



19 May 2016

The Secretary
Penalty Rates and Fair Pay Select Committee
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Dear Secretary

Thank you for the invitation for the Victorian Chamber of Commerce and Industry to make a submission to the Parliament of Victoria inquiry into the Fair Work Commission's penalty rate decision.

The Victorian Chamber of Commerce and Industry has strongly supported the decision from the full bench of the Fair Work Commission to reduce Sunday and public holiday penalty rates in hospitality, retail and pharmacy sectors in its four yearly review of modern awards.

The decision acknowledged the submissions from many business owners and operators who have reduced their trading hours and altered trading practices due to the cost of penalty rates. The decision will boost employment and allow Victorian businesses to be more confident when rostering and taking on staff.

Victorian businesses have told the Victorian Chamber that the reduction in Sunday and public holiday penalty rates will improve customer experience in shops, cafes, pharmacies and hotels, while making more hours available for more workers.

The new rates will allow some businesses to now open on Sundays and public holidays, when previously it was more cost-effective to stay closed. This will make more hours available for workers and provide more employment opportunities for the many young people who are unemployed or underemployed, especially in regional areas.

With unemployment rates for young people in parts of regional Victoria often above 20 per cent, the new penalty rates will improve job prospects and opportunities in areas that desperately need it. Workers will still receive a significant loading for working on Sundays and public holidays.

The Victorian Chamber notes the Government's statement that it is looking to the Committee for ideas of what can be done in Victoria to assist those impacted by the cuts. We are concerned at the potential for such actions to result in additional costs being imposed on Victorian employers. This is not the place for reactive responses that risk damaging the competitiveness of the Victorian economy.

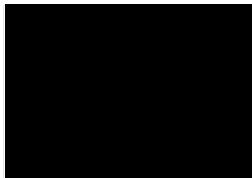
They could add to the burden on employers that have arisen from recent Government actions and proposals including:

- **Public holidays** – the Government has imposed two new public holidays on Victorian business and is considering a further legislative change to provide an additional rather than a substitute public holiday when Christmas day falls on a weekend.
- **Long service leave** - the review of the *Long Service Leave Act 1992* examined a number of options that would increase the cost and complexity of long service leave and negatively impact jobs growth. The proposed introduction of portable long service leave schemes for the cleaning and security sectors would further increase costs.
- **Labour hire regulation** – proposed new regulation of labour hire firms is unnecessary (as sufficient workplace relations regulation is already in place) and will further decrease the competitiveness of Victorian business.

The Victorian Chamber urges the Committee to take a holistic approach and consider the broader implications for employers and the Victorian economy in preparing its report.

For further information regarding this submission, please contact Steven Wojtkiw, Executive Manager Policy, Victorian Chamber of Commerce and Industry on 03 8662 5357.

Yours sincerely



Mark Stone AM
Chief Executive