

**Workplace Relations Framework: Submission on Productivity Commission Draft  
Report**

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These comments address Chapter 14, regarding penalty rates. In my view, the conclusions of this section are based on limited and impressionistic evidence. The most important piece of evidence, a comparison of Australia and New Zealand is misinterpreted and, in reality, undermines the case for reductions in penalty rates.

1. The report lays substantial stress on the fact that Australians expect the provision of a variety of services on weekends and public holidays. This act has no obvious relevance to the question of whether employees should be compensated for providing such services. If anything, it suggests that as the amenity associated with weekend leisure has increased, so has the opportunity cost of working weekends.

2. The argument is also applied inconsistently. Regardless of their attitudes to weekend shopping and recreation, all Australians expect access to emergency services on a 24-7-365 basis. Yet the report does not suggest the removal of penalty rates for these services.

3. The New Zealand evidence reported in Table 14.5 is misinterpreted, and shows the opposite of what is claimed. The evidence shows that New Zealand restaurants are more likely to open on Sundays and Mondays than are Australian restaurants, but that the effect is more pronounced with respect to Mondays. For example, the difference between Sydney and Auckland is 9 percentage points for Sunday and 16 percentage points for Monday.

If, as suggested in the report, differences in opening hours between Australia and New Zealand were driven by the presence of Sunday penalty rates in Australia and not in New Zealand, we would expect to see a large difference in opening hours on Sunday, and no difference on Monday.