

Inquiry into Australian Retail Industry
Productivity Commission
GPO Box 1428,
Canberra City ACT 2601

23 September, 2011

Dear Commissioners,

The Australian National Retailers Association (ANRA) writes to make an additional submission to the retail sector inquiry, currently being conducted by the Productivity Commission. ANRA has already made a post draft report submission, but wishes to make some short additional comments following its appearance at the inquiries public hearings.

During the public hearing process there has been considerable focus on the issue of industrial relations and the ability of the Fair Work Act to drive productivity growth in the retail sector. More broadly, the issue of industrial relations has also re-emerged on the national political agenda.

Having a skilled workforce that is committed to customer service is an important component of any successful retailer. This means wages and employee-benefits make up a significant part of the overall running costs of retailers in Australia. It also makes policy issues, such as industrial relations, an important focus for ANRA's members.

Most ANRA members use collective bargaining instruments, such as EBAs, rather than being award-reliant employers. However, the award system and the annual adjustments in the Federal Minimum Wage inform the negotiation process, including provisions such as the 'better off overall test'. In theory, the collective bargaining approach should allow for greater flexibility than the award system and help drive stronger productivity growth.

The challenge for industrial relations policy is to find the balance between providing appropriate minimum protections for employees while still having a system that allows for flexible, mutually beneficial employment arrangements and encourages productivity growth. The Fair Work Act is a relatively new legislative framework and, as such, it is appropriate that it is reviewed to ensure this balance is right.

Consequently, ANRA is supportive of the Productivity Commission's recommendation that:

The Australian Government should, within the context of the current system and consistent with the maintenance of minimum safety net provisions for all employees, examine retail industry concerns about the operation of the Fair Work Act. This should include consideration of options to address any significant obstacles to the efficient negotiation of enterprise-based arrangements that have the potential to improve overall productivity. The post-implementation review of the Fair Work Act, which is to commence before 1 January 2012, should provide the appropriate review mechanism. The first review of modern awards, scheduled for 2012, is a further opportunity to address concerns that relate specifically to the operation of relevant retail awards.

The Productivity Commission's retail inquiry has highlighted that the Fair Work Act review will be taking place against a background of significant structural change in the retail sector. Consumers are changing and so retailers are changing. Many consumers now do their shopping on the weekend or outside the historical 9am to 5pm period and the sector is becoming increasingly trade-exposed, with the emergence of 24-hour online shopping opportunities.

Australia needs an industrial relations system that reflects these shifts.

The Fair Work Act review must test if the current Act can accommodate these shifting consumer demands while still ensuring the sector can remain competitive, as it becomes increasingly exposed to international pressures.

ANRA is in the process of gathering member information about their experiences with the Fair Work Act and their suggestions for how it can be improved. ANRA will be making a submission to that inquiry when it is conducted later this year.

Once again, thank you for the opportunity to contribute to this inquiry. Should you have any further questions please contact our Sydney office on (02) 8249 4520.

Yours sincerely,

Margy Osmond
Chief Executive