



Parliament of Victoria
Penalty Rates and Fair Pay Select Committee
Inquiry into Penalty Rates and Fair Pay

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Malaysian Progressives in Australia (MPOZ) stands firmly against the proposed changes to penalty rates as outlined by the Fair Work Commission. We object to these changes on behalf of all affected workers, and in particular international students who form our membership and of which we are particularly concerned.

Pursuant to terms of reference 1a (i) through (v), MPOZ understands that:

- The proposed penalty rate cut will significantly reduce the take-home pay of workers in affected sectors,
- The affected industries overwhelmingly provide "entry-level" jobs where penalty rates are a significant proportion of take-home pay,
- These workers are overwhelmingly low-paid and, in the absence of easy oversight by unions, reliant on government enforcement of award wages,
- Correspondingly, these workers are also more likely to be from disadvantaged groups that depend on part-time work to stave off unemployment, and are least able to sustain pay cuts. This means that the cuts disproportionately affect women, young workers, people of colour, single parents and foreign less-skilled workers,
- In particular students, who study on weekdays, are almost wholly reliant on penalty rates and risk having to work significantly longer hours to sustain themselves,
- Conversely, higher paid workers with regular weekday hours will remain largely unaffected.

Pursuant to terms of reference 1a (vi), MPOZ believes that:

- The above workers form an important backbone of our society and are underpaid as is, given declining real wages over the past few decades,
- Unaffected sectors depend indirectly on workers in the affected sectors e.g. workers in fast food and hospitality feed our cities,
- The Victorian economy will suffer economic loss from a working class that is deprived by decree of disposable income, which instead will be hoarded by business owners, the majority of which run franchise businesses and treat their investment capital as highly mobile,
- The rising cost of living, in particular skyrocketing rents and measures announced in Budget 2017 such as the additional Medicare Levy and proposed lowering of the HECS-HELP threshold mean that affected workers are under increased pressure,
- In general, the proposed cuts are a social and moral injustice to the workers affected and the others who depend on the labour of these affected workers.

Pursuant to terms of reference 1a (vii), MPOZ notes that:

- Business groups and their allies, including the Business Council of Australia, the Institute of



Public Affairs, and the Restaurant and Catering Industry Association have been pressuring for these cuts to occur for years, as a matter of policy and principle,

- These same groups are also committed in principle to wage cuts to the maximum extent possible without affecting profitability and productivity,
- In the past, Fair Work decisions to reduce or cap working conditions have been used to argue for similar cuts in other sectors,
- It is a longstanding strategy of businesses in negotiations with unions to trade penalty rates for an increase in base wages, which can be cut later on,
- We therefore warn that if Fair Work is allowed to proceed with the penalty rate cuts, that they will only be enabling those who pursue the above arguments, and that they will be responsible for a totally unjust and disastrous reduction in living standards for poor working Victorians.

Addressing standard arguments used by groups supporting the penalty rate cuts:

- We refute the assertion that our economy can now be called "24/7". The fact that businesses exist that work into late hours is no justification for denying the existence of unsociable hours,
- Government offices, banks, the stock market, schools, universities, the vast majority of office jobs, and indeed most outlets in the sectors covered by the proposed cuts operate during daylight hours primarily,
- The social fabric of society in Victoria is still firmly organised around weekdays and weekends,
- Any attack on the working conditions of workers who keep our society running during unsociable hours is unreasonable and completely uncalled for.

Pursuant to terms of reference 1b, and recognising the committee's interest in defending "Fair Pay", MPOZ puts to the committee that:

- The related and equally serious issue of systematic underpaying of international students continues to plague Victoria, with some being paid as little as \$8/hour,
- Local students are also not safe from underpaying below the legal minimum wage, and are victims of violations of the minimum employment standards,
- Recent data shows that as much as $\frac{2}{3}$ of students earn at or below poverty wages
- This crisis occurs concurrently with ever increasing university fees driven by pressure from university administrators and the Federal Government,
- International students pay exorbitant fees exceeding \$100,000 for an undergraduate degree at Melbourne University, which indexes several percent yearly,
- International students are pressured by the need for extra income, that cannot be accounted for when they first apply for their visas,
- They are also pressured by the need to obtain work experience before being able to find legally-paying jobs, even at the expense of a legal wage, minimum employment standards and safe working conditions,
- This problem occurs for the majority of working international students, in small businesses as well as in franchises, and students are often too afraid and lack the resources to report their employers on their own.
- That in cases where international students breach the employment terms of their visa, it is to our knowledge overwhelmingly caused by such systematic wage theft and the coercion of their employers.



Also pursuant to terms of reference 1b, regarding the call for possible safeguards and federal legislative changes, MPOZ proposes the following:

- The Fair Work Ombudsman to actively consult with students and their representative bodies to identify offending businesses,
- The Fair Work Ombudsman to actively seek out and prosecute offending business owners, through surprise raids if necessary, and to be given the resources to do so if not already the case,
- That no restrictions be placed and no fines be levied on workers carrying out industrial action against violations of national employment standards and minimum pay as stipulated in awards,
- That penalties for violating national employment standards be raised, and made proportional to the financial value of the offending entity and its parent corporation if applicable,
- Fair Work to work with universities and student organisations and clubs to ensure that all students are aware of the minimum employment standards and common awards through the normal course of their studies, beyond simply making the information available,
- That legislation be passed requiring that in all cases of underpaying (i.e. relative to minimum wage or workplace-specific agreements), the offending entity and/or the parent corporation be required to backpay all lost wages, and to be subsequently monitored to prevent recurrence of wage theft,
- That Fair Work and the Department of Immigration and Border Protection guarantee that any student who is a victim of such a violation, regardless of any work-related visa violations they may have committed themselves, will be absolutely exempt from punishment, including any threat of visa termination and deportation whatsoever. This includes if the student has worked beyond the allowed 40 hours a fortnight.
- That the Victorian Government resist and oppose the proposed penalty rate cuts by whatever means available.



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