



ANNUAL WAGE REVIEW 2024

The Laundry Association Australia (LAA) is the national peak body representing laundry and supply chain businesses across Australia. Our members range from laundromats through to large commercial laundries where 100 tonnes of laundry can be hygienically cleaned a day (100 tonnes is roughly the equivalent of 200,000 towels a day).

Australian commercial laundries support health/aged care, tourism/accommodation, hospitality, the manufacturing and other sectors.

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 our costs will cause inflation rises mainly in tourism, hospitality, health and aged care.

It should also be noted that in the last 12 months whilst inflation has continued to rise, although closing in on the upper limit of the RBA's band of 3%, while economy wide productivity has gone backwards. The ABS last reported that productivity is sitting at minus 3.6%. Wages should always be linked to productivity. As the costs of our inputs, such as labour and energy continue to rise, our sector must modernise and automate to remain viable. The Australian Laundry Sector has not benefited from any government support with regard to our costs or any positive impacts on our business operating environment. In particular, labour policies have only resulted in workplace inflexibility and cost increases, without productivity obligations. Energy costs for gas and electricity continue to rise as well, along with transport, equipment and material costs.

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 2% 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 11.5% 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. Our Sector has to pass on these increased costs to our customers, so there is no doubt that increased costs drive up prices, and therefore inflation.

This decision by the FWC must take into account the ability of businesses to pay, particularly 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 2024 in addition to the FWC decision. Any minimum wage and award decision will result in these costs being passed on in higher prices to our customers and thereby increasing the inflationary impact and therefore putting upward pressure on interest rates.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Luke Simpkins', written in a cursive style.

Luke Simpkins
CEO