



SUBMISSION TO THE PRODUCTIVITY COMMISSION

DRAFT REPORT INQUIRY INTO WORKPLACE RELATIONS FRAMEWORK

18 September 2015

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INTRODUCTION

1. The Accommodation Association of Australia (AAoA) welcomes the opportunity to make the following submission to the Productivity Commission in response to the Draft Report as part of its Inquiry into Australia's Workplace Relations Framework.

ABOUT THE ACCOMMODATION ASSOCIATION OF AUSTRALIA

2. The Accommodation Association is the national industry body for the Australian accommodation industry.
3. Members of the Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and timeshare establishments in metropolitan, regional and rural Australia across all states and territories.
4. The Association is the only organisation which represents this full range of accommodation types and interests both nationally and in rural and regional Australia, as well as within major cities.
5. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms.
6. Over 80 per cent of the Association's members operate small businesses and these businesses are an integral part of Australia's services sector.

TOURISM AND ACCOMMODATION – OVERVIEW

7. Tourism directly contributes \$43.4 billion to Australia's gross domestic product (GDP), 2.7 per cent of Australia's total GDP.¹
8. There are 534,000 persons directly employed in the Australian tourism industry – 4.6 per cent of total employment.²
9. Tourism contributes \$27.2 billion or 8.2 per cent of Australia's total export earnings for all goods and services.³
10. Accommodation businesses add \$7.028 billion of gross value to the Australian economy.⁴
11. There are 69,700 people employed in the accommodation sector of the Australian tourism industry.⁵
12. There are 4204 tourism accommodation establishments in Australia.⁶
13. There are 229,646 tourism accommodation rooms in Australia and 635,130 bed spaces.⁷

¹ Tourism Update, September Quarter 2014, Tourism Research Australia

² Australian National Accounts – Tourism Satellite Account, 2013-14, Australian Bureau of Statistics

³ Tourism Update, September Quarter 2014, Tourism Research Australia

⁴ Australian National Accounts – Tourism Satellite Account, 2013-14, Australian Bureau of Statistics

⁵ Ibid

⁶ Tourist Accommodation, Australia, 2013-14, Australian Bureau of Statistics

⁷ Ibid

THE INQUIRY

14. The Accommodation Association is supportive of the Productivity Commission undertaking this wide-ranging inquiry into Australia's workplace relations system.
15. The additional costs imposed on members of our Association as a direct result of the current regime are significant and therefore, the Association supports the Federal Government putting forward changes to the regime for the consideration of Parliament as a priority issue.

THE DRAFT REPORT

16. The draft report clearly demonstrates that the Productivity Commission understands the problems contemporary businesses face as a direct result of an industrial relations system which is outdated.
17. The current system is outdated because it no longer reflects the 24-hours-a-day, seven-days-a-week nature of Australia's tourism accommodation industry.
18. This is particularly relevant for small businesses, of which there are many in the tourism accommodation industry.
19. The Accommodation Association and the Australian Hotels Association lodged a joint submission to the Commission to assist it with framing the draft report. The Accommodation Association notes that the recommendations in the draft report are generally consistent with our initial joint submission.
20. With the exception of public holiday arrangements, the Accommodation Association endorses the recommendations contained in the draft report as they will provide the impetus for enhanced productivity and competitiveness for the benefit of Australia's tourism accommodation industry, including its employees.

PENALTY RATES

21. The Accommodation Association accepts that penalty rates have a legitimate role in compensating employees for working long hours or at unsociable times.
22. However, higher penalty rates which are payable on Sundays has had a severe negative impact on the accommodation industry.
23. Therefore, the Association strongly supports the recommendation in the Draft Report that penalty rates on Sundays should be realigned so that they correspond to penalty rates which apply on Saturdays.
24. If this change is made to the workplace relations regime, this would immediately result in operators of accommodation businesses employing more staff.

25. Another direct consequence would be the re-opening on Sundays of restaurants and cafes in tourism accommodation businesses because it would be much more affordable for operators of these businesses to do so.
26. Aligning Sunday penalty rates with Saturday penalty rates would be the first significant step of helping Australia to catch up to other lower-cost international tourism destinations which are in our region.

MODERN AWARDS

27. The Commission has observed that determination of wages and award variations by the Fair Work Commission requires greater focus on economic and social factors, and less on history and precedent and the legalistic approach.
28. It is the submission of the Accommodation Association that the Fair Work Commission should be less procedurally bound. The resources required to effectively participate in wage and award reviews are prohibitive.

UNFAIR DISMISSAL

29. The Accommodation Association strongly supports the position that procedural errors by an employer should not result in reinstatement or compensation.
30. Instead, there should be counselling and education of the employer or financial penalties.
31. In most of the unfair dismissal claims where the Association has assisted members, the greatest part of the process is devoted to dealing with procedural fairness issues, rather than the actual reason for the dismissal.
32. Even when a dismissal was warranted, the resources and time spent on procedural fairness matters invariably compels members to make a commercial decision to pay “go away money”.

ENTERPRISE AGREEMENTS

33. The Accommodation Association agrees that enterprise bargaining is often not suited to smaller enterprises and therefore, we support the concept of a new form of uncomplicated agreement-making for small businesses.
34. Our members who run small businesses frequently complain to the Association about the inflexibility of the current system, but prefer that to making an enterprise agreement because of cost and complexity. A new form of uncomplicated agreement, as recommended by the Commission, will provide a realistic option for the businesses in the accommodation industry and their employees.

INDIVIDUAL FLEXIBILITY AGREEMENTS

35. The Accommodation Association agrees with the Commission's view that the Better Off Overall Test (BOOT) is creating uncertainty.
36. Further to the recommendations which relate to this issue in the Draft Report, the Accommodation Association believes there should be an independent approval test conducted by a third party to minimise the uncertainty.
37. The Accommodation Association maintains the policy position that individual flexibility agreements should be expanded.

PUBLIC HOLIDAYS

38. The Accommodation Association does not endorse the Commission's recommendation that existing State holidays should be grandfathered.
39. Aside from the confusion for employers, employees and clients – particularly for those operating in close proximity to State/Territory borders – productivity and labour costs are highly impacted by the additional, less traditional State and Territory public holidays.
40. The Accommodation Association recommends that a different penalty rate for the eight public holidays set out in the National Employment Standards should apply, with a lower rate for all other public holidays set by the States.

CONCLUSION

41. Should the Commission wish to access further information about the negative impact that the current workplace relations regime is having on our industry, we would be pleased to provide this, including through a meeting and/or presentation.