

**The Hon John Rau MP**



**Government  
of South Australia**

Deputy Premier  
Attorney-General  
Minister for Justice Reform  
Minister for Planning  
Minister for Industrial Relations  
Minister for Child Protection  
Reform  
Minister for the Public Sector  
Minister for Consumer and  
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Minister for the City of  
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22 August 2016

Justice IJK 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 – AM2014/305**

I refer to the above proceedings and understand that the Fair Work Commission (“Commission”) is currently considering submissions to reduce penalty rates in awards in the hospitality and retail sectors.

The South Australian government strenuously opposes any reduction in penalty rates. Penalty rates play a critical role in compensating employees working long or unsociable hours. Thousands of South Australians rely on penalty rates to make ends meet. Removing or reducing penalty rates will have a negative impact on South Australian workers and their families.

It is vitally important that penalty rates are upheld to maintain workers’ take home pay. Many of those paid penalty rates rely on them financially – to pay their bills, put food on their tables or pay for theirs or their children’s education. Reducing penalty rates will have the effect of increasing inequity in Australian society.

Further, reducing penalty rates is likely to have a negative impact on South Australia’s economy. Our economy is in a state of transition and we face challenges ahead. To reduce the pay of many South Australians will reduce consumption and serve to exacerbate those challenges.

When South Australia referred its powers relating to workplace regulation to the Commonwealth for most private sector entities in 2009, it did so on the basis of the fundamental principle of a strong, simple and enforceable safety net of minimum employment standards. Reducing penalty rates will serve to erode this safety net.

I respectfully submit, on behalf of the South Australian government, that the Commission should reject any proposal to reduce penalty rates.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Rau', written over a white background.

**John Rau**  
Deputy Premier  
Minister for Industrial Relations