

Friday, December 7th, 2012

Proposed cuts to penalty rates could hurt up to 500,000 workers

The ACTU will today urge Parliament to reject a bill that would strip penalty rates from up to 500,000 workers in businesses with less than 20 employees.

ACTU president Ged Kearney said new Australian Bureau of Statistics data showing a continuing fall in wages share in the food and accommodation and retail sectors, showed why business's attempts to cut penalty rates should be rejected.

The ACTU will today give evidence to a Senate Inquiry in Melbourne into the Bill, introduced by independent Senator Nick Xenophon.

Ms Kearney said the Bill was just one of several attempts underway to cut penalty rates and should be resisted by the Parliament.

"The business community justifies its push to get rid of penalty rates by saying they are making it unaffordable to hire workers," Ms Kearney said.

"The truth is that the share of business's income going to wages in several key sectors has been falling in recent years."

Total wages share in food and accommodation has dropped from 68.3% in 2010-11 to 67.6% in 2011-12, down from the high of 78.6 per cent in 1996-97

In retail, the wages share fell from 69% in 2010-11 to 66.9% in 2011-12, the lowest since 2006-07.

"If passed Senator Xenophon's bill would be an immediate pay cut for up to 500,000 workers – half of whom are on the minimum award wage," Ms Kearney said.

"The financial pressures on working Australians are as great today as they have ever been. Penalty rates have existed for decades to compensate award-reliant workers for the effects that working unsociable hours have on health, family and social life.

"They are a fair recognition of what workers are required to sacrifice to keep businesses running on week-ends and public holidays."

"For low-paid workers, penalty rates can be the extra money that allows them to pay rent and bills."

Ms Kearney said that Senator Xenophon's bill was just one part of the attack on penalty rates and that employer groups had lodged more than 20 submissions to the Fair Work Act review arguing they should be reduced or scrapped in fast food, retail, hospitality, restaurant and tourism industries.

These include calls from the National Retail Association for week-end penalty rates to be removed in the fast food industry, and the Restaurant and Catering Association arguing that penalties should only apply in restaurants after an employee has worked six consecutive days.

"There is clearly a concerted push to reduce penalty rates, despite the fact there is no evidence this will create new jobs, and plenty of evidence it will hurt low-paid workers," Ms Kearney said.

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