The Fair Work Commission 30 March 2023

ANNUAL WAGE REVIEW 2022–23

The LAA represents commercial laundry operators and textile suppliers across Australia. Throughout the Covid pandemic, the laundry sector has been at the frontline, with soiled linen, uniforms and other textiles being washed and made safe through our quality processes.

Fundamentally, Australian commercial laundries support two main sectors, health/aged care and the accommodation/hospitality industries. During the pandemic, laundries supporting health/aged care experienced similar or small decreases in demand with the cessation of elective surgery, whilst those on the accommodation/hospitality side greatly contracted. What happened was that our (accommodation/hospitality supporting) laundries couldn't continue to employ staff after the cessation of Job Keeper and remain viable, so our casual labour force couldn't be employed. Now, as the economy has greatly recovered, we struggle, in some places to recruit labour, despite paying above Award wages. In many cases our former employees obtained much higher paying Covid response roles as part of the pandemic emergency. The overall result is that our laundry sector has significant labour shortages and a reduced capacity to maintain service levels to the sectors our laundries support.

Beyond wage costs, gas prices have increased to as much as 300%, importing equipment and textiles around 200%, electricity, insurance, fuel, etc etc. To ensure the viability of our businesses, all these costs have to be passed on to our customers in the form of increased prices. As you would be keenly aware, these represent significant inflationary pressures, however these costs have to be passed through to customers, otherwise our businesses will not remain viable. Price increases to cover costs will cause inflation rises mainly in tourism, hospitality, health and aged care. It should also be noted that over the period 2018 to 2021, inflation averaged 1.8%, whilst wages rose on average by 2.7%. Wages should always be linked to productivity.

The view of the LAA is that with increased productivity, increased pay will be provided, however we oppose any increase to the minimum wage and Award, until the Government properly addresses the other costs that face our industry. Acknowledging that any wage/Award increase the Commission decides upon will feed inflation and increase interest rates, realistically a 3.5% increase would be less damaging and will provide a better balance. It is also correct to mention that the increase to the Superannuation Guarantee to 11% represents an additional cost that our businesses have to pay, also driving increased prices to our customers and thereby inflation. The decision of the Commission should take into account the ability of businesses to pay the extra wages. Suggestions that every business in Australia is making super profits is ludicrous and the few businesses that are, wouldn't be employing anyone on the minimum wage.

Laundry Association Australia
E: ceo@laundryassociationaustralia.com.au

This decision by the FWC must take into account the ability of businesses to pay, given the massive increases in energy costs, utility costs, equipment costs and importing of textiles etc. The decision should not only take into account these significant threats to business viability, and the fact that businesses will also have to find an extra 0.5% for superannuation on 1 July 2023 in addition to the FWC decision, but also the inflationary impact and interest rate rises that the FWC decision will fuel.

Yours sincerely.

Luke Simpkins
CEO