



Luke Foley MP

NSW LABOR LEADER, LEADER OF THE OPPOSITION
Shadow Minister for Western Sydney



30 August 2016

The Hon. Justice Ian Ross
President, Fair Work Commission
11 Exhibition Street
MELBOURNE VIC 3000

AM2014/305 - Four Yearly Review of Modern Awards

May it please the Commission,

I write on behalf of the NSW Labor Opposition to express our support for the current regime of penalty rate payments in the Awards under review.

In doing so, I note that a range of employer and business groups have filed claims in the current Review of Modern Awards to reduce the rates of pay for workers employed on weekends and public holidays. The Federal Government has, in its submission, also indicated support for weakening the existing framework for penalty rates.

I note that Labor Governments and Labor Opposition parties across the country have made submissions in support of maintaining the current approach to penalty rates in Australia. NSW Labor shares the views expressed by Labor leaders across the jurisdictions.

Penalty rates are vital for a meaningful and effective safety net for working people in this country, providing low income workers and workers in highly casualised industries with a decent standard of living. The changes proposed to penalty rates would significantly reduce the total earnings of affected workers. There should be no changes to the Modern Awards that cuts take home pay.

Casual employees draw a larger share of their income from penalty rates than other workers. While around 19 per cent of the workforce is employed casually, the percentage in retail and hospitality is above 40 per cent. With women comprising more than half of those working in these sectors, measures that cut take home pay will also increase the gender wages gap.

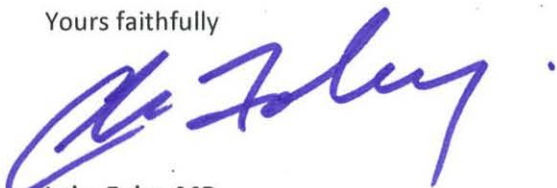
Those who are asked to work longer hours, or unsociable hours on weekends and public holidays, should be paid a premium for giving up their evenings and family time to provide services to others in our community. Moreover, workers receiving penalty rates rely upon them for a decent standard of living for themselves and their family. Cuts to those rates of pay will adversely impact low income families and single parents who are already struggling to put a roof over the heads of their family and food on the table.

I believe there is a clear case for ensuring vulnerable and low income workers do not see a reduction in their take-home pay and standard of living. That case is not just one of social justice and equity, but is also economic. Money earned in penalty rates is spent in businesses in suburbs and towns across the nation, generating economic activity and jobs. Cutting penalty rates will not just impact negatively on affected workers but will create a contraction in both domestic demand and consumption.

While the evidence that cutting penalty rates will harm the economy as well as society is compelling, the arguments raised in support of the proposed reductions in penalty rates are not. The claimed benefits of the proposed changes are asserted but not supported by empirical evidence, and overlook the very real human costs.

Together with public education, universal healthcare and minimum wages, penalty rates form a key part of Australia's social fabric and maintaining fairness and equity in society. I urge the Fair Work Commission to reject the proposals to reduce penalty rate payments provided for in the Modern Awards subject to their review.

Yours faithfully



Luke Foley MP
NSW Opposition Leader