

Dear Sir/Madam,

I appreciate the ability, as a member of the public, to make a contribution to the Workplace Relations Inquiry.

Overall, I am satisfied with the majority of the workplace relations system in Australia, in that it preserves the rights of employees and sets out fair frameworks and mechanisms that ensure our labour force has protections that is lacking in many other countries, developed and developing, around the world. This underpins the quality of life that we have in Australia that is envied by many. I do believe however that, as with any other system, there are improvements that can be made to enhance the productivity of the system, and ensure that it works for the betterment of all.

My submission is restricted to the concept of penalty rates, especially with regards to weekend penalty rates. I understand that penalty rates arose in a time where the weekend was far more sacrosanct in our lives than it is now. Then, the religious aspect of working on a weekend was far more widely accepted and observed, and the weekend was viewed as time to spend with family and friends. I would argue that the use of the weekend like this is changing. More and more people are using the weekend for more than religious observation and visiting friends and family in their houses and are using the weekend time to complete personal administration, perform additional work, and experience leisure (including visiting friends and family) in paid venues (eg restaurants, retail premises etc). Instead of people staying in or going to other peoples houses, more people are going out for paid entertainment. This increased and different use of the weekend opens the case for a change to the penalty rates applicable for weekend work.

I believe that penalty rates are important, but perhaps could be modified to improve the incentives that they provide. Penalty rates as they are now structured with respect to weekends are based on additional rates being payable for Saturday and Sunday work. Given the change in the use of the weekend I discuss above, I wonder if this form of penalty rate setting is losing relevance and impacting productivity. Would a change to a Day 6/Day 7+ penalty rate system be better for all?

What I mean by this is that the penalty rate could be better set by being applicable once the employee works the 6<sup>th</sup>, 7<sup>th</sup> and subsequent days. A worker who starts Day 1 on a Saturday is paid normal rates for the Saturday and Sunday, but then when they reach the following Thursday (their Day 6), their rates will increase due to the Day 6 penalty, and so on for Day 7, 8 etc.

For the employer group, this may lead to lower costs of employment, and therefore higher profit margins. Anecdotally, many cafes and restaurants, themselves family and small businesses who do a significant volume of trade on the weekend as people go out, operate on very slim margins. A transfer of wealth to these small business owners would of course extend the viability of these businesses in the economy and secure their important role in the supply chain. The same benefits would of course accrue to larger businesses, who don't necessarily need margin improvements. Whilst there may be some additional cost involved with this, particularly monitoring, scheduling and training, this would be outweighed by the benefit of lower costs of labour. This will be particularly the case for those businesses that are weekend traders, such as restaurants, who seem to be unfairly burdened with higher labour costs due to our preference as a community to go out on Friday, Saturday and Sunday, and stay in on Monday and Tuesday.

For the employee group, this would have various benefits. Whilst there will be direct costs to those who only work on weekends and are reliant on these rates, it will be a fairer mechanism for all employees. Why should employees who only work Saturday and Sunday get more pay per hour and enjoy a week of leisure time, compared to those who work the 5 days at normal

rates? Such a system may provide an incentive for a more diverse pool of employees, with the same work more equally shared amongst employees. This may even increase the number of workers in the labour force as there are more jobs available through both the lower cost, but also more days of work available.

Additionally, this would reduce any incentive for employees to allow themselves to over work. Whilst there will always be times when an employer requires employees to work overtime, it should not be the case that the system is set to encourage this to happen. By increasing the cost of employees at Day 6 and onwards, the employer will be encouraged to rest the employee and bring another employee into the workplace. Not only will this rest the employee but it will increase the skills in the workforce in general as more people are trained to do the same jobs. Sharing these skills will allow for more people to be useful members of the workforce and perhaps encourage more people to work.

Following on from the above, another benefit associated with the Day 7 and subsequent benefits that is not apparent in the current system is that Day 8, Day 9, Day 10 and onwards will be subject to penalty rates, rather they reset to normal rates as soon as it becomes Monday again. It is very important that employees are appropriately rested to ensure that they can be productive over the long term, and allowed to appropriately recharge. Working continuously for an employee is not sustainable and the longer and more intensely they work without break, the less stamina and reserve ability they have to use. A short term gain of long and continuous work will be diminished and perhaps negated if that employee has to take time out of the workforce to recover. Setting penalty rates to apply to Day 7 and subsequent will again set the incentives to change to a different employee, or rest the current employee. A suitable rest period would need to be set for this system, perhaps 2 days as is currently implicitly accepted under the current framework will suffice for 5 days work, though this should be considered for longer periods of work (e.g. if an employee works for 10 days, they need to have 4 days rest period for the Day of work counter to be reset). Some allowance will need to be given however for seasonal employees, such as farm workers, who might work for a month at a time over harvest but then be compensated for this work by being given additional time off immediately following this harvest.

Finally, the productivity gains that will accrue to the employee group include more widespread training to more people, more participation in the labour force, more equally spread working hours, lower instances of long term employee down time due to over work, and better quality work in the short term due to sufficient rest and recuperation.

For the broader community group, this will perhaps help to start to formalise a change in the way we view weekends. We have a set amount of infrastructure at any given time (e.g. roads, rail, buildings etc) and there are times in the day and the week where some of these are used more intensively than others. The move to greater use of weekends has shown this, especially in cities, where the Saturday peak hour is often worse than the weekday peak hours. Allowing our society to be more flexible in employment, with regards to weekends, may be one step along the way to helping to smooth out our use of our infrastructure and get more utility from it without having to spend that much more on it. Infrastructure is one of the more significant problems in Australia (again, particularly the cities), and being more efficient with its use (and therefore more productive with it) will be of great benefit to all.

Thankyou again for the chance to make a submission and I ask that the Commission consider this concept in your review of the Workplace Relations framework.

James Bushell