

THE TASMANIAN LEGISLATIVE COUNCIL SELECT COMMITTEE INQUIRY
GROWING TASMANIA'S ECONOMY
PARLIAMENT HOUSE
HOBART 7000 TASMANIA

Tuesday, 28 th. April 2015

Attention:-The Committee Secretary

Subject: - Review of Penalty Rates - Devonport and Surrounds Tourism Association INC.

This submission has been written on behalf of the members of the Devonport and Surrounds Tourism Association INC. (DSTA)

We believe the continuance of some of the penalty rates that have to be paid at times by those businesses directly and indirectly involved in tourism, but the present award system is an intolerable imposition and an impediment to a sustainable and progressive industry.

It must be remembered that tourism in most instances operate a 7 day a week service industry and the tourism industry in Tasmania competes in a global market place. If it is to expand and grow, of necessity it has to cater for and meet the demands of international travellers for service of a high standard. The present situation of increasing and excessive recurring services, registrations and compliance costs all have a direct impact on the ability of employers to fulfil this requirement. In many cases these costs also impinge on their ability to keep staff on, let alone employ more. To overcome these imposts, employers must be given relief and provided with the resources to do so. The low permanent population base of Tasmanian cities and towns and thus the lower volume of custom exacerbate the situation and make it all the more difficult for venues to trade profitably particularly out of normal trading hours.

By being more internationally competitive the industry will have the ability to attract more visitors and as a consequence will in turn create more job opportunities.

It is well recognised the importance of casual work in particular for the youth of Tasmania in giving them the opportunity to gain experience. The industry has an admirable record of providing this even though at times at great expense to the employer/ business owner; however much more we believe could be achieved if more equitable penalty rates of pay were legislated / permitted.

We contend this is not about exploitation. Members do not subscribe to the wholesale removal of penalty rates per sec and suggests that more realistic and affordable rates be applied where applicable, such as for instance, public holidays and weekends; particularly for those working within the tourist industry. However we do recognise the fact of the most important work done by those engaged in essential public and emergency services and who are required to be on extra duty or are called out at most inconvenient times; we do not advocate having their conditions changed.

The question must be asked. Can we afford and or should we allow the good name of the Tasmanian Tourism industry be sullied by the lack of even basic service on weekends and on the many public

holidays because businesses are not able to afford to be opened due to the high rate of wages on those days. Refer to wage table below.

THA Award: The Hospitality Industry Award (General) Award 2010
Rates as at 1st July 2013

Classification	Monday – Friday	Saturday	Sunday	Public Holiday
Cook - Level 3	\$23.84	\$28.61	\$33.37	\$52.44
Cook - Level 1	\$21.86	\$26.24	\$30.61	\$48.10
Attendant Grade 2	\$21.86	\$26.24	\$30.61	\$48.10
Waitress - Grade 4	\$23.84	\$28.61	\$33.37	\$52.44
Waitress - Grade 2	\$21.86	\$26.24	\$30.61	\$48.10

Scenario 1: Average Employment for medium sized restaurant for an Eight (8) Hour Service

Classification	Monday – Friday	Saturday	Sunday	Public Holiday
Cook - Level 3	\$190.72	\$228.88	\$266.96	\$419.52
Cook - Level 1	\$174.88	\$209.92	\$244.88	\$384.48
Attendant Grade 2	\$174.88	\$209.92	\$244.88	\$384.48
Waitress - Grade 4	\$190.72	\$228.88	\$266.96	\$419.52
Waitress - Grade 2	\$174.88	\$209.92	\$244.88	\$384.48
Total Gross Wage	\$906.08	\$1,087.52	\$1,286.56	\$1,992.48

As is highlighted in the example, for a restaurant to open on a public holiday and pay the public holiday award the gross wages for the day (\$1,992.48) increase by a staggering \$1,086.64 per service as compared to a normal weekday (\$906.08). There is little wonder as to why businesses do not open on Public Holidays or even question the financial logic of opening Sundays. Using the example a restaurant has to generate in increased sales on a public holiday just to break even.

Days	Gross Wages	Public Holiday	Increase Wages
Monday – Friday	\$906.08	\$1,992.48	\$1,086.64
Saturday	\$1,087.52	\$1,992.48	\$904.96
Sunday	\$1,286.56	\$1,992.48	\$705.92
Public Holidays	\$1,992.48	\$1,992.48	

In the Hospitality and Accommodation sector, the phrase “Carry Over” is used when proprietors close their rooms or units after guests leave rather than pay housekeeping the penalty rates and wait until the next day to service the units. As a direct result of “Carrying Over” units, the internet inventory is reduced and availability dramatically cut to a bare minimum, which again is another cost to the

business which is lack of possible revenue and again this impacts on employee's opportunity to work and earning capacity is reduced.

The ramification of the impact of Penalty Rate loadings in the Tourism and Service Industry:

- Service Industry businesses either close or drastically reduce services.
- Employees miss out on wage earnings, tips and employment opportunities
- Service providers and suppliers of goods and produce miss out
- The general public and Tourists have greatly reduced facilities
- The community at large miss out from lack of services and employee spending power

The Tasmanian Tourism Industry has worked tirelessly over a number of years to dispel the image of Tasmania being closed at the weekends by developing a healthy and robust service culture of an international standard. It is the opinion of the DSTA members that the current penalty rate awards should be amended to reflect a 7 day industry. It is we believe far better to have a fair pay for a fair days work rather than no pay at all.

“To exceed the expectations of all whom visit Tasmania is imperative and must be strived for at all times by all who work in the tourism industry”

Yours sincerely

Graham Jones

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For and Behalf of:

Devonport and Surrounds Tourism Association INC and the Tasmanian Tourism Industry

CC to :- The General Manager Tasmanian Hospitality Association