



Minister for Employment and Industrial Relations  
Minister for Racing  
Minister for Multicultural Affairs

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The Honourable Iain Ross AO  
President  
Fair Work Commission  
[amod@fwc.gov.au](mailto:amod@fwc.gov.au)

Dear President

#### Four yearly review of modern awards – Penalty Rates

I am writing in relation to the Full Bench four yearly review of modern awards Penalty Rates Decision made by the Fair Work Commission on 23 February 2017 (the Penalty Rates Decision).

At the outset, I restate the Queensland Government's strong opposition to the Full Bench decision to reduce penalty rates in certain retail and hospitality modern awards. This is the position previously advanced by the Premier of Queensland, the Honourable Anastacia Palaszczuk MP, in her letter of 28 September 2016 to the Fair Work Commission on the consideration of penalty rates through the four yearly review of modern awards. This position remains unchanged.

The Queensland Government is deeply concerned that the Penalty Rates Decision will result in a reduction to the take home pay of some of Queensland's lowest paid employees. The Queensland Government reiterates its concern that many employees who will feel the effects of the Full Bench's decision are reliant upon the penalty rates they currently earn when working on Sundays and public holidays to maintain even a modest standard of living. The Queensland Government position is that as low paid employees, these employees on the whole are unlikely to have excess disposable income and therefore any reduction to penalty rates will be sorely felt. No transitional arrangement that the Commission might consider will remove the fact that this decision is a straight cut to their take-home pay.

In addition, as acknowledged in the Full Bench's decision, many of these employees are not in a position to gain alternative employment either due to lack of education and/or an inability to upskill because of costs involved in training.

It is estimated that there are over 160,000 award reliant employees working in the retail and accommodation and food service industries in Queensland. These workers are now faced with devastating cuts to the penalty rates under their award for working on a Sunday or Public Holiday. Hundreds of thousands more retail and hospitality workers in Queensland could be affected at a later date, as the impact of the decision flows on to those workers covered by enterprise bargaining agreements.

The fact that a significant portion of Queensland's labour force in these industries rely on penalty rates to make ends meet makes the protection of existing penalty rates crucial.

The Queensland Government recognises the importance of the modern awards objective to 'ensure that modern awards, together with the NES, provide a fair and relevant minimum safety net of terms and conditions'. This Government's position is that penalty rates are indispensable to providing compensation for employees working undesirable and unsocial hours and that this forms part of the safety net of terms and conditions in the relevant modern awards.

The Queensland Government regards the Full Bench's decision to reduce penalty rates as a failure to achieve the modern awards objective and an erosion of the current safety net.

In addition to the significant impact reduced penalty rates will have on the employees directly affected by this decision and their families, the Queensland Government has grave concerns over the impact this decision will have on Queensland's economy, particularly in rural and regional areas. For instance, as reported in the McKell Institute report '*Who loses when penalty rates are cut?*' it is estimated that even a 'partial abolition of penalty rates in the retail and hospitality sectors would result in:

*Workers in Rural Queensland losing between \$81.9 million p.a. and \$151.3 million per annum and a loss in disposable income of between \$40.0 million per annum and 76.4 million per annum to local economies in Rural Queensland.'*

The Queensland Government cannot ignore the dire consequences the decision to cut penalty rates in these modern awards will have on Queensland and remains opposed to any cut to penalty rates and the take-home pay of low-paid workers. On this basis, the Queensland Government will continue to urge the Federal Government to intervene and legislate to prevent the cuts altogether, noting that this is a matter beyond the scope of the Fair Work Commission.

If you require further information or assistance, please contact Ms Sharon Durham, Chief of Staff, on (07) 3719 7140.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grace', with a long horizontal flourish extending to the right.

**HON. GRACE GRACE MP**  
Minister for Employment and Industrial Relations  
Minister for Racing  
Minister for Multicultural Affairs