

10/8/15

Dear Productivity Commission,

I am making a submission in regards to the proposed changes outlined in section 14.1, page 59, of the Productivity Commission's Draft Report on August 2015.

This suggests that the Sunday penalty rates for the hospitality, entertainment and retail industries should be reduced to the equivalent of Saturday rates, therefore cutting the 175% Sunday rate to 150%.

This is being recommended due to the concern that the price of Sunday labour is unfairly reducing the profitability for businesses trading on this day, and suggests that by dropping the rate on Sundays, it will increase employment figures by encouraging more businesses to hire people on this day. It has also been suggested in the media by some, such as Robyn Hendry (from the Canberra Business Chamber), that having some businesses open on Sundays and many others closed (due to traders deeming it unprofitable to open on Sunday due to the penalty rates), is unattractive for cities and an inconvenience for those who wish to shop and dine on this particular day.

As a Sunday worker (a level two Kitchen Hand at a northern suburbs tavern), the proposed changes would function as another significant reduction in my overall pay. Early in 2015, the hospitality industry of South Australia saw the new HIGA awards from the Eastern states introduced, thereby reducing my weekly take home pay by at least \$70 after tax. With this new proposal of reducing the Sunday rate further, I would take another slash of at least \$50. This is extremely significant for me; I live independently and am saving for my living expenses during University, which I intend to enrol in next year. My disposable income has been minimal, if anything, since the new HIGA changes occurred in January 2015; most weeks in this past year, I have made a loss, needing to take money from my savings in order to support myself, rather than actually saving money.

Recently, the amount of hours I work has increased *fortunately* (to nearly 50 hours per week, between two jobs, but only due to another staff member changing workplaces), and I am finally able to say I have 'disposable' income. A further slashing of my Sunday pay, one of the very few ways for me to accrue extra money to compensate for previous reductions and the *irregular and unreliable nature of work within the hospitality industry*, (which is a significant factor in itself), would be disheartening and place me (and others within the industry) under more financial strain. It begs the question ***'how hard does one have to work in order to not just make ends meet, but also to get ahead in life and improve one's opportunities?'***

The bonus of the higher penalty rates on Sundays within the industry, assists the accumulation of a decent, fair wage for working individuals; this is an industry which often only employs people based on numbers of expected customers (such as in function centres) and seasons, so therefore the extra rate helps to compensate for what is often unreliable work.

Others whom I work with at the tavern, are also deeply concerned about the proposed changes; I would describe one particular chef (of twenty years experience) extremely worried about the proposed recommendations and has said to me, consistently, since the previous changes in January of 2015, that she CANNOT afford to stay in this industry and that these new proposals outlined in section 14.1, will in effect, be the last straw for her.

I can say with certainty, that in my workplace, no more staff within our kitchen would be employed on a Sunday if there was a further pay reduction. Our kitchen functions efficiently and no more staff are required or would be employed if the business was to reduce penalty rates to 150%.

I urge you to consider whether reducing pay rates on Sundays would, in reality, *significantly* affect unemployment rates; would there really be enough businesses across the country, then opening up (purely due to a less than 15% drop in casual pay rates on that day) and employ more people, thus affecting the unemployment rate? What evidence have you obtained to support this? Direct interviews or surveys completed by actual employers, for example, who explicitly express that they *would* increase hours and staff if there was a *15% pay decrease* on this particular day? Do you have any statistics on the actual number of businesses that would increase their staff, *due to this change*? After all, those within the Productivity Commission would not want to reduce pay rates without such solid information, otherwise those responsible for such decisions *will be held liable*, particularly if the unemployment rate is insignificantly affected by this change.

I acknowledge that, on page 520, the Productivity Commission referenced information purporting that a reduction in penalty rates would increase employee numbers across Australia by 40,000, as stated by employers surveyed, however this did not specify the amount of the reduction in penalty rates or whether the amount which the employers were imagining, would result in a realistic pay for their employees to live off.

Therefore I must echo the statement in the lower paragraphs of Box 14.4, page 521, that there has been no reliable evidence put forward that suggests that employment rates will be improved by penalty rate reductions of this size and am glad that others, such as St. Vincent De Paul Society, have reminded the Commission of the complicated factors overlooked in the making such a simple assumption.

I notice on page 491 of the Productivity Commission's Draft Report, that the Fair Work Commission claims that even by reducing the penalty rates for those who it determined to be 'inexperienced' and 'transient' workers, it would not deter them from remaining employed within that industry; there is more to this and I reject that this is a fair and insightful statement by the Fair Work Commission on my behalf. As a level two kitchen hand, I am classed as an 'inexperienced' worker (by this standard), although I have been within the industry for nearly three years and would be considered by my peers to be very skilled in my position and certainly not 'transient'. The only reason why I would not leave my position if the pay rate continues to drop is because I have no choice; stable work is rare within industries where my skills are relevant and I simply need the money to survive and progress my life. It is not a matter of 'the already high pay rates' attracting me to stay within the industry as the Fair Work Commission stated.

I commend the Fair Work Commission for stating that "there was a special disability associated with working on Sundays, and that reducing penalty rates for all classifications would not have significant positive employment effects" to which I strongly agree.

Later in the report on page 497, it states the Productivity Commission recognises that shopping and eating out has increased dramatically since the early 1990s on Sundays, and that many people (39% according to the survey cited) referred to their local shopping centre as the most important gathering place in their community; this surely contradicts the Productivity Commission's assertion that Sunday penalty rates are no longer necessary for compensating people for working on this day, when it admits, itself, that the weekend recreational and food shopping has actually increased, to which those workers on Sundays would be missing out.

Referring to Box 14.2, it states; *“This is consistent with the greater likelihood that they are students, and do not have family responsibilities on weekends. These groups tend to be less responsive to wages, so that changes in penalty rates are less likely to affect their willingness to supply labour on weekends (ibidpp.14–15)”*. I am speaking for myself and many others whom I know personally, that *I am responsive to wage changes*. Who isn't? I find this statement offensive and ignorant; show me someone who doesn't mind having a pay reduction by 15% on one of their working days.

It also states that *“Furthermore, social engagement with colleagues and customers is often a positive aspect of working, and may partly substitute for other types of social engagement. This appears to hold for even lower - paid and relatively unskilled jobs (Watson 2011, p.34)”*. This is laughable; working with people certainly can have its social aspects, but the busy nature of Sundays and the fact one is at work, actually working in a physically and mentally challenging job in which one must concentrate, the opportunity for socialising is certainly minimal and the suggestion that this is equal to any socialising that would otherwise occur if not at work on Sundays is offensive and stupid. Whoever wrote this is out of touch with actual working class people, or at least appears to be.

It previously also states that people take responsibility for the hours which they undertake, so therefore should reduce the importance of compensating for Sunday work, holding the logic that ‘if you don't want to work Sundays, then don't do it’. This is an unrealistic and simplistic assumption; the average worker is hardly in a position to be fussy about their hours; I take every hour I can get, whenever I can, and I have held this attitude for my entire working life (for the past seven years). Despite this, I have not always had enough employment versus my expenses; if I had of been fussy about the hours I worked and *chosen* not to work Sundays because my friends usually had that day off, I would have ended up with even less work.

I strongly agree with Figure 14.4 on page 503 of the Draft Report and information provided by United Voice; that the willingness to work on (and therefore worker satisfaction) on Sundays is very responsive to penalty rates.

On page 519 of the Draft Report it cites information comparing restaurant opening hours in Australia versus New Zealand (Table 14.5), implying that because New Zealand's penalty rates are unregulated, that employment is higher in those cities. I notice, however, that this is expressed through Auckland and Wellington averaging opening hours for just over 7 per Sunday, in comparison to between 5.5 and 6.9 for Australian cities tested; does the Productivity Commission truly think that *more* people would be employed on this day to work the extra hour or two as this table suggests would occur if there were less penalty rates and therefore more profitability on this day for the business?

In addition, the statements made by many appearing in the media in the past few weeks, claiming that these rates should be reduced to encourage all stores, venues, cafes, restaurants and pubs to open on Sundays, is essentially saying that the convenience of those who happen to have Sunday's off is of higher priority than the fair and reasonable pay of those who work in those businesses.

At present, hospitality workers *do not* feel that the previous changes in January 2015, let alone further reductions of penalty rates on the only day that many staff can use to supplement their income, are fair and by following through with these recommendations, the Productivity Commission will be enticing the accumulated unrest and dissatisfaction within this industry to erupt into the forms seen previously during worker dissatisfaction, such as letters and demonstrations in

protest or possibly even strike. I urge you to listen to those within the industry, consider their circumstances and listen to the lifestyle changes people have had to make because of previous cuts (let alone future) and consider whether these changes are truly reflective of a fair and prosperous country such as Australia.

I appreciate the time given by the Productivity Commission to read my submission and I urge you to consider it alongside others made by those who would be affected by such changes.

Regards

Holly Whittenbury