

**Submission  
No 48**

**INQUIRY INTO IMPACT OF TECHNOLOGICAL AND  
OTHER CHANGE ON THE FUTURE OF WORK AND  
WORKERS IN NEW SOUTH WALES**

**Organisation:** ALDI  
**Date Received:** 24 March 2021

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# ALDI Stores

(A Limited Partnership)  
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## NATIONAL

22 March 2021

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### National Supply Chain

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The Hon. Daniel Mookhey, MLC  
Chair

Select Committee on the impact of technological and other change on the future of work and workers in New South Wales

Via email: [futureofwork@parliament.nsw.gov.au](mailto:futureofwork@parliament.nsw.gov.au)

Dear Mr Mookhey,

I thank you for the opportunity to provide a submission to the *Inquiry into the impact of technological and other change on the future of work and workers in New South Wales*.

While ALDI prides itself on efficiency in our supply chain, our focus has always been on providing value for customers and fair pay and conditions for our employees.

As the grocery retail industry continues to evolve through the adoption of technology we seek to achieve a balance between our continuing need to be competitive, our core customer promise of offering high quality groceries at everyday low prices, and our commitment to our workforce.

While our major competitors have advanced more quickly than us in adopting certain new technologies, for example self-checkout and automated warehousing, ALDI maintains a close interest in developments that are happening in grocery retail and supply chain management around the world. This includes the role of automation and the increasing use of technology and data-driven approaches.

We value and look after our people across all areas of the business and have been recognised as an employer of choice in various awards. We support our employees, providing them with comprehensive training to have an impactful and successful career at ALDI.

We strive to contribute economically and socially to Australia, undertaking a range of initiatives that drive a sustainable future for our business and community and maintain a strong focus on the thousands of partners with whom ALDI does business around Australia.

This brief submission:

- Presents a short summary of the ALDI business and our contribution to the Australian economy.
- Addresses the terms of reference of the Inquiry where it relates to the ALDI business.
- Highlights our commitments to our workforce.

If you wish to discuss this submission further please contact Jenna Gatt at \_\_\_\_\_ or \_\_\_\_\_

Yours sincerely

**Damien Scheidel**  
Managing Director, National Supply Chain, ALDI Australia



## OUR BUSINESS

In our 20 years in the Australian market, ALDI has grown to be a significant contributor to the economy, a large employer, and a driver of good value outcomes for Australian consumers. ALDI has contributed more than \$30 billion directly and indirectly to Australia's GDP in its 20 years of operations and employs more than 13,500 Australians in 570 stores across NSW, VIC, QLD, ACT, WA and SA. Our business also supports more than 11,700 jobs among our local business partner network of more than 1,000 businesses across Australia.<sup>1</sup> More than 20 per cent of our direct jobs are located in regional areas and almost 30 per cent of the supplier jobs we support are located regionally.

ALDI offer clear price benefits for our customers and we believe we have a responsibility to provide access to low cost, high quality groceries for Australian consumers. This ranges from a 10% saving compared to a private label basket at a major competitor, to a 65% saving compared to major brands according to independent CHOICE analysis. The Australian Consumer and Competition Commission, in 2008, said "ALDI has been a significant influence on Australian grocery retailing. ALDI has forced Coles and Woolworths to react by reducing prices—specifically in States and localities where ALDI is present. Even if a customer does not shop at ALDI, they obtain significant benefits from having an ALDI in their local area".<sup>2</sup>

Research undertaken for ALDI by PriceWaterhouse Coopers indicates that in 2018 we saved non-ALDI customers \$450 million on products they would buy anyway (contributing \$180 million to GDP). The ALDI label products have also forced our competitors to copy our success by increasing the attractiveness of their own private label products and saving their customers \$3.48 billion in 2018.<sup>3</sup>

## OUR PEOPLE

ALDI has been acknowledged for our effective employee recruitment, engagement, and retention practices. We support our employees, providing them with comprehensive training to have an impactful and successful career at ALDI.

In NSW we employ 5,252 employees and we pride ourselves on finding good people and retaining them as part of our team. For a 20-year-old business that has undergone reasonably rapid growth we have a lengthy average tenure among our NSW employees of 4.8 years. This is a significant period in a retailing context.

We focus on advancing people within our business and have established clear career pathways and training to build retail careers. We pride ourselves on our rates of pay: our remuneration is well above award wage for store and distribution centre employees in NSW. All of ALDI's employees are employed on a full-time or part-time basis, rather than as casuals, which contributes significantly to job security.

In 2018, ALDI was named Retail Employer of the Year at the Australian Retailers Association Australian Retail Awards and most recently we were recognised as an Employer of Choice at the 2019 Australian Business Awards.

## OUR COMMUNITY

At ALDI we believe we have a responsibility to contribute to positive change in our community as well as driving positive change in retail practices. ALDI undertakes a range of initiatives that have environmental, social and ethical goals.

An example of this work is our participation in the Stronger Together initiative. Stronger Together is a not-for-profit organisation that supports businesses of all sizes to tackle modern slavery in their operations and

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<sup>1</sup> 2018, "Making a good difference – How ALDI contributes to the Australian economy", Price Waterhouse Coopers.

<sup>2</sup> 2008, "[Report of the ACCC inquiry into the competitiveness of retail prices for standard groceries](#)", ACCC, Canberra.

<sup>3</sup> 2018, "Making a good difference – How ALDI contributes to the Australian economy", Price Waterhouse Coopers.

supply chains. This helps employers and labour providers in at-risk sectors to deter, detect and deal appropriately with cases of forced labour, labour trafficking and other labour exploitation.

ALDI's *Social Standards in Production* define our commitment to human rights and establish minimum standards that must be met by our suppliers. These are based on the provisions of United Nations conventions, including The UN Convention on the Rights of the Child and The International Labour Conventions.

## **RESPONSE TO TERMS OF REFERENCE**

*a) changes in the earnings, job security, employment status and working patterns of people in New South Wales*

As highlighted previously, in NSW we employ 5,252 employees. Our commitment to secure and well-paid jobs is evidenced by the long tenure among our staff, an average of 4.8 years of service for our NSW employees.

ALDI's ability to offer high quality products at everyday low prices comes from efficiencies we find in the types of products we stock in store and the way these products are offered. For example, we don't offer labour intensive products like roast chicken in our stores. We do not cut corners on safety, job security and we exceed our obligations for pay and terms and conditions of employment.

*(b) the extent, nature and impact on both the New South Wales labour market and New South Wales economy of:*

- (i) the 'on-demand' or 'gig-economy',*
- (ii) the automation of work,*
- (iii) the different impact of (i) and (ii) on regional New South Wales,*
- (iv) the wider effects of (i) and (ii) on equality, government and society,*

It is inevitable that ALDI will adopt an increasing level of automation and technology in various parts of its business over the medium to longer term in order to remain competitive and maintain its core promise to customers to offer high-quality groceries at everyday low prices. Conceptually, we do not consider that this scenario will lead to significant reductions in employment. Where roles are replaced, there are likely to be other, higher-skilled roles created for instance in the areas of engineering, data and technology.

Regional NSW is an important part of ALDI's business - we employ 777 people in our NSW regional store network. As technological and other improvements are considered to ALDI's business we don't anticipate that relevant changes will reduce access to high quality and affordable groceries for regional NSW or employment opportunities in our regional stores.

*(e) the adequacy of the New South Wales skills and education system in helping people adjust to the changing nature of work*

Our experience of recruitment flags skills and education as a long-term issue for Australian industry. We can already see areas of our business involving low-skilled roles that have become increasingly difficult to recruit adequately for. This reflects increasing levels of education and career expectations over the long-term in the Australian workforce.

Conversely the increasing intensity of technology and data driven operations across the economy will require a higher level of training in and availability of pathways to transition workers into higher skilled roles.

*(g) the application of workplace laws and instruments to people working in the 'on-demand' or 'gig-economy', including but not limited to:*

- (i) the legal or work status of persons working for, or with, businesses using online platforms,*

- (ii) the application of Commonwealth and New South Wales workplace laws and instruments to those persons, including, superannuation and health and safety laws,*
- (iii) whether contracting or other arrangements are being used to avoid the application of workplace laws and other statutory obligations,*
- (iv) the effectiveness of the enforcement of those laws and regulations,*
- (v) regulatory systems in other Australian jurisdictions and in other countries, including how other jurisdictions regulate the on-demand workforce and are adapting to the automation of work,*
- (vi) Australia's obligations under international law, including International Labour Organization conventions*

In our current business model, we do not utilise any employees that might be considered as people working in the 'on-demand' or 'gig economy'. Where contract labour is utilised (for example to meet peaks in customer demand), ALDI has developed a Tender Audit Checklist to ensure that any companies tendering for our business comply with their requirements for pay and conditions under the law.

Areas of compliance covered by this extensive checklist include ensuring:

- Compliance with all applicable workplace laws, applicable modern award and enterprise agreements, and work health and safety laws.
- Appropriate contracts are in place with the sub-contractors and sub-contractors having appropriate contracts in place with their service network.
- Sub-contractors explain the use of independent contractors instead of full-time employees.
- There are no sham contracting arrangements in the tenderer's service network.
- Tenderers provide their employees with all entitlements under their award or agreement (e.g. base pay rate, casual loading, penalties, overtime, allowances, leave, meal and rest breaks). This requirement is tested against employee pay records and other records.
- Tenderers have a policy and controls in place to ensure that all workers, employers and sponsors in its service network meet all conditions and restrictions imposed by applicable migration law and policy.

ALDI maintains a close interest in developments that are happening in grocery retail and supply chain management around the world. This includes the role of automation and the increasing use of technology and data-driven approaches.

ALDI's *Social Standards in Production* define our commitment to human rights and establish minimum standards that must be met by our suppliers. These are based on the provisions of United Nations conventions, including The UN Convention on the Rights of the Child and The International Labour Conventions, our standards mandate:

- No use of forced or bonded labour;
- No use of child labour;
- Payment of legal minimum wages;
- Freedom from discrimination in the workplace; and
- The right to freely join associations, including workplace unions

These standards are binding for all ALDI suppliers and we expect them to communicate these to all levels of the supply chain.