

UNIONS BALLARAT

Central Highlands & Grampians - TRADES HALL

Ballarat Regional Trades and Labour Council Incorporated - 24 Camp Street, Ballarat VIC 3350

P: 03 5332 3666 E: balltlc@outlook.com.au

The voice of Ballarat and Western Victorian Workers since 1856

STRONGER TOGETHER

Parliament of Victoria – Penalty Rates and Fair Pay Committee

Ballarat Regional Trades and Labour Council Incorporated.

Penalty Rates and
Fair Pay Select Committee
Submission No. 8
Received 18/05/2017

The Ballarat Regional Trades and Labour Council Inc. (BRTLC) is the second oldest TLC in the world after Melbourne. The BRTLC was established in 1883 on the back of the Ballarat Eight Hour Committee of October 1856. Our Council meets at the Trades Hall in Camp Street. We represent 27 affiliated Unions and some 16,800 members across our region. We are the peak union body covering our region which stretches from Bacchus Marsh to Colac, up to Horsham and across to Maryborough. Council meets monthly with Delegates of our affiliated Unions. The Secretary is the only paid Official, the rest of the Council being volunteers. We are also an independent but affiliated body within the Victorian Trades Hall Council and the ACTU.

SUBMISSION

Ballarat and Central Victoria's economy is currently somewhat of a dichotomy. Ballarat of a night is booming with food and hospitality, while spending in other quarters is suppressed. Wage growth is anaemic, while new business is growing. Pockets of great wealth abound, but are not as common as pockets of crippling poverty. Unemployment figures are low, but not indicative of the underlying casualisation and precariat of more and more regional workers. There are more people working in regional Victoria than ever before, but the jobs are not keeping pace with the population growth explosion being experienced.

Economic growth in parts of Melbourne disguises a protracted contraction and ongoing recession in regional Victoria. The regional equivalent measure of success, which in Melbourne is cranes on the skyline, is empty shop fronts. In Ballarat, empty shop fronts are becoming more apparent, in many of our smaller satellite towns they are outnumbering occupied shop fronts.

The Andrews Government's recent budget is welcomed in its bid to boost investment in rail, grow jobs and revive flagging regional economies. There are many positives on the horizon.

Into this inconsistent regional labour market, we must factor in the growing grey economy. On FairWork's own figures 79% of Victorian hospitality employers failed to comply with the awards wage system from 2013-2016. The national average non-compliance rate is 52% cent. So nearly one in two workers in hospitality and similar figures in retail, beauty and fast food (the majority being young women under 25) are being illegally paid according to their award, and/or having their wages stolen. Transition from a traditional manufacturing base to a service economy has stripped out safe secure jobs and left tens of thousands of workers in precarious employment and vulnerable to exploitation. Cleaning services, private

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residential care services, domestic building and construction, aged and disability care, home care are all sectors riddled with wage theft. The ATO recently revealed that Superannuation noncompliance in the Ballarat region was close to 39% leading to its own unique set of complex problems.

If we discuss the impacts of a reduction in weekend and public holiday penalty rates we must apply it to an already suppressed economy in regional Victoria riddled with noncompliance and wage theft. Workers currently receiving weekend and public holiday penalty rates are most likely working under a Union agreement in larger businesses, chains and franchises. SME's working under, and complying with awards also account for workers receiving penalty rates. It should be noted that in a number of regional businesses and industries, workforces have already bargained away their penalty rates for marginal hourly increases; over the course of a few years any temporary gains are completely negated. AWAs still in operation in regional Victoria also leave workforces stripped of penalty rates and other entitlements. Getting penalty rates in accordance with the award system or enterprise bargaining is now perversely considered a luxury.

Workers receiving penalty rates are already amongst the lowest paid and most economically vulnerable. Most higher-earning workers in regional Victoria would be on salary arrangements which in most cases would negate penalty rate payments for weekends, public holidays and overtime. These lowest paid and most vulnerable workers are already under enormous strain as household debt balloons, further reducing their capacity to participate meaningfully in their local economies. Although penalty rate cuts affect workers of all sexes and ages, the largest burden falls unfairly on women, younger workers and family second income earners.

Already struggling to survive, further loss to take home pay due to cuts in penalty rates will see further reduction in local economic activity from low paid workers. We know that low income earners are more likely to spend their money locally and to spend a much larger proportion of their overall earnings. Given the nature of supply and demand in regional economies cuts to penalty rates will see little if no additional employment and little if no additional businesses open on weekends and holidays. It will simply mean that the same number of staff will see a net reduction in their take home pay (amplified individually by their already low income) while business owners (providing they were paying penalty rates in accordance with the law) will see a marginal increase in their profit.

The Victorian Government having already transferred their industrial arbitration powers to the Commonwealth are in a poor position to affect any significant change and start behind other states who have retained industrial arbitration powers. Victorian workers feel the full force of the broken FairWork Act, having to run the gauntlet of the FairWork Ombudsman and the Federal Court for conciliation and arbitration which is costly, time consuming and in many cases exasperatingly futile. **The Victorian Government might consider dealing with the worst excesses of wage theft and noncompliance by introducing legislation under the Crimes Act to offer protections to working Victorians. Otherwise we**

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need to strongly petition the current, or a future Federal Government to scrap the FairWork Act and start again. We must also press that the FairWork Commission's decision to cut penalty rates is overturned, creating a strong legislative framework to prevent any future further cuts they might be pressured to consider. These cuts to penalty rates are a disaster for regional workers and regional economies already struggling to make ends meet, put food on their tables and a roof over their heads.

Following is an article from the Ballarat Courier Newspaper outlining the impact of penalty rate cuts on just one of our regions workers:

Working families worse off under penalty rate cuts

Jessica Black – The Ballarat Courier Newspaper

23 Feb 2017, 7:41 p.m.

Smythesdale pharmacy assistant Meredith Grant is set to lose almost \$4000 a year after the Fair Work Commission ruled to slash penalty rates.

The mum-of-two will lose \$150 a fortnight after the Commission cut the pharmacy award for Sunday by 25 per cent.

The Commission also slashed penalty rates for hospitality, retail and pharmacy workers in a decision handed down on Thursday. The cuts are effective from July this year.

“Any money that we were able to put aside to use for taking kids out or doing anything extra for the family has gone out the door and that was already limited,” Mrs Grant said.

“My husband works most Saturdays, I work every Sunday so our weekends are a void for doing family things, you give it up to get paid the money but now you're giving it up to be paid less.”

Happier times: Pharmacy assistant Meredith Grant says a cut to penalty rates will mean she can no longer put money aside for family outings.

Ballarat Trades Hall secretary Brett Edgington said the cuts could see hospitality and retail workers lose as much as \$6000 a year from their take-home pay.

Full or part-time hospitality workers will face a reduction in Sunday penalty rates from 175 to 150 per cent of their standard hourly rate. Casual hospitality penalty rates will be unchanged. Retail workers will

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see the biggest cut into their Sunday penalty rates, from 200 per cent to 150 per cent. Casual workers will drop from 200 per cent to 175 per cent.

Mr Edgington said the ruling was a “kick in the guts” and would affect thousands of workers in the region.

“We know with illegal payments and black economy that there is already a significant part of the economy that are not even getting penalty rates. For the people lucky enough to be receiving them this will have massive ramifications.

Mr Edgington said extended trading hours were tied to supply and demand.

“Places open on Sunday because it’s profitable. Ultimately it comes around to bite them because the very people who spend money in their businesses now have less money in their pockets.”

Commerce Ballarat chair David Wright said he expected member businesses to pass the penalty rates win on to staff through additional hours or by hiring new employees.

“We certainly support our members working within that emerging economy and hopefully this ease in penalty rates will allow them to do that.

“It’s a great opportunity for all businesses to be looking at what they’re paying their staff and ensure they are paying their staff the correct rates.”

