



opinionpiece

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Penalty Rates

The current debate on penalty rates has divided many in Australia, with divergent opinions being broadly expressed. For business, the issue of penalty rates paid for weekend work and public holidays is often more about survival and sustainability than simply making more money.

Around 97 percent of businesses in Geelong are small, family owned businesses. Many of these small business operators have worked hard to build their businesses to a point where they can employ staff. Commonly, the small business owner has made great sacrifices, both financially and personally, in order to just stay in business, let alone grow it. For these business operators penalty rates represent one of the biggest barriers to growing their business and thus employing more staff. Businesses in the retail, food and hospitality, accommodation and tourism sectors are most impacted by penalty rates. For Geelong that represents a very significant sector of the economy so the issue of penalty rates is an important dialogue to have. These business sectors typically operate on very small margins so any additional overhead cost to the business will have a detrimental effect on profitability and thus employment.

The recent landmark penalty rates deal in South Australia has received mixed reactions. Under the deal, penalty rates will be abolished on Saturdays and halved on Sundays and be replaced with a higher base rate and other improved conditions. This type of arrangement is already in place under a number of workplace enterprise agreements, so the idea is not new. It may work well for some businesses and for some employees but it is not necessarily the best 'one size fits all' solution.

The Geelong Chamber of Commerce wants to see business trading more often, employing more people and adding more back into the Geelong economy. Penalty rates are an issue for our members, and without doubt penalty rates are an issue for our local economy. Consumer expectations have changed over the years and there is a real expectation that businesses will trade on weekends and public holidays. For many business operators in tourist locations the seasonal nature of their business means that they must make the most of every opportunity to trade. This often means the owner and family members working six to seven days per week as the additional cost to pay penalty rates is simply not economically viable given their low margins and fluctuations in business. In Geelong, a majority of people are employed in small to medium sized businesses so this is an issue that impacts everyone, not just those directly affected. With nearly 20 percent youth

unemployment in Geelong, the decision not to trade on weekends and public holidays due to the cost of penalty rates often affects those very same young people seeking a start in the workforce.

The Chamber is working through the issue with our members and we will have more to say about this shortly, but it is clear that doing nothing is not an option for either government or business. We need a sensible and unbiased dialogue that takes into account all parties and not just the interests of a few.



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