

Annual Wage Review 2023-24

SDA SUBMISSION

Date Submitted: 28 March 2024

Submitted by: Gerard Dwyer
National Secretary-Treasurer



Introduction

1. The Shop Distributive and Allied Employees' Association (**SDA**) supports the submission of the Australian Council of Trade Unions (**ACTU**) and provides this supporting submission to the 2024 Annual Wage Review (**AWR**).
2. The SDA is one of Australia's largest trade unions with some 210,000 members working in a broad range of areas including retail, warehousing, online retailing, fast-food hairdressing, beauty, pharmacy and modelling.
3. The majority of SDA members are low income, with 60% being women. The SDA is supportive of the ACTU submission's focus on gender equality.
4. Retail and food services are two of the three lowest industries for median weekly earnings. The retail industry employs one of the largest proportions of Australian workers, accounting for approximately 10% of the nation's workforce.
5. This submission documents the challenge facing retail workers in Australia, and highlights results from surveys conducted by the SDA. SDA members are telling us that they are worse off than they were two years ago — and that the compounding effects of years of cost-of-living increases have not yet been offset by recent increases in wages. This evidence supports the ACTU's suggested increase to the minimum wage in its 2024 submission to the AWR.

Cost of living pressures are impacting retail workers

“You can pick any of **my bills and they will have increased by at least by 10%** in the last 12 months and **the cost of living has tripled!** I work 2 jobs & complete at least 65hrs of work a week & I'm struggling to put food on table every night and keep the power on!” – SDA Member

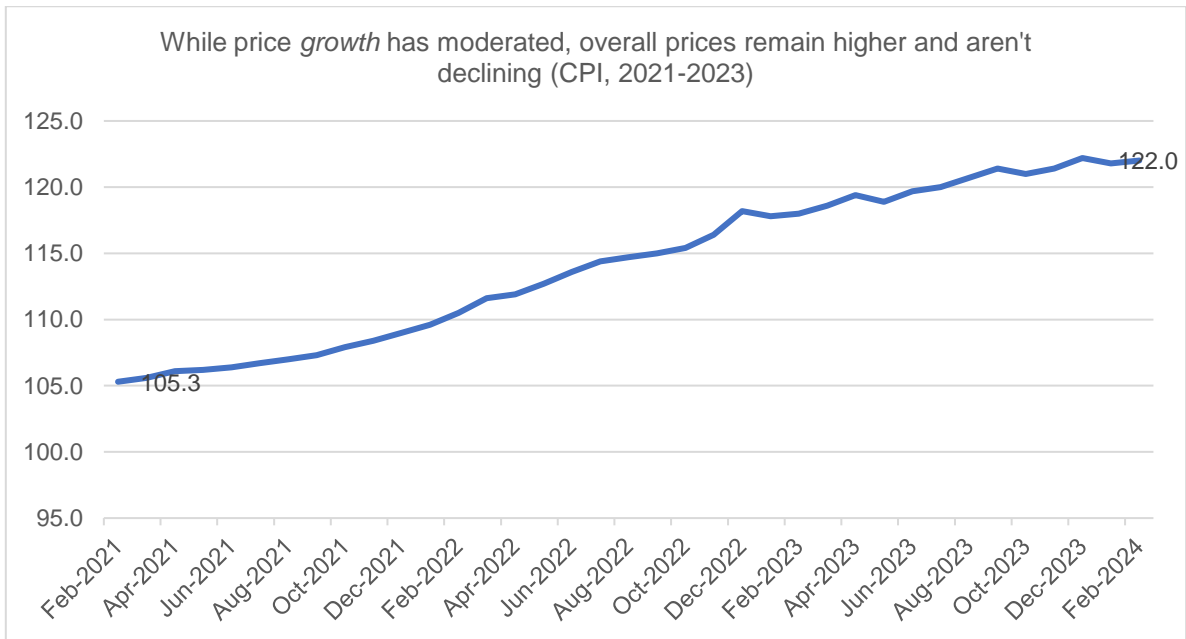
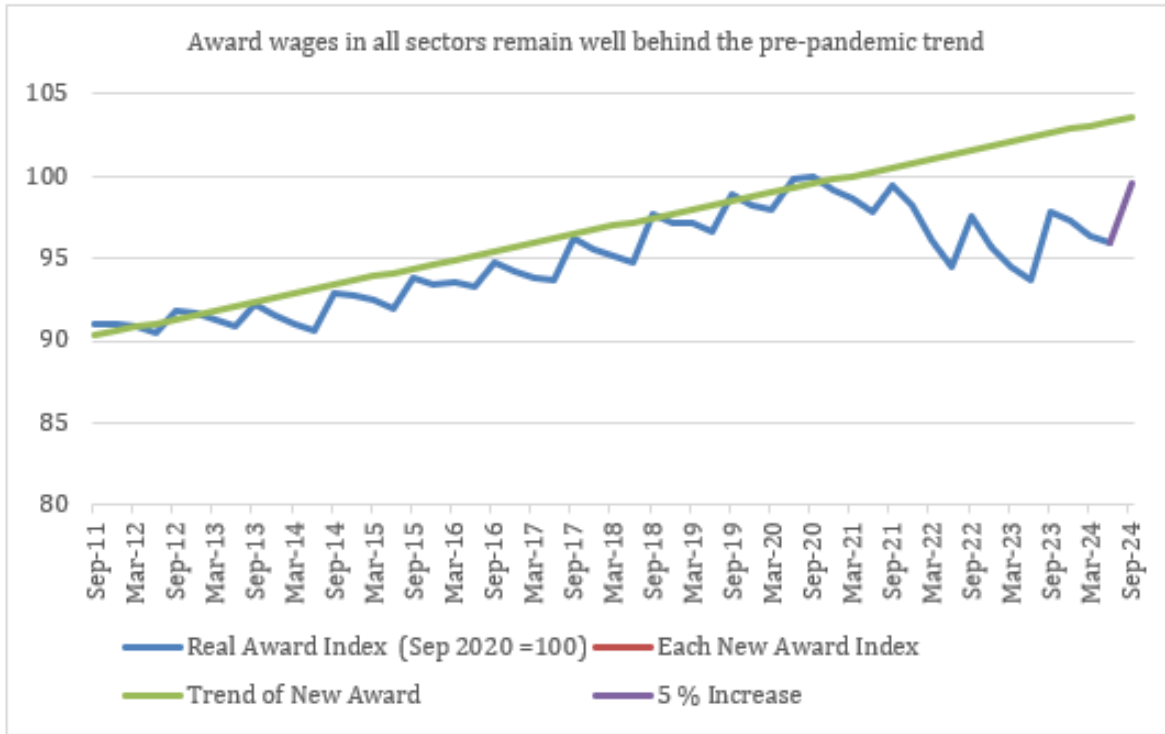
6. Lower and medium income Australian workers are experiencing sustained cost of living pressures, exacerbated by low wages growth over several years that has routinely fallen behind the increase in prices. Workers in SDA covered sectors, which account for around 10 per cent of the overall Australian workforce, are experiencing these pressures acutely.
7. The high inflationary period between 2021 and the end of 2023 has seen real wages go backwards for most workers in the industries that the SDA represents.
8. Prices for essential item, such as food, rents, electricity, and mortgages have all increased at a rate much faster than the growth in wages.
9. This has meant that most workers in SDA covered sectors are materially worse off today than they were two years ago.
10. Many of those that are worse off are women. 60 per cent of SDA members are women, and the SDA is concerned that low wage growth and real wage declines in recent years have worsened gender equality in Australia. It is in this context that the SDA supports the ACTU's position on gender equality, advanced in its AWR submission.

Workers have nowhere to hide from higher prices

11. The prices of basic goods, services and essential items continue to rise and impact retail workers, and these price increases are unavoidable. Although headline inflation is lower today than it was twelve months ago, increase in certain prices have been significantly higher than the headline CPI increase.
12. The following key items have seen prices rise considerably over recent years, compounding cost of living pressures.
 - Food prices have increased significantly over the past several years. Since 2021:

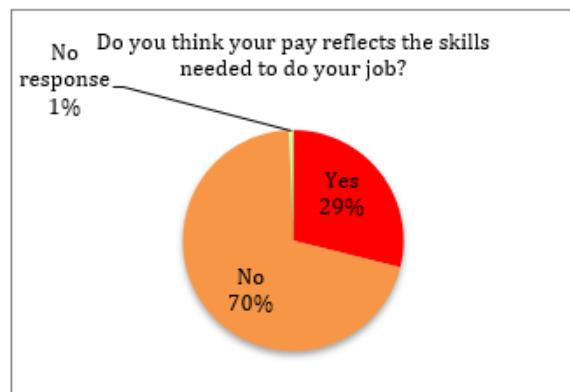
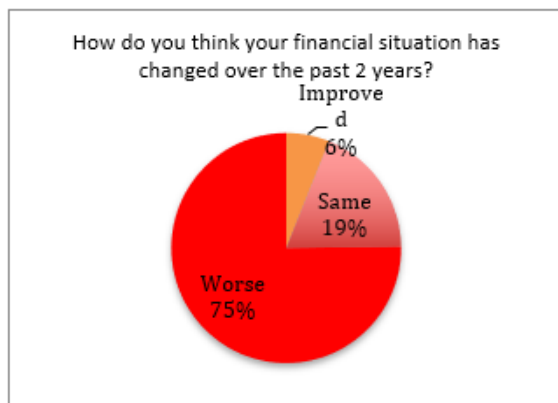
- Cheese has increased 27.3 per cent;
 - Bread has increased 24.1 per cent;
 - Dairy has increased 22.5 per cent;
 - Eggs have increased 19.7 per cent; and
 - Cereals have increased 19.2 per cent.¹
- Rents have increased by 11.5 per cent between December 2022 and December 2023, with these overall price pressures being particularly acute in Melbourne and Sydney, in particular.
 - Interest rates have increased to 4.35 per cent, adding over \$1000 per month to the average mortgage.
 - Insurance premiums have increase 22.1 per cent since 2021.
 - Fuel prices have increased 45.4 per cent since 2021.
13. The cumulative effect of these price increases is significant for household budgets and means that no single annual wage increase will be sufficient to overcome these overall higher prices.
14. The 2023 wage decision saw a 5.75 per cent increase in award wages and the re-benchmarking of the national Minimum wage to the C13 rate resulting in an 8.65 per cent lift. This did make a material difference to those award reliant and minimum wage workers, but still hasn't been sufficient to make up for the high price increase on these essential items and unavoidable expenses households have.
15. The compounding nature of recent cost of living increases means that there is more catching up required before award reliant workers see their wages return to the trends observed prior to the pandemic, and the subsequent inflationary spike.

¹ https://pricegouginginquiry.actu.org.au/wp-content/uploads/2024/02/InquiryIntoPriceGouging_Report_web.pdf

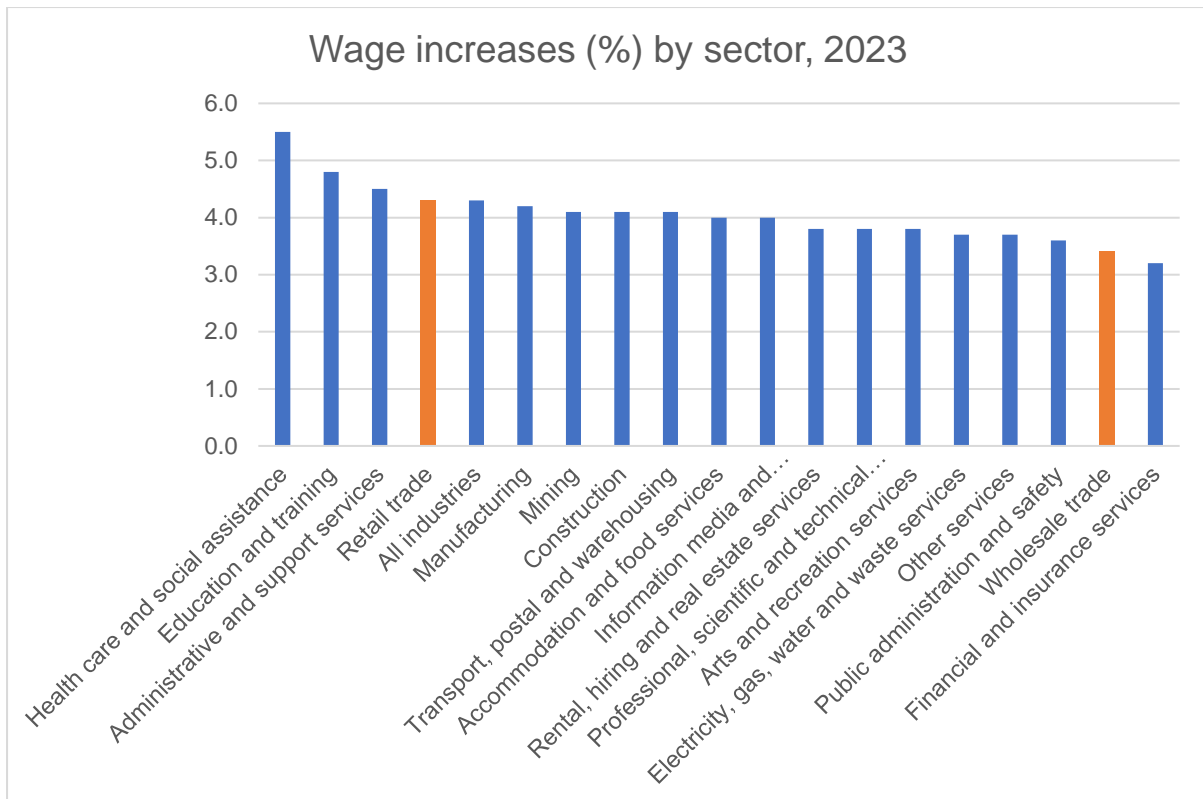


75 per cent of retail workers are worse off now than in 2022

16. Retail workers are overwhelmingly telling the SDA that their financial situation is deteriorating. The pressure they are facing is real, and it is pushing many individuals and many families to the brink. Some members are telling the SDA that cost of living pressures are forcing them to work more hours just to get by, while others are claiming that these pressures are impacting their capacity to have a family.
17. Results from a survey of 400 SDA members conducted in early 2024 demonstrates the scale of the hardship people are experiencing. The stories and the data collected from these surveys demonstrate the severity of the cost of living crisis for retail workers.
18. 75 per cent of workers surveyed told us that their financial situation was worse today than it was two years ago.
19. A mere 6 per cent of respondents claim they are in a better financial situation than they were two years ago.



20. Overwhelmingly, SDA members also feel that their pay doesn't reflect the skills needed to do their job.
21. This comes as workers in other industries are seeing higher wage increases than in SDA covered sectors.
22. Wages in the wholesale trade sector, for example, grew at the second lowest rate out of any industry sector in Australia throughout 2023.

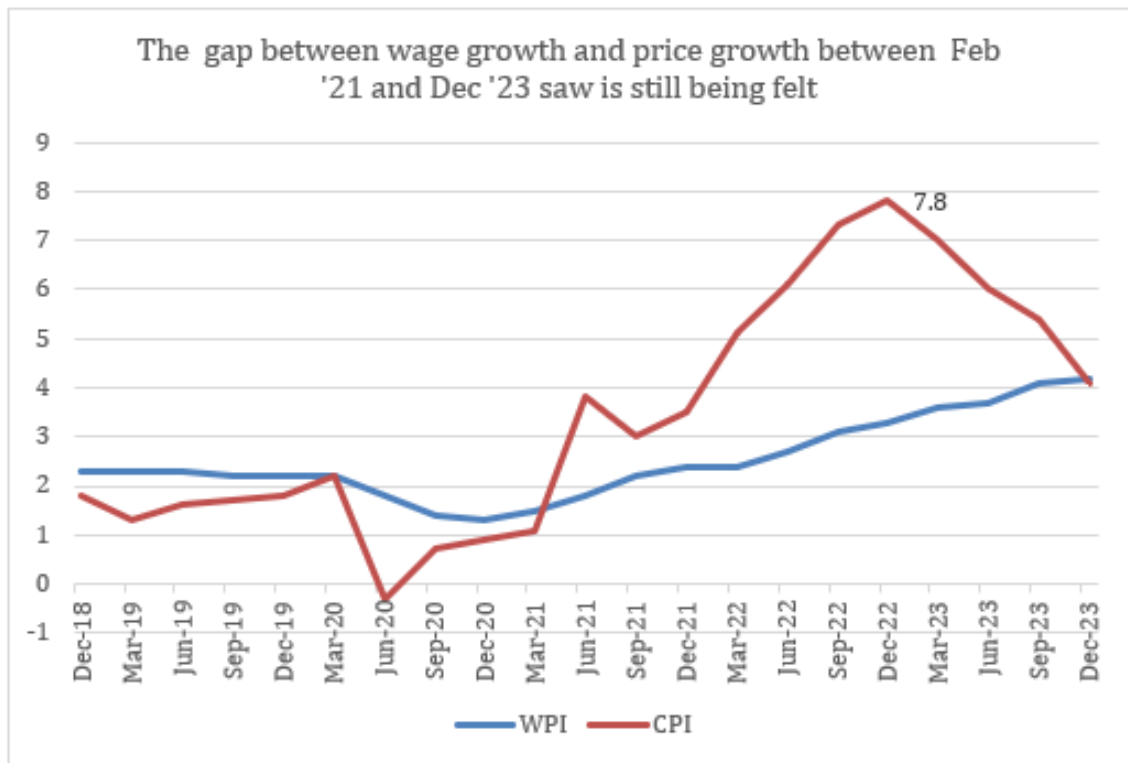


Cost of living pressures aren't easing

*“The cost of living **has taken the living out of life**. We can **barely afford to survive**. Our wages only barely cover the necessities leaving us with nothing to save effectively over time. How are we meant to have savings to retire on? How are we meant to have money to spend on our lives, not **JUST** the necessities. It is way too expensive. At my age (20) **I am seriously worrying about my future**. **It isn't even viable to start a family** in the future if the cost keeps rising. It is absolutely ridiculous and makes life not enjoyable.” – SDA Member.*

23. In the December quarter of 2023, real wages growth was finally realised, for the first time since early 2021. But the return of real wages growth is modest, and will not be sufficient to see workers ‘catch up’ with the overall lag effects of inflation.
24. While the promise of a return to modest real-wages growth is welcome, the modest real wages growth now being seen doesn't increase wages sufficiently to make up for the compounding impacts of real wage declines seen between April 2021 and October 2023.

25. During this period of inflation rose by almost 8 per cent, while wages increased at less than half of that rate.
26. The consequence of this period will take a time to correct. Workers who experienced a material decline in their purchasing power over the past three years are still behind — and aren't seeing increases in wages sufficient to overcome the compounding nature of years of declining purchasing power.



Retail employers are seeing significant profits

*“I work full time and the cost of living is making it harder to have 3 meals a day, I seem to only living day by day I can't plan ahead as money doesn't go that far...I'm tired my body aches but I have to keep going, a pay rise would mean three meals a day a few small luxury items and I'd like to smile again have a drink with my friends but that's not realistic at the moment as bills keep coming in and wages don't go very far. **[Company] profits have gone up but we get a thankyou letter to the team and a few weeks of 10% off that didn't even put a dent in my grocery bill...I'm at my wits end with no end in sight please HELP us get a proper pay rise so we can breathe again.**” – SDA Member.*

27. While retail workers remain challenged by the sustained cost-of-living crisis, major retail employers are seeing profits continue. Major food retailers in Australia, in particular, have seen profits continue to rise this year.

Retailer	Half Year FY24 Profit (\$m)	% Increase in Profits
<i>Major Food Retailer 1</i>	\$1,692.00	3.3
<i>Major Food Retailer 2</i>	\$ 1,064.00	0.6
<i>Major Hardware Retailer</i>	\$1,340.00	0.4
<i>Major Homewares Retailer</i>	\$ 643.00	24.9

28. Increasing prices have resulted in some of the major retail outlets performing well over the past twelve months. In the first half of FY2024, major food retailers have continued to see increased profits exceeding \$1 billion (see above table).

29. There is capacity within the retail trades sector to accommodate an increase in wages for its workforce.

Concluding remarks

30. Cost of living pressures for workers in the retail sector remain high.

31. Workers are telling the SDA that they are going backwards, and often struggling to make ends meet.

32. At the same time, retail employers are recording significant profits.

33. In this context, it is important to see a material wage rise for retail workers, which will help alleviate cost of living pressures for workers in the sector.

