



Australian
Retailers
Association

Australian Retailers Association
Supplementary Submission to the Annual Wage Review 2019-20
5 June 2020

The Australian Retailers Association ('ARA') appreciates the opportunity to provide a further supplementary submission to the Annual Wage Review 2019-20.

This supplementary submission will comment on the Australian National Accounts data for the March quarter 2020 and other data published after 29 May 2020 and provide a short response on a submission made by another party.

1. Comments in relation to the National Accounts data

The ARA, and its members, are committed to ensuring a sustainable retail recovery following the COVID-19 pandemic, and one that preserves and promotes employment within the sector.

The National Accounts data for the March quarter 2020 ('National Accounts data') saw the Australian GDP contract by 0.3 per cent in seasonally adjusted, chain volume terms.¹ These results were the slowest through-the-year growth since September 2009, when Australia was in the middle of the Global Financial Crisis and according to ABS Chief Economist, Bruce Hockman, "captures just the beginning of the expected economic effects of COVID-19".² This confirms that, in order to maintain employment, it is now more important than ever that minimum wages remain at current levels.

With Australia on track to suffer its first recession in 29 years, the ARA asks that the Expert Panel place significant weight on the need to preserve retail jobs, return staff to their full duties for those who were stood down and grow employment opportunities - all of which will not be economically viable for many retailers should they be required to absorb additional labour costs.

The National Accounts data also revealed that hours worked fell by 0.8 per cent in the March quarter due to the COVID-19-related trading restrictions and closure of all non-essential services.³ In an ARA member survey conducted in May 2020, 77 per cent of respondents were either somewhat or very concerned about maintaining staff hours. Increasing minimum wages will not only hinder businesses' ability to return to normal operations but will continue to reduce the hours worked for many employees in the retail sector.

¹ ABS, Australian National Accounts: National Income, Expenditure and Product March 2020, *GDP fell 0.3 per cent in the March quarter*, 3 June 2020, Media Release.

² ABS, footnote 1.

³ ABS, footnote 1.

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2. Comments on other data published after 29 May 2020

The ABS Retail Trade Figures for April 2020 have also confirmed the significant impact of COVID-19 on the retail sector. Australian retail turnover fell 17.7 per cent from March 2020 to April 2020 (slightly revised from the preliminary figure of 17.9 per cent), with turnover falling 9.2 per cent in April 2020 compared with the same period last year.⁴

Retailers in discretionary categories are facing significant challenges, with GDP figures a preview of falls in discretionary goods. Clothing, footwear and personal accessory retailing fell 53.6 per cent and department stores experienced a 14.9 per cent drop in retailing in April 2020, seasonally adjusted.⁵

These ABS figures indicate that while restrictions begin to be lifted, imposing additional cost pressures through an increase to minimum wages on an industry that has taken a significant financial shock will only have a detrimental impact on job security and future employment growth.

3. Response to supplementary submission

In the SDA's supplementary submission of 29 May 2020, the SDA made reference to segments of the retail industry, such as supermarkets, which had to manage an increased work intensity during the COVID-19 crisis and stated that a failure to pass on a wage increase would be a failure to recognise these essential workers.⁶

The ARA does not support this statement. Maintaining existing minimum wages does not preclude businesses who have been less affected by COVID-19 from passing on wage increases to their employees or from recognising their valued team members through other financial incentives. For example, on 2 June 2020, the Woolworths Group announced that it would be awarding more than 100,000 of its team members in Australia and New Zealand with company shares worth a total \$57 million as a recognition of their hard work during this unprecedented time. Coles also recently awarded 100,000 of its employees with a special one-off bonus up to \$750 to recognise their efforts during the months of March and April when supermarkets were experiencing heightened levels of demand. There are other examples within the industry of retailers paying above award payments however, they have chosen not to make this public.

⁴ ABS, *Retail turnover falls 17.7 per cent in April*, 4 June 2020, Media Release.

⁵ ABS, footnote 4.

⁶ SDA, Supplementary submission in reply to the Annual Wage Review 2020, 29 May 2020, para 8.

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