

Monday 21 December 2015

**Turnbull must reject Productivity Commission call to cut take-home pay**

On the eve of Christmas, the Productivity Commission has recommended cutting the take-home pay of Australia's lowest-paid workers. Prime Minister Malcolm Turnbull must now reject these recommendations and give certainty to families who rely on weekend penalty rates.

"This is an attack on the pay and rights of the hardest-working Australians. Employees who work on weekends must be paid properly," said Dave Oliver, ACTU Secretary.

The Productivity Commission's workplace relations review final report recommends a raid on the pay packets of working Australians by taking away their Sunday penalty rates.

"The Commission's recommendations are out of step with Australian values, out of touch with the modern lives of working people, and would compromise future economic and productivity growth.

"If it is not Malcolm Turnbull's intention to slash penalty rates he must rule out any future cut backs of these entitlements and make a submission to the Fair Work Commission that they be protected.

"We have seen stronger growth in the retail and hospitality sectors over the past year than we have in the rest of the economy. Workers in those industries deserve increased job security and proper compensation, not wage cuts.

"Real wages have stagnated, despite strong jobs and productivity growth – so we have a widening wage gap, with those on the lowest wages missing out. Families on lower wages will struggle if Turnbull refuses to reject this report as an excuse to slash penalty rates," said Mr Oliver.

- September ABS figures show wages growth at its slowest rate since 1998.
- Unemployment is at its lowest level for 18 months – up 71,400 in November.
- Labour productivity increased by 1.3 per cent in the year to June 2015, following a 2 per cent increase in 2013-14 and leaving productivity at a 25 year high.
- The NAB Business Conditions Index remains at +10 points in the month of November, the fourth consecutive month of conditions well above the long-term average.
- The accommodation and food services sector – perhaps most exposed to penalty rates – had the highest business entry rate with 15,615 new entries.

***The release of the review coincides with a new poll, which shows that only 16 per cent of Australians think Malcolm Turnbull understands the issues of low income, casual and part time working Australians and is likely to act in their interests.***

Today is an opportunity for Mr Turnbull to demonstrate that he is prepared to act in the interest of all Australians and reject the out-of touch recommendations of the Commission.

## **Penalty rates**

Penalty rates are an essential part of the income of 4.6 million Australians. For them, penalty rates aren't extra pay - they help provide the basic income their families need just to get by.

This Inquiry was created the Coalition Government to legitimise cutting penalty rates. The Productivity Commission is seeking a pay cut for all Australians who work on Sundays in restaurants, cafés and shops around the country.

Cutting penalty rates does not increase employment or productivity – it is simply a raid on low income people's wages that will create an underclass of working poor.

Penalty rates are not an impediment to economic growth. The retail and hospitality sectors grew at 3.6% and 3.2% respectively last year, significantly outperforming the rest of the economy. There is no justification for cutting employees' wages.

## **The minimum wage**

Minimum wage rises relied on by 1.9 million Australians would stagnate under the Productivity Commission's recommendations, falling behind the rising costs of living.

The gap between the minimum wage and average wage is the widest on record yet the Productivity Commission recommends using this as a starting point for future minimum wage increases, guaranteeing the gap will widen in the future.

## **Worker's rights**

Every single Australian's rights at work are under attack with a recommendation to dig up Work Choices style individual contracts that would sit outside the award system, which is the safety net for the most vulnerable workers.

### **Quotes attributable to ACTU Secretary Dave Oliver:**

*"The Commission's recommendations ignore the economic evidence, expert advice and very real concerns of everyday Australians. This Report attacks the take-home pay and rights of hardworking Australians."*

*"We will not get a more productive economy by cutting wages. The Productivity Commission's recommendations are out of step with Australian values, out of touch with the modern lives of working people, and would compromise future economic and productivity growth."*

*"Wage growth is weak, yet employment is up and labour productivity is at a 25 year high – now is not the time for industrial relations reform that increases inequality."*

*"This report is a dying legacy of Tony Abbott's divisive approach to government and politics and his ideological war with Australian workers, which Malcolm Turnbull must reject."*

*"The Prime Minister talks innovation, but what we really need to see from him is a new approach to dealing with economic management that doesn't resort to squeezing workers every time the business community knocks on the Coalition's door."*

*"Make no mistake, if the Prime Minister accepts these recommendations, he will be starting the biggest industrial relations fight over workers' pay and conditions since Work Choices."*

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