



**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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16IR0336

22 August 2016

Justice IJK Ross AO
President
FAIR WORK COMMISSION
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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 dark ink, appearing to read "John Rau", written in a cursive style.

John Rau
Deputy Premier
Minister for Industrial Relations