



Dignity and Work:

2. Calling for the Protection of Penalty Rates

Wages paid for the toil of the working week is the main way Australians meet the cost of living, of starting and raising a family, paying taxes and saving for the future. The Church holds that the wages paid to workers are a key indication of the fairness of a society.

... wages, that is to say *remuneration* for work, are still a *practical* means whereby the vast majority of people can have access to the goods which are intended for common use ... Hence, in every case, a just wage is the concrete means of verifying the justice of the whole socioeconomic system and, in any case, of checking that it is functioning justly. [*Laborem Exercens* n.19]

Around 20 per cent of workers depend on the award safety net and associated conditions such as penalty rates, and hope that the annual adjustments to minimum wages undertaken by the Fair Work Commission will lift their wages to meet the higher costs of living. As has been the case with people relying on unemployment Allowances, however, workers reliant on minimum wages have seen their income slipping further and further behind average weekly earnings and, for some, below the poverty line.

A recent inquiry by the Productivity Commission recommended the reduction of weekend penalty rates and the Fair Work Commission is currently considering the possibility of reducing penalty rates for workers in the retail and hospitality sectors. The argument has been put that, for the sake of our 24/7 economy, penalty rates should be reduced or removed to free up weekend trade and to create more jobs. But the just functioning of the labour market is called into question where, for example, the two million people who work in retail and hospitality could end up shouldering the burden of their employer's profitability or the government's responsibility for creating jobs.

Penalty Rates are an important part of the safety net. They were introduced as a compensation for Sunday work in 1919 and extended to Saturdays in 1947. In 2005, when legislation threatened such basic entitlements of low-paid workers, the Australian Catholic Bishops Conference spoke strongly:



Dignity and Work **Calling for the Protection of Penalty Rates**

Our concern is that many workers, especially the poor and vulnerable, may be placed in a situation where they will be required to bargain away some of their entitlements. In particular, we refer to overtime rates, penalty rates and rest breaks.

They call for these entitlements to be protected.

It would be unacceptable for already struggling workers to be made to forgo penalty rates that are used to top up low rates of pay. For many, penalty rates comprise more than 30 per cent of their wages. It has been estimated that a reduction of Sunday rates to the level of Saturday rates would see a 17 per cent wage cut for restaurant employees and a 38 per cent reduction for retail workers.

And it's not just the workers who would be likely to suffer. Children could see their sports and other recreational activities cancelled because their parents have less disposable income. Alternatively they might see their parents even less as these workers seek additional irregular hours of work to make up for the shortfall in their pay.

Local economies are also vulnerable. The McKell Institute has found that a reduction or abolition of penalty rates for retail and hospitality workers in rural communities would see a loss of pay of between \$370 million and \$1.5 billion each year and a reduction of \$175 to almost \$750 million in disposable income, affecting discretionary spending and damaging the very industries that are calling for the cuts to penalty rates.

Organisations like the Australian Catholic Council for Employment Relations and the NSW-based Catholic Commission for Employment Relations are lobbying strongly against the reduction or removal of penalty rates for these low-paid workers. They maintain:

... an appropriate penalty should continue to be paid for the family time that is sacrificed by those workers who work on weekends, and not reduced. While penalty rates cannot remedy the negative impacts of working unsociable hours, they can and should provide fair and just compensation for some of the detriment.

Find out more

Read the Australian Catholic Bishops Statement of 2005: <http://www.accer.asn.au/index.php/papers/70-australian-catholic-bishops-conference-statement-on-workplace-relations-reforms/file>

Read the McKell Institute report: http://mckellinstitute.org.au/wp-content/uploads/pdf/McKell_Penalty_Rates.pdf

Read the ACCER/CCER submission to the Fair Work Commission: <http://accr.asn.au/index.php/submissions/tribunal-submissions/137-accer-ccer-joint-submission-to-fwc-penalty-rates-case?path=tribunal-submissions>

See what the Justice and Peace Office of Sydney Archdiocese has to say: <http://justiceandpeace.org.au/wp-content/uploads/2016/03/Act-Justly-Feb-March-16.pdf>

Lend your support

Visit the 'Take the Time' campaign: <http://www.takethetime.org.au/>

Visit the 'Protect Penalty Rates' campaign: <http://protectpenaltyrates.org.au/>



Australian Catholic Social Justice Council

PO Box 7246, Alexandria NSW 2015.

Tel: (02) 8306 3499 | Fax: (02) 8306 3498

admin@acsjc.org.au

www.socialjustice.catholic.org.au

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