide me with an indication of the financial impact during different seasonal periods.

26. For my calculations, I have used the award rates payable under the GRIA for the 2024-2025 financial year. My calculations assume the SDA's application will be successful and that the changes will not be implemented until after the listed hearing date, being late November 2025. I have used all the same employees and considered their birthdays and the age they will be after the hearing for this application.
27. My calculations have indicated that if the SDA's application were successful, the same roster for the September 2024 period would cost me an additional \$459.71. The same roster for the January 2025 period would cost me an additional \$353.76.
28. This additional cost excludes superannuation and does not consider an increase in wage rates in the new financial year, which will only increase wage rates even further.
29. Taking the average of those financial differences in the roster, and multiplying it by 52 weeks in a year, I have calculated an average wage difference of \$21,150.22 if the SDA's application were successful. However, this is noting that the roster for my store fluctuates significantly depending on various factors. The actual financial impact could be more than this, or it may be less. The figure provided is a rough estimate based on two different roster periods in the year.
30. While this may not sound like a significant sum for major business groups and supermarket retailers, my store is independently owned and operates on very small margins.
31. This additional cost would increase the overall wage costs in my business by around 12-20%. This cost would not be offset by any productivity improvement and will just become another hit on our diminishing bottom line.
32. I have already faced significant difficulties in running my business on very slim margins in the past few years and the day-to-day operation of the business has been heavily focused on survival rather than profit. Since 2016, the base wage cost of the business has increased by over 30% across the board and this has driven the need to continue to employ and train junior employees so we can operate at the lowest



possible cost per hour as this is the only way that the business can survive and keep operating.

33. An additional \$20,000+ in wages per year will only make running my business more difficult. One of the ways to absorb the increase in costs would be to increase the price of the products sold in my store. This would not be commercially viable as my customers will need to consider shopping with my competitors that have more market power and can absorb the increased costs to offer lower prices. This will impact on the financial viability of my business and further reduce the funds that I have to support my family. As a result, I will need to consider closing my business.

34. As the option to increase product pricing would not be viable, I will be forced to consider alternative ways to increase productivity and decrease expenses. Continuing to employ junior employees for the same price as an adult employee will not be a financially viable option for the business and I will change my staffing mix as per paragraph 21 above.

35. I believe that the contents of this statement are true and correct to the best of my knowledge.

Signed by Bruce Francis Luchterhand

A black rectangular redaction box covering the signature of Bruce Francis Luchterhand.

Dated

9TH JULY 2025

This statement is filed by Master Grocers Australia Ltd whose address for service is Suite 5,
1 Milton Parade, Malvern VIC 3144

**IN THE FAIR WORK COMMISSION
IN THE MATTER OF AN APPLICATION BY THE
SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES' ASSOCIATION**

FWC Proceeding No.: AM2024/24

STATEMENT OF DOMENICO D'AGOSTINO

I, Domenico D'Agostino, General Manager, of Level 2, 466 Cheltenham Road, Keysborough in the State of Victoria, say as follows:

Introduction

1. My full name is Domenico D'Agostino.
2. I am the General Manager of the Lorenz Group. The Lorenz Group is made up of Michaels IGA Korumburra, Michaels IGA Leongatha, Michaels IGA Highway Liquor, Fairleys IGA Shepparton and Michaels Fresh Food Market.
3. In my capacity as General Manager, I am responsible for overseeing the operations of each store in the Lorenz Group.
4. I have over 30 years' experience in the retail supermarket industry. I started my career in the supermarket industry in 1993 working as a Produce Shop Assistant at Safeway. In 2003, I took over the role of Produce Manager of Lorenz Group and I have since worked my way up to the role of General Manager.
5. The staff employed by the Lorenz Group are paid in accordance with the *General Retail Industry Award 2020 (GRIA)*.
6. I am aware that the Shop Distributive and Allied Employees' Association (**SDA**) has made an application with the Fair Work Commission to vary the GRIA to remove junior rates of pay for employees who are 18 years or older, and to increase junior rates of pay for most employees under the age of 18.

Recent Wage Increases and Employment of Junior Employees

7. Since 2021, there has been a total increase of 16.6% in the wages we pay our employees because of annual wage increases. The superannuation guarantee has increased from 10% to 12% with an annual increase of 0.5% each year in recent years.

8. Given these remuneration increases in recent years, we have had to find ways to reduce our wage costs by taking measures such as making attempts to reduce hours across the business. As an independent supermarket retailer, we need to find ways to remain profitable when there are increasing costs placed on our business, not only from wages but by the general increasing costs of doing business, including but not limited to the following increases in the last 12 months:
 - a. Refrigeration gas pricing has increased by 50%.
 - b. Waste management has increased by 17.5%.
 - c. Land tax has increased by \$35,000.
 - d. Third party trades used in the store have increased costs with call out rates rising by 38% and labour rates increasing by 33%.
 - e. Electricity pricing has increased by 15%.

9. In an attempt to save costs on wages, we have prioritised the predominant use of junior employees during times which require us to pay relatively high penalty rates. This allows us to keep our costs lower than if we engaged adult employees during those times, but it also means that our junior employees are engaged during hours where they earn higher rates of pay compared to other times when they would work ordinary hours.

10. Our business would be heavily impacted by the SDA's application if it is successful as we engage a high proportion of junior employees. For example, across Michaels IGA Korumburra and Michaels IGA Leongatha, we employ 60 junior employees which makes up 39.22% of the workforce in those stores. As such, the changes to junior rates of pay, if the application is successful, will also mean that our attempt to save costs by engaging junior employees during high penalty rate periods would be impacted, and it may no longer be viable to engage junior employees at those times considering the productivity and reliability issues I have observed with junior employees detailed below.

Financial and Operational Costs of Hiring Junior Employees

11. Most of the junior employees that we employ in the business are employed with very little or no prior work experience. This means that the business needs to invest unproductive time into junior employees to train them in their position. The amount of time it takes to train a junior employee can vary but it is my observation that it takes at least 6 months for juniors to be trained in their roles. This requires a more senior employee to be rostered to train the junior employee. This incurs additional cost for the business.
12. Even though a junior employee is generally trained to perform their role after 6 months, this does not mean they are performing their role to the same standard as a more senior employee once they have been trained. As a result of having less life experience and work experience, junior employees in the business are often not as productive and require greater performance management compared to senior employees. For this reason, we are required to ensure that junior employees in the business have constant supervision and direction by a more senior employee. This means that the business incurs the additional cost of rostering a more senior employee to supervise junior employees.
13. Despite the investment in training and supervision made by the business when hiring junior employees, they are less productive than their more senior counterparts and are more prone to making mistakes due to their lack of experience. For example, we recently had a cashier who is a junior employee get flustered and confused when serving a customer at the check-out. This resulted in the junior employee giving the customer \$250 more in change than what they should have received. This was a cost that needed to be absorbed by the business. Adult employees are less likely to make similar mistakes due to their work experience and ability to complete tasks under pressure.
14. Further to the mistakes more commonly made by junior employees, the business also has a greater number of issues with junior employees complying with store policies compared to more senior employees.
15. I have observed that junior employees are less likely to use initiative during our quiet periods due to a lack of maturity and have a different work ethic compared to our senior employees. I have regularly observed that during quiet periods, instead of completing tasks that need to be completed such as cleaning, facing stock, date

checking or refilling shelves, our junior employees will use their mobile phones to watch movies or go on social media. Mobile phone use is the most common problem we have encountered with junior staff as it is a difficult issue to constantly police and largely relies on trust and honesty from our employees. Mobile phone usage has a major impact on the productivity of our junior employees and effective business operations.

16. I have observed that junior employees are less reliable when it comes to attendance. The business has had significant difficulty with junior employees, particularly casuals, cancelling shifts with little to no notice. This unfortunately puts an extra strain on the business as we are unable to effectively budget our wage expenses when we need to replace employees at late notice with more senior employees being paid at a higher rate.
17. Whilst we do sometimes encounter these same issues with adult employees, they are substantially more prevalent among our junior employees. I consider that junior staff members simply do not work to the same standard of quality and productivity as adult staff members, are more likely to be unreliable and require direction from a supervisor to complete their work to a satisfactory standard.

Response to Junior Wage Rate Increases

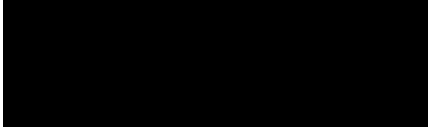
18. If the SDA's application is successful, and the business is required to pay most junior employees more than it currently is, or the same as senior employees, I am likely to hire senior employees in their place.
19. Senior employees have demonstrated they are more productive, have more work experience, maturity and life skills that are easily transferrable into employment in a grocery store when compared with junior employees. Senior employees require less supervision and direction and are more likely to use their initiative to complete work to a higher standard and enhance productivity in the workplace.
20. Unfortunately for young people, this will mean that there would be less jobs readily available in their local community. There would simply be no financial benefit to our business to employ junior staff over adult staff.

Financial Impact

21. To demonstrate the financial impact that the SDA's application, if successful, could have on the business, I have used a roster from the Leongatha store as an example. The roster period that I have used is between 5 May 2025 to 18 May 2025. I have chosen this period as it reflects a 'normal' week free of school holidays or public holidays.
22. The Leongatha store is a full-scale supermarket which employs a total of 70 employees within the store. The breakdown of the employment status of these staff members is that 23 of them are full-time, 20 are part-time and 27 are casual employees.
23. Of the 70 staff members engaged by the Leongatha store, 29 of them are junior employees under the age of 20, which accounts for 41% of the workforce in the store.
24. I have used the wage rates within the GRIA for the 2024-2025 financial year to undertake my calculations. My calculations do not consider any increases to wage rates under the GRIA in the 2025-2026 financial year.
25. I have calculated that if the SDA is successful with their application, the same roster from the 5 May 2025 to 18 May 2025 period would cost the Leongatha store an additional \$2,305.60, excluding superannuation.
26. The total payroll quantum during that period was \$84,315. This means that the additional cost would be an extra 2.73%. This is a significant increase in expenses and will mean that the business will need to find wage cost savings to stay within its wages budget.
27. The easiest way to reduce costs in the retail industry is to reduce the number of hours offered to employees. As such, all employees will likely be affected by the increase in junior rates as we look to cut costs. As junior employees are less productive and will cost significantly more if the SDA application is successful, it is likely that they will be the most heavily impacted group of employees if the business is forced to choose between a junior employee and a senior employee for the same cost.

28. I believe that the contents of this statement are true and correct to the best of my knowledge.

Signed by Domenico D'Agostino



Dated

9/7/2025

This statement is filed by Master Grocers Australia Ltd whose address for service is Suite 5, 1 Milton Parade, Malvern VIC 3144.