



Premier of Western Australia

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

Dear Justice Ross

RE: TRANSITIONAL ARRANGEMENTS TO APPLY TO THE REDUCTION OF SUNDAY PENALTY RATES

I am writing to express the Government of Western Australia's opposition to the decision of the Fair Work Commission to reduce the penalty rate arrangements as part of the Four Yearly Review of Modern Awards.

As I noted in my submission as Opposition Leader, hospitality and weekend workers are some of the lowest paid workers in Western Australia. It is well understood that the workers that receive these rates rely on them to make ends meet financially each week.

From a broader economic view, the decision to reduce these penalty rates harms the West Australian economy at a time when it cannot afford it. The income that is earned from penalty rates is income that is spent in WA, not saved. To remove that disposable income from the economy of Western Australia would be ill advised.

We also note the Commission's lack of conviction on the issue of whether a reduction of penalty rates will actually result in an increase in employment in section 6.3 of the decision. We note with interest the observation from the Commission in [680] that the employer lay evidence suggests that changes in penalty rates, up or down, has not had significant employment effects. Also of concern is evidence at [775], of the experience of the hospitality industry in South Australia, where casual weekday loadings fell, yet there was no additional weekday employment of workers on any of the businesses surveyed.

With regard to the transitional arrangements, we have great concerns that attempts to have grandfathered provisions for maintaining original penalties for existing workers in a new award would discourage giving shifts to those workers while increasing the red-tape burden on businesses.

In conclusion, the Government of Western Australia disagrees with the decision to reduce the penalty rates for weekend workers. It is a move that will disadvantage workers in WA, for little to no economic or employment benefit.

Yours sincerely

Mark McGowan MLA
PREMIER
23 MAR 2017