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### **THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON GROWING TASMANIA'S ECONOMY MET AT LEVEL 4, LAUNCESTON COUNCIL CHAMBERS, ST JOHN STREET, LAUNCESTON, ON MONDAY, 18 MAY 2015**

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**Mr ROBERT VELLACOTT** AND **Mrs DEBBIE GRICE**, DEVONPORT AND SURROUNDS TOURISM ASSOCIATION INC., WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Hall) - Welcome to these hearings of our select committee. I will point out to you that all evidence taken at these hearings is protected by parliamentary privilege, so I remind you that any comments you make outside the hearing may not be afforded such privilege. Any evidence you do present will be recorded. The *Hansard* version will be published on the committee website when it becomes available at a time when we advise.

This committee is about the opportunities of Tasmania going forward and any impediments as you might see it.

**Mr VELLACOTT** - Thank you for the opportunity of presenting this. As you can see, we are members of the Devonport and Surrounds Tourism Association. We were requested by our members to put forward this submission in regards mainly to penalty rates and what we think is the real impediment to the industry. Now, I do note that in 2000 there was a report done by the Legislative Council select committee on tourism in Tasmania 2011. Going through that our note says there were conclusions in there that one of the impediments, or one of the major hold-backs in tourism and the proper functioning of service to tourism, was penalty rates. I also note the payroll tax.

We have outlined the scenario of just what it does cost when people or businesses open up weekends, after hours and so on. I think it clearly shows there that businesses who do open, how much they can actually lose. I note Mr Currant said that he expected to lose about \$1000 a day each time he opened. Only recently I was talking to an operator in Devonport and he said he knew full well too that he would be losing \$1000 a day. He said the incredible part of it was that if it was an extraordinary busy day he would be actually losing more money by having to bring in more staff, minimum of three hours. Sometimes there would be a flush of people and so on. This is one of our main reasons for presenting that.

The other part that is of concern is the matter that restaurants overnight are leaving their dishes and that sort of thing. I have heard that this can happen and it is not a good look, I don't believe, health wise and all the rest of it. Motels, hotels, accommodation places again, I understand, lock up their rooms. It is ironic that they say they have no spare rooms, when in actual fact - that is on Sunday night of course - it is because of the penalty rates there.

**Mrs GRICE** - To add to our ramifications, I think penalty rates for us makes it very difficult to run on a public holiday. It is very expensive, therefore a lot of the businesses are closed. People come to Devonport, Launceston or Hobart and unfortunately our tourists are suffering because there is nothing open. There is another aspect, which isn't in this report, but if you have a mother with a couple of kids and she can only work during the

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day while the kids at school, predominantly Monday to Friday, and who is quite skilled, and then you probably have lesser skilled people working on the weekends earning the penalty rates and more money - students or people only available on weekends or at night time. The skill level is a bit distorted from that aspect. We are losing revenue on a Sunday night or a public holiday or a long weekend. At a lot of accommodation places it is common practice to close off their rooms so they are not paying cleaners on a Sunday or penalty rates on a Monday. It is a cost to the business in both revenue and staff.

**CHAIR** - How has tourism been on your part of the north-west coast? In this last 12 months, for example - I know there have been some difficulties over the past few years - has it been reasonable, average?

**Mrs GRICE** - It has been a very good year for the north-west and all Tasmania. I believe the *Spirit* was carrying up to 10 per cent increase in tourism. Our tourism has been very good this year. Most accommodation properties are up. Devonport as a destination - it is more of a stopover for hopping on and off the *Spirit* and stopping in between Launceston and the west coast. The north-west and the west have experienced very good occupancies. Burnie is the same. If you go there at Easter or on any of the long weekends, a lot of the businesses are closed. Accommodation isn't closed, it is limited. It is too expensive to operate on a public holiday for a stand-alone restaurant.

**CHAIR** - With the issue of penalty rates, do you have a solution?

**Mrs GRICE** - I am originally from Queensland and the islands up there have an island rate - this is probably about 10 years ago so I'm not sure if it has changed. On Monday to Saturday, increase your base rate - I think currently it is about \$22 an hour, so I would increase the rates from Monday to Saturday to a flat rate and then still have a penalty rate on Sunday and a public holiday but probably not at 150 per cent. People still need to be rewarded for working on public holidays and Sundays but I would increase the rates on Monday and Saturday so you have a flat rate and then just a smaller margin for Sunday and another small margin for public holidays. I don't think you can ever get rid of penalty rates, but to be a bit fairer to the businesses maybe reduce that double time or 150 per cent on Sunday. You have to look at the business. If the business is not there to open on Sunday or a public holiday, then perhaps not.

When you are looking at Hobart and Launceston, if you have a cruise ship - and that is a classic example with Burnie - on a Sunday and nothing is open. That's the biggest complaint we get. I know Burnie Shines or the Chamber of Commerce are working very hard to encourage businesses to be open for the tourists off the cruise ships. They are looking at extra cruise ships so there are more people to the region. Yes, there are some people that hop on the bus and go to Cradle Mountain or go to Stanley as well, but then there are other people who like to walk around and enjoy the centre as it is.

I feel that having a flat rate on Monday to Saturday is not going to discourage people to work because people's hours of availability to work will determine them. The students can still only work maybe at night or on weekends. The mothers can still only work between school hours and maybe at weekends. The work will always be available. I think casual work across Tasmania is probably predominantly the way people work

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anyway. There is not a lot of full-time employment in hospitality at all because of such concentrated hours of people dining or sleeping.

**CHAIR** - I do note in your submission you talk about the lower permanent population base of some regional areas making it more difficult because of the throughput of customers is not there compared to a high impact area like Salamanca Place or like inner Melbourne or places like that. It does make it more difficult. Then again, if you go out into the countryside of the UK, and because they have a different system, you can still go to a pub anywhere around the country and get a meal. Everything is still all open. There is a difference in expectation when tourists come here and find things closed.

**Mrs GRICE** - Tasmania is definitely getting better at operating in wintertime, but you will find that a lot of mainland people will say Tasmania is closed for winter. In all honesty it is probably the best time to come. You have some fantastic entrepreneurial operators who man their own shops, restaurants or even their own B&Bs, so for a lot of them it costs them nothing to work because they're working themselves. You are right; when you have more tourists or visitors coming in to your establishment the more staff you have to have because you still must have that customer service and that is when it starts costing an arm and a leg.

**Mr FARRELL** - A general enquiry about the membership of your organisation. I imagine it covers B&B operators, hotels, attraction operators and that type of thing?

**Mrs GRICE** - Yes, and events. It is Devonport and surrounds, so Kentish, Latrobe, Port Sorell and all of them. It is everybody.

**Mr VELLACOTT** - It is a very broad range, from hotel owners, motel owners, the cinema, and we go to bed and breakfasts. We are at about 35 members at the moment, so I would say it is a very good spread of operators.

**Mr FARRELL** - Do you have any volunteer group organisation members or is it mainly businesses? Groups like the Don River Railway at Devonport?

**Mr VELLACOTT** - Don Railway are a member.

With the day sailings of the *Spirit of Tasmania* I believe this is one of the most important things to happen. If you particularly take the Saturday and Sunday day sailings, the situation for accommodation would be exacerbated because normally when the boat comes in during the overnight sailing they're in their car and off. That is the time when they will not want to be travelling down to Hobart in the middle of the night or Launceston or elsewhere. It is all the more important that there is adequate accommodation for those peak times. For the real growth of the industry and from people coming in from the mainland, those day sailings are going to make a huge impact.

**Mrs ARMITAGE** - Just going on to the staff issue, I realise you have the Cradle Coast university campus down there. What sort of percentage of the staff that have problems with penalty rates would be university staff? I know in the north of the state one of the issues we have is, the university students are the ones who feel they need the penalty rates most because they have limited hours they can work. Would you find that is a real issue down there? What percentage of staff, with the penalty rate issue, would be

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university staff as opposed to other workers? I know you mentioned the housewives working limited hours.

**Mrs GRICE** - From personal experience, that would be correct. I actually do not know of too many university students. I don't hire any and I am not too sure who does.

**Mr VELLACOTT** - Maybe more in Burnie, from that side.

**Mrs GRICE** - Not so much in Devonport.

**Mrs ARMITAGE** - Not so much in Devonport?

**Mrs GRICE** - No. In Devonport we have the Don College, more the colleges, and the kids tend to work in KFCs and McDonalds rather than in accommodation or cleaning.

**Mrs ARMITAGE** - Do you get too many complaining about the penalty rate issue down there? When it is raised in the north, the university students particularly will often write to *The Examiner* because it is a component of how they continue to be able to survive.

**Mrs GRICE** - Absolutely. If I was a university student, I would be chasing as much money as I could. They can only work preferably on a weekend or of an evening because of their school. I can understand that.

**Mrs ARMITAGE** - I guess my question is: in your area, do you get too many complaints when concerns come up about penalty rates from other workers, such as the people you have mentioned, the housewives?

**Mrs GRICE** - No. I don't think so. They don't really say much, do they?

**Mr VELLACOTT** - No. I would just add there that by those higher rates, and I think we mentioned that in our submission, it is better to earn a quid than not, as the saying goes in the old language, than nothing at all. From our experience, they are not going to earn anything while the restaurants are not open due to that.

**Mrs ARMITAGE** - There is not a lot of concern if the penalty rates were changed in your area? I guess that is really what I am trying to get to.

**Mrs GRICE** - I don't think so, in all honesty, because the employment opportunities for them are in fruit picking, which is seasonal, and they have a massive drop out of that. You might only do that for a couple of days and it is really hard work. They do not really want to do that compared to working on the weekends with the penalty rates. I don't think they would have an issue. If someone came along and said 'your penalty rates now are going to be this to this', they still need to work unfortunately, and they may need to seek extra employment somewhere else. Many of them work two or three jobs just to top up their hours.

**Mrs ARMITAGE** - That is great, thank you.

**Ms RATTRAY** - When you talked about the negative reaction to businesses being closed, is there any actual evidence to back that up or is it just what you generally hear about?

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**Mrs GRICE** - I think there would be. I reckon Burnie would have some evidence on that. I am sure the Chamber of Commerce would have that.

**Ms RATTRAY** - I was thinking perhaps on the *Spirit* there might be some feedback information. We hear about it but we do not necessarily see it written so much, the evidence of people being a bit disgruntled about not having service opportunities.

**Mrs GRICE** - I think Tourism Tasmania run the surveys when people exit the state. I think there is evidence in there as well.

**Ms RATTRAY** - We are going to be hearing from Tourism Tasmania through this inquiry so I will ask the question.

**Mrs GRICE** - Yes, it might be worthwhile asking them. I am sure it is Tourism Tasmania that do the surveys. I do not know about the *Spirit*. It would still be Tourism Tasmania. I think they are very accessible. They have a lot of data about how they even know, before they come into the state, where they want to go and what they want to do. To match that up and then, when leaving, I would imagine they would be writing in a survey to say whether they enjoyed their stay or not.

**Ms RATTRAY** - Also what they thought might have been the negative side of that.

**Mrs GRICE** - Yes.

**Ms RATTRAY** - As an organisation with 35 members, and that is an impressive number, do you sit down on your agenda item at times and talk about your solutions? I know you offered a potential solution to staggering the rates, increasing the base during Monday to Saturday and then looking at them. Otherwise, have you looked at and come with a position from the organisation, or is that something you have not sat down and drilled into as yet?

**Mrs GRICE** - Possibly not. It hasn't been on the agenda. We have not really talked about the issues of penalty rates and it has only been recently. We have all been too busy.

**Ms RATTRAY** - Head down.

**Mrs GRICE** - Yes, in all honesty. Now that Easter is out of the way, we are getting a bit less cluttered with our businesses, this is our time of year to go back to our committees and start planning and offer some solutions. But, no, we haven't put that on the agenda for a solution.

**Ms RATTRAY** - Is that your position as well, Bob?

**Mr VELLACOTT** - Yes, as the secretary. We cover such a broad range of things. For instance, in our meeting on Wednesday, we have the manager of Kostas in Devonport. If ever there is a growing industry, excuse the pun, it is Kostas and this will be their second time. We had them about two years ago and since then there has been a remarkable growth there and the number they employ. We talk about growing Tasmania's economy. As far as we are concerned, they are very good corporate citizens, from what we are

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finding. They have received some flak about who they employ but having been there and done that and seeing what is going on there, they are a real plus for the state. They will be involved and this is mainly peace[piece?] things.

**Ms RATTRAY** - They certainly employ people who have strong work ethic and that does not always match some other participants in our community.

**Mr VELLACOTT** - Yes. I firmly believe they have gone out of their way to encourage local employment and give them every opportunity, from what I have seen and know of, to progress through to permanency because of the nature of it.

**Mrs GRICE** - Last year, before the season started, they had a session night at the CMAX cinemas. They had that many people they overflowed into two cinemas, to talk about Kostas and what is expected of them, what the work is, everything. In about an hour's session, they took down a heap of names and have recruited from that locally, compared to the year before, where they employed something like 30 people locally. They went from one extreme to the other.

Unfortunately, they have such a high turnover because people say it is hard to generate the dollars that can be made. It depends on the individual in the end. It was a massive campaign and it was very successful. We have asked Kostas for a bit of a list of locals to backpackers and the fallout from that. They have been asked for that by the Chamber to give us some statistics on the season.

**Ms RATTRAY** - Chair, it might be useful for this committee to have access to that information if that was available after the group receives it, if that is possible.

**Mrs GRICE** - Yes. I will try to forward it.

**Ms RATTRAY** - Penalty rates are an issue. Is there any other significant issue that would be worthwhile highlighting today?

**Mr VELLACOTT** - Yes. I am a great collector of reports. As you can see, they do not just go up on the top shelf and gather dust.

**Ms RATTRAY** - That encourages us as a committee.

**Mr VELLACOTT** - Nick Evers did one in 1984 on tourism. I would recommend reading it because it's quite surprising - his predictions and how correct he was - but going back, I want to briefly touch on this report. I can see that certain things have been happening. Whether it was the result of that - I would hope it is - but I notice that some of the bits in there have been taken notice of. I would formally recommend that this be referred to by all those who are concerned in it.

Of particular notice is the one in regard to the Don Rail. The other is direct flights. I know that direct flights is a commercial consideration, particularly with the direct flights to New Zealand, but I also suggest we have direct flights, for instance, to Western Australia. There is enormous potential from that direction, particularly with our weather. Most of them have been going up to Bali and Asia. They are going from 100 in the old

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scale, the old 40, 45-degree heat, into there. I don't know what the current situation is in Hobart, but there is a lot of potential in that regard.

**Ms RATTRAY** - We certainly don't have any direct flights to New Zealand.

**Mr VELLACOTT** - There used to be direct flights. It is a commercial decision, but perhaps it can be encouraged by, in the future, the Government looking at chartered flights. There may be potential for that. Overall, it is a population game. When you are dealing with tourism it's numbers through the doors. It's as simple as that, and people sleeping in beds, as the saying goes. That cannot be over-emphasised.

**Mrs ARMITAGE** - On a positive note, having the extra day sails with the Spirit has been instrumental for businesses in Devonport. I was speaking with Bernard Dwyer a few weeks ago, and he announced to plan more day sails. I couldn't congratulate him enough because that is a big plus for the north-west coast.

**Mr FARRELL** - Yes. While it's always nice to have new attractions in areas to draw tourists in, do you feel there are attractions that you have in your area that are under-utilised or could be grown to encourage more people to visit your area in Tasmania?

**Mrs GRICE** - Yes. A small thing, but it's a big thing in our city, is the signage. There has been some difficulty in getting signage up and about, to talk about our attractions. The Devonport Regional Gallery has the most beautiful art, and expensive art, but seriously no-one really knows it's there.

**Mr VELLACOTT** - Yes. Base level signage is the thing.

**Mrs GRICE** - Base level signage is what we need. The Bass Strait Maritime Museum has just had a redevelopment. It is a beautiful building now. The history behind that is amazing. That could have a higher presence. There are lots of attractions in Devonport. I have only been in Devonport for a couple of years so from fresh eyes coming in, it is not a destination. It is the gateway into Tasmania, but with better signage and profiling, Devonport alone would be able to keep the tourist an extra night. Rather than being 1.5 nights you might be able to get two nights out of them. To get that extra night would be great. Cradle Mountain is an hour away and the attractions around Devonport are doing very well.

**Mr VELLACOTT** - Yes, they are. All through the reports I read, one thing stands out. I know we all cannot have a MONA but we need something iconic. A lot of these attractions are great for a number of years. Launceston has the prime example of the Penny Royal and what that did for the area, but then it became virtually derelict. You can go right around to things that were in vogue at that time and there needs to be a refresh. What that iconic thing is, I don't know, but we must be striving for that. One I would suggest, and still maintain, is the Don River railway. I have done a bit of travelling overseas and to have that railway running along the coast is superb. If you go to England, one of the most visited places is the railway museums in Yorkshire. I once heard it said that a railway system was one of the best unemployment schemes you can have. Being involved in technical education, the mind boggles. Once you start going into railways there are so many trades and professions that can be involved.

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**CHAIR** - I appreciate what you say. Hobart has basically ridden on the back of MONA for tourism. When you look at the north-west coast it has fantastic scenery and many attractions but it misses that one big iconic attraction. It might even be a cable car up the south side of Mount Roland.

**Mrs GRICE** - You have the Tarkine that has just been launched. At Cradle Mountain the café needs a massive upgrading for the numbers going through. If we could have a MONA-type thing up this end of the coast it would be awesome. All of Tasmania is riding on the coat tails of MONA. Tourists are coming to Hobart and moving out into the regional areas where probably 12 months ago that wasn't happening.

**CHAIR** - Anything else you think can be done in a positive way to assist?

**Mr VELLACOTT** - I have been in Tasmania for more than 50 years now. I settled in Tasmania because I believed it was the sleeping giant. One of the biggest disappointments to me is how many first-class industries have been brought and lost to Tasmania. From the various high-class industries, the opportunities that have been taken away from Tasmania. We could go on and on. I won't start listing, because it would take too long. I think you know what I am talking about.

**Ms RATTRAY** - That stretch of water is a big impediment when it comes to industry.

**Mr VELLACOTT** - Up to a point, yes. It is the big disappointment of the political system to have allowed it to get to this stage. Without going into party politics or anything else, that is an immense disappointment.

**Mr FARRELL** - Do you feel, Bob, on that point, that we allow business to get too big? It seems like we are very good at small- to medium-sized businesses, but as soon as they become a big business and corporate greed steps in, they disappear and leave our shores. We have seen this with dairy, timber, media, all sorts of businesses, vegetable processing, it goes on and on and on.

**Mr VELLACOTT** - That's right, gobbled up by some and closed down. And with that, where the growth is, I still believe is the brand of Tasmania, our produce. I mentioned in another place about the sheer idiocy of the Australian Government allowing products marked 'products of New Zealand', when in actual fact it is overseas food repacked there and coming into the state. How that is allowed to go on, goodness me.

**Ms RATTRAY** - It is a question that has been asked a million times over a long period of time. There is still not a satisfactory answer in my view.

**CHAIR** - We have reached the end of our time. Is there anything else you would like to add, or any questions?

**Mr VELLACOTT** - Thank you.

**CHAIR** - Thank you very much for your evidence this morning, we do appreciate your coming up through Deloraine, where it is probably about 12 degrees.



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**THE WITNESSES WITHDREW.**

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**Mr KEETON MILES**, PRESIDENT, **Mr GERALD ARCHER**, VICE-PRESIDENT, AND **Mr KEITH RICE**, PRIMARY EMPLOYERS TASMANIA, TFGA INDUSTRIAL ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - I will remind you, gentlemen, that all of the evidence taken at this hearing is protected by parliamentary privilege, however any comments you might make outside may not be protected by parliamentary privilege. It is all recorded on *Hansard*. The *Hansard* version will be published on the committee website when that is available.

**Mr MILES** - By way of background, Primary Employers Tasmania is a registered employer organisation under the Fair Work Registered Organisations Act 2009. Our predecessor organisation, the Tasmanian Farmers Stockowners and Orchardists Association was first registered under the Commonwealth Conciliation and Arbitration Act 1949 on 22 November 1950. We have had a long and continuing involvement in workplace relations matters at both federal and state levels.

I have with me today Primary Employers Tasmania Vice President, Gerald Archer, and our chief executive of 30 years, Keith Rice.

**Mr RICE** - As an employer organisation we are responsible for our membership right across a broad range of agriculture, horticulture and viticulture in Tasmania. The latest ABS figures to June 2012 show that there are approximately 3 650 farmers in Tasmania with an income from primary production: 136 farms with a turnover in excess of \$1 million, 278 from \$500 000 to \$1 million, 728 from \$200 000 to \$500 000 - 1 142 - the remaining 2 508 have an income of under \$200 000. Primary employers at the top end of that market I can say we have 700 members with those who are major employers within agriculture, viticulture and horticulture across Tasmania.

The main purpose of presenting today is to your item 2 on your terms of reference: 'any challenges associated with the referral of Tasmania's powers under the Industrial Relations Commonwealth Powers Act 2009'.

As Mr Miles said we have extensive experience in both jurisdictions, state and federal. To put it bluntly, agriculture could not operate under the state system as it was. If we go back, throughout the eighties and the nineties and up and through 2000 we have moved the majority of our members from the major farming, horticulture enterprises of Tasmania, and vineyards, into the federal system even before the referral took place. Clearly, in 2006 with the Howard government when they brought in the Corporations Powers that moved a lot of members into the federal system at that time, and then the state referred the remaining people in 2010. Frankly, the system was rigid, was very difficult to operate under in Tasmania and the federal system was far more flexible. That is not to say it is not without its road blocks and speed humps along the way.

If I could go back to a situation in 1990 when Tasmania introduced its enterprise bargaining legislation at that time. That was probably the most flexible piece of employer/employee legislation in Australia. It was heavily criticised at the time. Other states had tried something, but Tasmania, in my view, dotted all the i's and crossed all the t's to the extent it had an enterprise commissioner, that it had hearings. You did not go

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behind closed doors and come out with an agreement where the employer and the employees got together. Here was a formal hearing, similar to this, where the employees were able to be heard, the employer was able to be heard, and you presented your case to the enterprise commissioner and it had no-disadvantage tests in it. You could not go below the legislated rates of pay.

However, particularly throughout agriculture, and I did a lot of these for retail trades and for the restaurant industry, you were able to negotiate in respect of overtime and penalty rates. We were looking at people who were under the state system in 1990 and you knew you had a big storm coming down and you were trying to get your hay off, you were trying to pack your fruit, you were trying to do something and you had to make a decision. Do I work Saturdays and Sundays or don't I work Saturdays and Sundays because I am going to lose my fruit because the storm is coming in on Tuesday. The employees and employers were well versed in that and they understood that and we were able to put those agreements in place. Sadly we do not have that opportunity to do those types of things at present.

There were other agreements in the federal system that you could put in place prior to 2006, employee collective agreements, and much has been said over many hearings and before many tribunals about a no-disadvantage test. The no-disadvantage test at that time, prior to 2006 in the federal arena, was you could not go below the legislated hourly rate of pay. What you could do was reach agreement in respect of overtime and penalty rates or aggregate wages and so forth.

We still have about 40 of those agreements which are still alive and well today in agriculture, the restaurant tourism industry and in the transport industry. I don't think we can go backwards now as far as the referral goes as in industrial relations, simply because a lot of those are corporations. We have a system that is inflexible where other people determine employee's future on their behalf. Nobody wants to give away overtime and penalty rates. We all want to earn \$50 an hour or better if we can do that. The reality of the world is that we live in a global market where we are competing with so many issues coming at us.

I was saying a moment ago that the move to the federal system by virtue of legislation and what was known as the modern award system which commenced on 1 January 2010, our vineyard industry dipped out really badly. Up until the end of 2009, they were subject to the coverage of what is the Horticultural Industry Award, and with the flick of the pen, come 1 January 2010, they come under the wine industry award. It was a take from the South Australian wine industry award where it was big business and that was how it was set up. Dare I say it was big business that forced little business out and it has quite archaic overtime rates and penalties and so forth in it, whereas the federal horticulture industry award does not have overtime rates for casuals. That was something that I argued, along with others, from the National Farmers in 1998 and 1999 that it was not relevant to have those in those particular awards. Viticulture out of the referral to the federal system, those that were incorporated bodies, had they been able to stay under the horticulture industry award would be able to offer more employment. You will see now over the last five years at least. The wine industry in Tasmania is not that big; it is highly productive but it is not that big in thousands of tonnes of crush - about 500-600 tonnes crush or something of that nature. It would be able to employ many more people if it was able to still sit where it is right. If I grew table grapes - no

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issue. Under the horticulture award if I grow wine grapes I am in under the wine award, and it lifts their costs through the roof in that regard.

We are speaking about the public holiday roster and I note Unions Tas where they said it is confusing. I did bring what we sent to our members as far as public holidays. It takes some studying to work it all out. There are nine statutory holidays under what is known as the National Employment Standards and then there is a range of others that are tacked onto it within each state under what we call public holidays. It is legislated in the national employment standards, but when we go through all this we used to in Tasmania but now have the Public Holidays Act. We used to have bank holidays and you could segregate these smaller holidays, as in Cup Day and in some show days and the like. It was reasonably clear, but now it isn't. I would agree with Unions Tas that it is confusing. You have Regatta Day and Recreation Day in the north and then you have all your cup days and you have a range of other things that sit in there. The thing that we don't agree with and would vehemently have to argue against is the cost of public holidays. To have more public holidays, is what their submission was; we believe it ought to go back rather than go forward. There is this real issue that we see and it has been my privilege to be able to represent small employers, the farm sector, for a long period to see how they need to battle.

Look at public holidays. We have 11 in Tasmania and most states of the United States have five public holidays. I use the United States because we always look up to them and they are the trading partners and what we do and we are competitors. My son lives there so I have a little bit of knowledge of what goes on. Eleven public holidays, five in the US. Annual leave: we have four weeks; they have two weeks. Long service leave - they don't have it. Annual leave loading - they don't have it. Superannuation - they don't have it. Their wages: in the US whether we are looking at farm, viticulture, horticulture, you are looking between \$8-11 an hour. New Zealand you are looking at about \$14 an hour for a casual. We won't go to Chile and Argentina because we do not want to go in those places, but \$1 and \$4 an hour with whom we need to compete. They are on the world market. In Australia at the present time, our lowest rate is \$21.08 and then we have to add on super, workers comp, and those on-costs. Most studies will say it is \$30-plus by the time you add your on-costs or what it costs you. I am giving you all the troubles but not giving you any answers. That's the problem of how we can do things.

**Ms RATTRAY** - But you are going to give us some answers.

**Mr RICE** - I am but I don't know how we are going to go about this. You will have heard, and will continue to hear, about payroll tax, particularly on small employers. We have a number of small employers who are getting up around that \$1 million mark. I would instance shearing contractors. It is very difficult to get experienced shearing contractors in Tasmania. We are getting people now who are do-and-charge. They have the award rates they have to pay their shearers and then there is a management fee they put on that to be the contractor. As soon as they go over the threshold it is making them uncompetitive with others. God bless them, they need to deal with farmers, and they're not the most generous people out there. They are looking at the costs and all these costs start to add up and impact upon small business. Agriculture and tourism is probably 16-17 hours a day, seven days a week.

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In Tasmania we have the tyranny of distance, high energy costs and high input costs. I am not telling you anything you don't know. We have natural benefits of tourism icon, unspoilt beauty, clean air, prime agricultural land, and mild seasonal conditions. You can basically come to Tasmania any time and our farmers can farm at any time. But one of our greatest competitors is not far away from us. Twenty-five years ago New Zealand bit the bullet on a whole range of things, and one of the biggest ones was under its industrial relations reform, its banking system, of all those things which made it far more competitive within the world market being a trading country. It has to sell, it needs to trade externally to generate income.

In our view, we have an overly generous workers compensation system. I say that with some concern because as an organisation we have always fully supported a fair and equitable workers compensation system for those who are genuinely hurt at work. The problem we're finding now, and it's been about for the last 12 years, is that employers from day one are required to make weekly payments until such time as it goes before a tribunal, even if there is enormous doubt about a workers compensation claim. These are impediments they are seeing, particularly if you're a small employer employing three, four or five people. We are finding a continuing difficulty in identifying - and the medical fraternity to identify - particularly stress claims and strain claims we are finding more of at the present time. They are unseen claims - God help us, we don't want to cut our finger off or break our leg or something like that - but here are things of when does your personal situation at home bring on a huge amount of stress and then, something at work? We are finding we're picking up stress - and we have four of them on the go at the present time that have been on the go for 12 months - and it is very difficult. You can't get to the bottom of those things.

Unfair dismissals are not the issue they used to be but they're still an impediment for small employers. They don't have access to a large HR organisation within their own enterprise. They have access to people like me who can help them from time to time but normally they're very busy and have made the decision before they talk to organisations such as ours when it gets difficult. The way the system is at the moment, in your first 12 months, if you employ fewer than 15 people, certain protocols are sitting in place. But we find that some people do go off the boil after 12 months, and then you find it enormously difficult to go through the process if you are working side by side this person. In many of the instances that we do, that is exactly where you are working: right there with them on a daily basis.

To touch on training, we are in desperate need of experienced farm workers and managers. In our view, good training is available. We have an excellent system at TasTAFE and we have some excellent training being performed at the present time that we are heavily involved in with skill sets training through the Skills Fund. Places are always heavily sought after. We have wool handling training, which is much sought after. We have the only accredited training for shearers and wool handlers in Australia, or the first to have that in Australia, something we are really proud of.

It is not the inadequacy of training places, in our view; it is the ability of the small employer to compete in the labour market. It is the return that they are getting for their produce to give them the confidence to take on somebody without any skills to be able to perform and learn on that. High wages are beyond the means of many farmers, the wages within from the people with whom they compete. It is a perennial problem. I

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don't have an answer for that. But we do, as I said previously, live in a global market. We have product and so forth coming into Australia. Many would argue that the biosecurity on what is coming in here is far less or not as great for importers than it is for those who must produce under our laws, both within Tasmania and right across the board within Australia.

I think it may have been their chairman, in a Rabobank presentation on 9 April and it was alarming and concerning, who presented the graph that listed the 25 top manufacturing countries in the world. I was absolutely astounded: Australia was on the bottom of it, it was number 25. The high social benefit countries were sitting in there: Germany, United Kingdom, Sweden, Denmark, Norway - 14, 15, 16 and 17. These are people I always associate in my mind with high wages and conditions and very good social benefits, and yet here we were, sitting on number 25.

Another presentation not long after that was from Saul Eslake. He spoke about productivity. It was an interesting scenario: productivity, a coming together of labour and capital, to be able to compete for superior product of competitive price. He made the contention, and I think he may well have been right, that so much profit has been made since 2002 and 2011 but the miners, those ancillary to the miners, and state and federal governments - not all state governments have mining of course - have taken their eye off the ball of productivity. We are nowhere near producing as much and as efficiently as we used to be. There is not a willingness to address this issue.

These are some of the issues that are really concerning us. We need greater productivity. How we get there, I don't have those answers, Chairman. I don't know. He spoke about the thorny issue of GST and his hypothesis. He cannot understand why Tasmania is so opposed to increasing the GST and broadening its base. His contention is, if Tasmania does nothing it will be a net loser. Most developed countries with strong social benefits have much higher GST to fund these government activities. New Zealand, for instance, which was not long ago an economic basket case, over the past 20 years has reformed its IR system. Their GST is 15 per cent and covers 90 per cent of the traded goods and produce.

Honourable members, we have only added to the problems and we haven't been able to give you any answer. We believe a true fix requires a national debate and national reform. I believe, and we have discussed at our committee, that we are living beyond our means. We are in the Asia Pacific region, and they are going to be our trading partners. I don't want to see us go backwards, but I can't see how we can continue to be a trading nation with the barriers and that we have there at the moment. Clearly you have recognised that.

We have lost our footwear, clothing and textile industry. We are about to lose our motor industry. We lost a lot of our heavy manufacturing. Our steelworks we send overseas to be manufactured elsewhere. I believe we are living beyond our means. Thank you very much for your time, but I haven't got the answers.

**CHAIR** - Thank you; you raised a lot of interesting points. I will just make a comment basically to encapsulate what you've said. We are in 2015. We are operating in a global environment, and in many ways we have become non-competitive with our trading partners, particularly New Zealand, which produces the same sorts of products as we do,

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but they have deregulated. They have done all sorts of more clever things than perhaps we have.

Regarding 2009 when we devolved our industrial relations powers to the Commonwealth, and all private enterprise and private entities are under Fair Work Australia. Here in Tasmania we have still got the Tasmanian Industrial Commission that handles the public sector. It costs us over \$3 million-odd a year for that to still run. Do you think that, perhaps given what you're saying, that it might be - and it might be a recommendation for the Productivity Commission, - that Tasmania should be treated as a different case, as a regional case, and we move away from the system where we are? Western Australia was the only other state that didn't go into that system.

**Mr RICE** - We always tried to argue that the Tasmanian Industrial Commission didn't make any headway at all, and actually went to the federal system because we got a far better hearing, particularly in agriculture. I think in many ways it has been the willingness through the National Farmers' Federation and the state organisations to argue. We have argued for 50 years, a long time. The whole system goes back to the shearer strikes of the 1890s. We would definitely argue that for the wine industry where they have been hitched to a federal award. It is for the major wine producers, particularly in South Australia. It wouldn't take much at all within that system to make an allowance for those where the crush isn't as high. So the lower the crush, the higher your productivity costs.

We could make a recommendation that Tasmania be treated differently. I don't believe the cost of living is anywhere near as high in Tasmania. I think statistically we would be able to prove that - the cost of housing. Yes, our fuel is a bit dearer and those things, but your principal costs of raising a family are much lower here with a home and your mortgages and those things. So we could make out a case for that to go to the Federal Government because it would need an amendment to the federal legislation. When you are appearing before Fair Work Australia one of their criteria is set in reinforced concrete - we won't make any state or differences whatsoever. We have argued wine. We have argued a number of things. There should be regional differences. They won't wear state or regional differences within this new federal awards system. They won't have a bar of it. In fairness to them, they didn't previously when we had a federal award. The ones I'm familiar with are the pastoral award and the horticultural industry award. That went right throughout Australia in that particular instance. We have some serious arguments with a review of these federal awards on our hands at the present time.

**CHAIR** - With which ones?

**Mr RICE** - Federal awards at the moment that are being reviewed. Awards are up for review so there are serious arguments there. The AWU have applied to put overtime rates for casuals in the horticultural award and are seeking to do a whole range of things in the pastoral award. The dairy industry in Tasmania would argue for more flexible hours than it has. We have some of the most flexible hours you can possibly have in awards across Australia in the pastoral award and the horticultural industry award, but to impose any greater penalty or award inflexibilities on them - overtime, weekend penalties and the like - they would not exist. The dairy industry could not exist in Tasmania, or I would suggest anywhere.

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**CHAIR** - Anecdotally it would seem to me that Australia already has the highest hourly rates across a range of casual industries already in the world. Is that your view as well? That is okay, but from a competitive point of view that is unhelpful, isn't it? For example, I know that the horticultural award here basically is about double what it is in the UK, which seems quite astounding to me.

**Mr RICE** - They are the things that really astound me more than anything else; it is double on a relative basis. It is whatever the pound is over there and when you bring the two together we are just on double. We are almost double with on-costs with New Zealand, and then you work your way through other countries. That is my training, workplace relations, and you are always inquiring about wages, conditions and terms and those types of things wherever you go across the world to try to understand that. We live in a part of the world with the tyranny of distance. We have to get to mainland Australia before we do anything with our product that we trade. The fact is that we live in the Asia Pacific area and that is where our productivity and the product that we produce will go to.

I can go back a few years ago now, the gentleman has sadly passed away, but the late John Schmink had a magnificent business putting specialised product into Japan. Believe it or not they were putting individual string beans into a watch box, put four of them in there and they fetched a premium price. They were sent fresh, picked, packed, boxed and away they went and the market was there. There was a huge market for it, but the cost killed it. It was so labour intensive in putting these beans in the box to send it, and he just said he can't. One of the state enterprise agreements is ready to send that off.

**CHAIR** - I suppose on the flipside of all of that we need a lot of backpackers and other people to come in from overseas to get our crops off in the horticultural industry, and one of the big attractions is the much higher hourly rate. They are very much attracted to that and that is why they come. If we did not have it they probably would not come.

**Mr RICE** - That is probably part and parcel of it. It will be interesting to see now that they are going to be 32.5 cents in the dollar, in the new budget that has just been brought in, whether they are still going to come. There are a lot of arguments for that. They use all the services and those sorts of things, so should they pay or should it be 32.5 or 20 cents in the dollar, or something like that might be fairer. We do need backpackers, but it brings us back to the critical point as to why can't we attract when we have unemployment of nearly 7 per cent. If you went for a benefit and you looked, we are going to carry about 3.5 per cent as a general unemployment figure, who, for whatever reason, cannot work productively within a marketplace and it is our social obligation to look after those people and do what we can for them.

But it is difficult to get onto Centrelink and once you are on and you have an uncertain future within the labour market, you go through to your 12 weeks and it is not looking too glossy. You have been working for 12 weeks but there might be 16 weeks work, might be 20 weeks work, but if you fall off the unemployment system, it is really difficult to get back onto it.

We proposed, 15 years ago, a pilot system for Tasmania where you could average your first six months work, and Centrelink knew what you earned, but you did not fall off the system after the first 12 weeks. It ceased once you were in there for six months. You



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see it so many times. I speak to people like yourself, Chair, but I speak to farmers daily. Good people get picked up off those systems. You see someone good working for you and you go around saying, I need someone, or you know someone who needs someone, and a good person that is coming in - they have families to feed and all of this and for another two weeks working, picking fruit or vegetables, and then they know they have fallen off the system, so they need to get ready to go again.

Tasmania is ideal for a pilot system because we are not all that big and we have distinct industries, particularly in the vegetable and fruit industries, where you could pilot a system. I had a really good program and it was hijacked by forestry at the time because they needed some top end people there. We needed people who were prepared to come out and work and we have, contrary to what *Four Corners* said the other day, some magnificent labour hire companies that really look after their people in Tasmania. We do not want the others, but people who are prepared to put on a bus and take them to the job. Some do not have a car, some are minus their licence by operation of law or whatever the case might be.

The fact remains there are people out there who are willing to work if we could give them the opportunity and work with them and help them.

**Mrs ARMITAGE** - Pieceworkers are mentioned in your public holidays list. What percentage of the workers in primary industry would be pieceworkers?

**Mr RICE** - There would not be a lot but most of the public holidays fall when the pieceworkers - and the fruit industry is the biggest user - the shearing industry works on piece rate but they don't work on public holidays. It is an interesting question. Throughout the Christmas period when you are starting your various runs of fruit, within the fruit industry there would be more than 50 per cent of the people on piecework.

**Mrs ARMITAGE** - Can the other industries employ pieceworkers or do they need to go through other awards?

**Mr RICE** - It is governed by your award and not many awards have it in there. The Pastoral Award -

**Mrs ARMITAGE** - Employ pieceworkers?

**Mr RICE** - Yes. The Horticultural Industry Award has arrangements for piecework and how you go about it. It is written into the award. The Pastoral Award does not. If I have a general farm, I can't use piecework other than the specific provision for shearing. That is piecework.

**Mrs ARMITAGE** - I noticed that some are 200 per cent and some are 250 per cent. It is not level across the different awards?

**Mr RICE** - No.

**Mrs ARMITAGE** - Which I assume makes it more difficult for people who are venturing to different areas.

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**Mr RICE** - Yes. Most of ours are 200 per cent but you can get into others where it goes up.

**Mrs ARMITAGE** - 250 per cent?

**Mr RICE** - Yes. There are strong arguments, particularly when we had the state enterprise agreements in place in the early 90s where not everybody wanted to do it. In the tourism industry, the restaurant industry, one of the issues that arose out of that was that we would all like two and half times our normal rate, without doubt, but the fact remains they do not get any work. They miss out on \$50 an hour but they do not get any where there is work going for \$20 an hour. I found, when I was doing those 25 years ago, that there was an enormous number of people who were willing and wanted to work when the work was available for them.

**Mrs ARMITAGE** - But they are restricted by the awards.

**Mr RICE** - The law is, I cannot negotiate with you to work for me for less.

**Mrs ARMITAGE** - And the Fair Work comes into that as well.

**Mr RICE** - Definitely. It is governed by Fair Work.

**Ms RATTRAY** - In relation to Tasmania and that we have this north and south issue, do you have a view on whether we should have a state public holiday?

**Mr RICE** - Regatta Day and Recreation Day?

**Ms RATTRAY** - Yes. Do you have a view about that? I have sat in my office at different times and been ringing the south of the state and wondered why no-one is picking up and then the penny drops and I realise it is a holiday in the south of the state. I am wondering if you have a view about consistency around public holidays for our state?

**Mr RICE** - We face the same thing. My view would be that there should be a discussion about that and normalise that for the whole state.

**Mr ARCHER** - We are the only people in Australia who have two Royal Shows in their state or territory. Launceston has been lucky that it is a Royal Show so there is a holiday designated but it was technically for state award people only because we were always shearing and it was the Federal pastoral award and you did not technically get the holiday but now most farmers acknowledge that if people want to go to the show they let them go. We get that holiday which is an unusual one.

**Ms RATTRAY** - Aside of that particular event, do you see a consistent approach to public holidays in this state being an advantage or disadvantage?

**Mr RICE** - Our view is it would be an advantage to have consistency across the state provided there are not any more. It is really difficult in the busiest time of the year for the fruit industry and for the tourist industry when all the people are about is when most of the holidays occur. I do not blame people for not opening.

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**CHAIR** - You talked about the US and the great disparity between the number of public holidays they have and we have. Sorry to butt in but in New Zealand, our main competitor, do you know where they sit?

**Mr RICE** - I have started the research, Chair. I haven't got it but it is not up there around eleven. It is seven or eight or thereabouts but I need to do more work on that.

**Mrs ARMITAGE** - Your opinion on bank holidays that we have, that extra day, that some have and others don't?

**Mr RICE** - Yes, bank holidays. Government, banks, insurance companies, it always was. Easter Tuesday was one. The Cup days was another. They were the basic ones and various Cup holidays. From a private enterprise point of view they should not be there, but they arose from banks and government holidays.

**Mrs ARMITAGE** - Adding to the problem that Tanya raises with things like the Cups.

**Ms RATTRAY** - I have always thought it was a nonsense that we have one state and we have inconsistencies between the north and the south.

**CHAIR** - And the north-west, too. We have Devonport Cup -

**Mr RICE** - Perhaps I could add to that, Tania, by saying as long as they are in the north, it would be all right. But seriously -

**Mr DEAN** - Just on that, the bank holidays commenced - I'm just trying to think when they commenced. It was probably back in the last century, wasn't it, that they commenced? The bank holiday has never been reconsidered since then, it has just gone on and on, so you are saying it needs to be revisited.

**Mr RICE** - There really needs to be a review of that. I have to be careful about that, too. I have been a public servant in a former life, I enjoyed all those sorts of things. I don't want to take those away, but I think we have to live in the real world now. We are living in Tasmania and we're at the bottom end of the earth, and we're promoting ourselves as a tourism state with a huge and beautiful wine industry, icon agriculture and the like. We have to compete. We have to sell it. We have to compete with the rest of the world and we need to live in -

**Mr DEAN** - The fact is, with the bank holiday, it's true that a big majority - many of the people out there don't understand it and still rock up on the Tuesday, for instance, for public services. That is very obvious. I guess you would experience that as well. They just do not understand it at all.

**Ms RATTRAY** - I just have a question, probably as much as anything to Gerald. You're at the coalface of providing employment opportunities through your family business. I'm just wondering if you might be willing to share any impediments that you see from the coalface?

**Mr ARCHER** - Yes. Going right back, Tania, a good example is the Brooks High School. I think it was 20 years since they had a Work for the Dole program. I went to that day

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when they had the opening because we were right next to it there, and they used some of my mother's block of land. We always found that involving those kids that came from some of those disadvantaged families - I was disappointed, for example, when they closed up the farm side of it at Brooks because they had a good system going. I think some of their numeracy skills and that were very low. I think they were about the second-lowest on that scale in the state. But I know of two or three kids who came from non-farming backgrounds who went on to do - one went to Duke[?] and did a degree. One went to Armidale to do agribusiness. I was disappointed because it was the kids who got a lot out of that. We were always supporting that.

Right back in the 80s I had a boy who came. He was 16 and about six-foot something, from a single mother with four kids. They'd come from King Island. He came to finish his six months - he was working with a farmer down in the Midlands. It didn't work out. We didn't need anyone, but I thought, 'Well, if we don't put him on, where is he going to go? We're going to lose these people.' So we put him on. He was supposed to be there six months, and he stayed seven years.

He now still works in employment for businesses out of Hobart. He doesn't actually work on the property. There have been a lot of opportunities where we as employers can say we can't afford them or we don't need them, but I think it's our duty to make sure that we make an opening for those people because they're not there.

I always tell the grammar school, for example - they race down to Agfest and to the Campbell Town Show because they were complaining that the boarding numbers were going down. They had 100 boarders and they were back to 80, and they still had the most in the state. I said, 'Well, it's your own fault that you've lost your boarders because most of them came from the rural communities, and you don't offer any rural subjects because agriculture is a dirty word.' With our TAFE and employment, I went with Keith to the committee that we sit on to do with the employment; there was the situation that 18-year-old kids can't even fill in their information papers to apply for things at TAFE and that. So they're missing out on that further.

We have to start to pick up and do those things that we shouldn't have to do. That should be done at home or at the school, and then we pick it up from there. It's important that in our field, the agricultural field, many people won't put any effort into nursing and working with those difficult people. There are kids out there who would love to, and would probably never get a job otherwise unless you were a bit lenient. You know, there is a headache when they don't turn up for work. I will finish there because I know you have other people waiting.

One thing I was going to say about those holidays, when they fall on a Tuesday or something, there are many people who don't turn up on a Monday, so you lose a lot of productivity there. I think all the holidays should be on a Friday or a Monday, not during the middle of the week.

**Mr FARRELL** - I think they did that in New Zealand, Chairman. They 'mondayised' public holidays.

**Mr ARCHER** - Yes. You are getting those four-day and five-day holidays.

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**CHAIR** - Gentlemen, thank you very much for providing what you did today.

**THE WITNESSES WITHDREW.**

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**Mr STEVE OLD**, GENERAL MANAGER, **Mr JOHN COLLIER**, IR & HR MANAGER, TASMANIAN HOSPITALITY ASSOCIATION, **Mr ROD ASCUI** AND **Ms KIM SEAGRAM**, STILLWATER CAFE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - I will remind you that the evidence taken here is protected by parliamentary privilege, however, anything you may say outside may not be protected by that privilege. It will be recorded by *Hansard* and the *Hansard* version will be available on the website at a given time. Thank you very much, we have a comprehensive submission, Steve, from your organisation and it is submission number 16. I first invite you to speak to that submission and then I will allow members to ask questions.

**Mr OLD** - Thank you, Chair and everyone. Everyone has our submission, so I won't go through the submission because from our perspective, given that we have Rod and Kim here as major operators in northern Tasmania and John Collier, who is our THA Industrial Relations Manager, it is a better option to take questions from everyone for the majority. I will give a bit of a quick summary about what the THA is and who we represent,

The Tasmanian Hospitality Association represents the Australian Hotels Association (Tasmania Branch), Restaurant & Catering (Tasmania Branch), Tourism Accommodation Australia (Tasmania Branch), which is our accommodation division, and also we represent Clubs Tasmania, so we cover those four entities under the Tasmanian Hospitality Association banner.

**Mr DEAN** - How many members do you have in each of those?

**Mr OLD** - We have around 450 members under those four banners. I could supply the actual numbers under each category but I would have to get those for you. The total of those under the THA banner is around 450 members.

For those who aren't aware, the hospitality industry in Tasmania is the third-largest employing industry and employs just over 20 000 people. One of the things, for many people, is that hospitality flies under the radar a little bit in relation to the numbers it employs. We generally get pushed under the banner of tourism; we are an industry that very much deals with tourists, but we also deal with the 500 000 Tasmanians who go out to eat, drink and socialise in Tasmania as well. In some ways, I would argue, hospitality is bigger than just tourism, as I said it is about making sure the locals feel good about what Tasmania delivers.

Those 20 000 employees make up about 10 per cent of Tasmania's workforce, so we are a major employer. One of the issues for us, fundamentally, is that we want to remain a big employer and we want to employ as many people as we do, but we want to keep our businesses open for whenever tourists and the like want to come into our premises. Hospitality is one of those industries that people believe should be a 24/7 industry. Most of the time, if tourists come in on a public holiday, a weekend, or it might be a Monday night at 11 o'clock, then they expect that the one industry that is open is the hospitality industry and they can get a cup of coffee, grab a beer, socialise, get some accommodation or whatever it might be.

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We are a unique industry in that perspective and that is how in some ways we like to be seen to be treated. We need to look at the issues we face in relation to the industrial relations system and make sure it meets the needs of the economy and also the people who choose to frequent our businesses. That is partly why I have Rod and Kim here today as operators in northern Tasmania, to at some point answer any questions you have from a business perspective, and also John to talk in a bit of detail if required in relation to the award.

Interestingly - it is in our submission - but one of the things that is worth noting is we did a recent survey of our businesses trading over the Easter period. We found that on Good Friday, which is a public holiday at penalty rates, out of 62 respondents, 27 closed completely and a further nine closed at least part of their operation on that day. The very next day, being a normal Saturday penalty rate, 58 opened as usual out of 62, with only one completely closing. On Easter Sunday, which is a Sunday penalty rate, 10 businesses closed either partially or completely, and on Easter Monday, a public holiday penalty rate, 10 were completely closed and a further 16 were partially closed.

Our main point there is regardless of what penalty rate applies, if businesses close they are not employing anyone, there is not a wage paid at all. As we said before - and greater minds can come together - at a union and a national level in relation to industrial relations, at some point we need to get to a situation where people can sit down and come up with a situation where businesses can remain open, we can employ as many people as we can, and we can meet the needs of - not only at the Tasmanian level, but also at the national level.

As we continually say to the union, if a business is shut, as we have just said, it is not employing anyone, it is not paying any rates of pay. That is a bigger issue for us than getting into a debate about what penalty rates apply. We have to make sure businesses are open.

**Ms SEAGRAM** - If I could interject there, Steve, the government also is probably the major benefactor from our business. Out of every dollar that we earn the government earns at least \$4 or \$5. So when we are shut the government also makes less money, both at federal, state and local levels.

**Mr OLD** - Without going any further, Chair, given you have our submission, it is probably more useful for the time to answer questions for you and it will probably flush out anything else we were going to say, if you are happy to do that.

**Mr DEAN** - I have read your submission, but on the closing over the Easter period, Steve, these businesses closed. Did any of them close because of the excessive penalty rates that they would have had to paid in all of the circumstances? Did you do a survey? Did it include that as well?

**Mr OLD** - Yes, basically the question we asked, Ivan, was due to the penalty rates are you going to open your business or not? Their responses we had back were all based around the question of are you going to open due to penalty rates or not? The information I gave a minute ago from the respondents and the information that we received back was in relation to the penalty rates issue and the wages they would have had to pay.

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**Mr DEAN** - Right, okay.

**Mr ASCUI** - In our case, we have been operating for the last 30 years. It is only in the last five years, under this new award that we are now cutting down the number of public holidays that we open. We used to open traditionally nine of the 11. We always closed on Christmas Day and Good Friday. Now, we are operating only five of the 11 public holidays. They are done also on a limited basis as well. Even when we do operate those public holidays, on a Monday we will not trade at night time, it is just not viable. We are doing it there more for a service than anything else. My wife has been sitting on the Tourism Tasmania board for the last eight years. It would not look very good for us to be closed, one of the icon restaurants of the city, over these periods of high tourism numbers.

**Mr DEAN** - That was going to be my question, those premises that are open on public holidays, would they be employing - I think you are saying not - the similar number of staff that they would otherwise employ if it was a normal day of business and so on? I think you are saying no.

**Mr ASCUI** - As it turns out, on a public holiday we can be quite busy. Over the Easter period and Boxing Day, they are traditionally very busy days. I am actually employing a lot more people than a normal trading day. However, because of the penalty rates that are applied, I finish up losing money. This is a very frustrating part of our business. My fiduciary duty as the director of the company is for the company not to be losing money. However, for us to support our tourism industry as a whole, our employees, et cetera, we do open. This can't just go on.

**Ms SEAGRAM** - If I could elaborate on that as well, because everyone talks about the penalty rates being that 250 per cent for that casual person coming in and taking over for that full timer who is on a day off because it is a public holiday. Your full timer is actually off; they are earning 100 per cent of their wage; that doesn't go down. Now you're hiring somebody else to take that person's place and you have to pay them 250 per cent. To make that same cup of coffee it's not just 250 per cent, it is 350 per cent.

**Mr DEAN** - Because you're still paying the other person.

**Ms SEAGRAM** - Yes, they are paid regardless of whether they are there or not. If they are there and they work, it gets rounded up to 275 per cent. As opposed to giving them the day off and paying that casual and it comes in at 250 per cent.

**Mr OLD** - The other costs don't go down either. So it's very hard to say to people, 'If you come into the restaurant on a public holiday we're going to charge you 275 per cent more for the coffee than you normally pay'. Some venues around the country have put on up to a 10 per cent surcharge on public holidays - some choose not to - but even the 10 per cent surcharge doesn't go anywhere near covering the costs of the extra expenses.

**Mr ASCUI** - In our case, our payroll will show we are employing close to three full-time equivalents fewer now than we were five years ago. That has been because we've had to restrict the number of hours we operate during these high penalty rate times - Sundays and public holidays. We are employing fewer people for the first time. In the 30 years



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of growing the business, our future is in trying to get rid of people and it is a sad situation.

**CHAIR** - Rod, you talked about this last five years. It was 2009 that Tasmania devolved its IR responsibilities in the private sector to the Commonwealth. So is that the period of time you are talking about where things have changed?

**Mr ASCUI** - Absolutely. It all happens immediately. The lever gets pulled by the government and we have to comply. There is a pay rise increase at the beginning of July and the next payroll period we have to apply those increases. It's not incremental; it just happens immediately.

**Ms SEAGRAM** - Regardless of the business planning and model you have, you have to figure that in very quickly.

**CHAIR** - If I can extrapolate that out and go back to the older system where things were run under the Tasmanian Industrial Commission, are you saying you had more flexibility under that system?

**Mr ASCUI** - We have worked under the state award going back so many years, from 1984 when I started, through to a state enterprise agreement, through to AWA agreements, and now going back to this system. We've gone through all these different systems to employ people over the years.

**Mr OLD** - That leads to one of our recommendations, which is about saying a full report on impacts in business needs to be looked at in relation to the previous systems and what the current system is. From a business perspective what Rod is saying - and we all struggle to think back five years - especially in hospitality, there are so many dynamics in hospitality that change every couple of days. We have a full-time industrial relations manager who works for our association to represent our members. I struggle to see how many businesses could not have that sort of assistance because the industrial relations systems changes week to week. There are always changes in little facets of the industry awards. That's why it is hard to go back five or six years.

One of the recommendations from us is to say that some sort of report needs to be done to look into this from a Tasmanian perspective. As you are probably aware, Western Australia is on a different system to us at the moment. It is one of our recommendations to look into that a bit further so we explore all options to make sure we maximise employment.

You are talking about two of the best restaurants not only in Tasmania but the country. Both restaurants have won national awards at the National Australian Hotels Association Restaurant Training Awards. We are not talking about insignificant businesses in Tasmania. We are talking about two of the best restaurants in the country that still struggle to maintain staff and business, and still can't make money on those public holidays.

**Ms SEAGRAM** - Unfortunately the conversation around wages has become very stilted. Everyone looks at that base wage; they don't look at the loading. Everyone looks at minimum wage and says, 'Oh, these poor people making this base wage', but there are

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very few people out there making that base wage. There is loading for working after 7.00 p.m. at night; there is loading for working after 10.00 p.m. at night. There is loading for working on Saturdays, loading working for Sunday and loading for working public holidays. It continues to ramp up depending on your qualifications and when you are working.

The other issue that I think has to be addressed at some point in time is the issue of quoting a base wage without incorporating superannuation in it. We still have to come up with that payment, it still has to go into the bank, and yet because the staff member doesn't walk home with that in their hand, that gets forgotten. That is another 9.25, and it is going up. They want to ramp it up to 12.

**Mr ASCUI** - In our case we have payroll tax on top of that.

**Ms SEAGRAM** - That is an additional impost on top of it.

**Mr ASCUI** - Because of our grouping - although there are three families who own the two restaurants - we pay payroll tax because we are above the threshold of \$1.25 million a payroll. That is another impost again. Every time the wages go up we pay more payroll tax.

**Ms SEAGRAM** - More payroll tax, higher workers compensation -

**Mr ASCUI** - Higher workers compensation insurance -

**Ms SEAGRAM** - PAYG. Every time it goes up a fraction, it actually gets amplified.

**Mr DEAN** - Concerning the loading for an employee in a restaurant, how many increments could an employee get working in a restaurant? How many areas of loading could they get? Is it 10, 12?

**Mr ASCUI** - The award is set on what age you are, what skills you have and what duties you carry out.

**Ms SEAGRAM** - And then what time of the day you work.

**Mr ASCUI** - Depending on what these things are, you fall into a certain category. That is the basics you have to go through. If all of a sudden you are handling money, you get paid something; if you are clearing and taking orders, it is another duty and it falls under another level. You have done so many hours of work -

**Ms SEAGRAM** - He takes half a day each fortnight to do the wages.

**Mr DEAN** - I was going to ask that. You need to be a Rhodes scholar to employ somebody.

**Ms SEAGRAM** - You do. He tried to teach one of our partners how to do it and the guy got about halfway through it and said, 'I can't cope'.

**Mr COLLIER** - With the loadings, there is a provision in the award that says that loadings aren't compounding upon one another. If you pay one loading, such as a penalty rate for

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a public holiday, it is not compounding upon another penalty rate. There is only one paid at a time, but there are lots of penalty rates that are possibly payable, such as late night penalties for work after 7 o'clock or 10 o'clock, depending on the award; there are split-shift allowances; public holiday rates; Saturday rates; Sunday rates. There are rates where an employee might work for five hours without a meal break. So there are several different penalty rates that apply and then only certain of those are compounding upon each other. It is quite complex and we find that a lot of our members are seeking to enter into what is called annualised salary arrangements where they can use a provision under the relative award, which means the employer just pays a salary, which is like an all-encompassing rate, so they do not have to worry about all the different penalty rates because it is an administrative burden for them.

I would like to comment on the Western Australian system. Western Australia is the only state that has not ceded its powers. The modern awards came into effect on 1 January 2010 - five years ago - at the same time as the act which referred the powers came into effect. Western Australia, as you are probably aware, has had a booming economy and their state industrial commission sets a minimum wage every year. The state minimum wage in Western Australia, for example, is \$25 a week above the national minimum wage. So the award rates in Western Australia are generally higher than the national system.

We would say that, conversely, in Tasmania, based on the relative strength of our economy, we are paying national wage rates which are really based on Sydney and Melbourne. Our argument could be that it is arguable that wage rates in Tasmania would be lower under the state system because, using the WA system, with a booming economy their rates are higher. The state commission may well find that the minimum wage in Tasmania would be below the national wage. We are saying our members are having to charge Sydney and Melbourne rates for a cup of coffee because they have to pay their employees the same rates as Sydney and Melbourne, but the tourists who come to Tasmania do not expect to have to pay the same amount for a cup of coffee.

**CHAIR** - Conversely, you could argue that in Sydney and Melbourne with those high volumes often a cup of coffee is cheaper than what it is here.

**Mr COLLIER** - On a public holiday, for example, you have a casual waitperson in a restaurant, an adult, and their award rate is \$45 an hour. You have a bar attendant in a club, working on a public holiday, and their hourly rate is \$52 an hour. We are finding our members are saying we are not able to open on public holidays because of these wage rates. Some members have told us that Anzac Day is the busiest day of year. They feel compelled to open on that day because the community expects it, but they sustain the biggest loss for the year on that day. They then spend the rest of the year trying to recover that loss from one day's trading.

**Ms SEAGRAM** - In the old days when we first started out we would look at a good wage percentage being 30 per cent of our turnover, of the dollars we take. Now the industry average in the restaurant and catering side of things is 44 per cent, and because we offer a fine-dining experience at Stillwater we are actually at 49 per cent with all of the employment on-costs. Once you have costs of goods, utilities and all the other little bits and pieces you are lucky if you see 3 per cent, and that is a business that is doing well. I was at an emergency restaurant industry summit in Noosa on Thursday and Friday

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because this is so bad that they called an industry summit together and there were people crying. They are going to the wall; they cannot pay superannuation. A black market has been created because they cannot afford to pay what is being offered, so they are paying under the table. It is creating a two-tiered economy and we do not want that. It is taking us back to the situation that I found when I first arrived here in the early 1990s where everybody was being paid under the table, there was 12 per cent unemployment and there was a disaster. We are the highest minimum wage in the OECD. So of all of the top economic countries in the world we are the highest minimum wage, not necessarily loaded wage.

**Mr OLD** - To grow Tasmania's economy we need businesses to be open; we need people to be paying a wage but we need to also be open. We are struggling at the moment as an industry to deal with the one million tourists who come in. If we, hopefully, reach the issue of getting one and a half million tourists to Tasmania, get our population growth increasing et cetera, we need businesses open and we need to grow the economy. The only way we are going to grow the economy is for doors to be open servicing these people. It is a conversation I have had with Tourism Tasmania and the minister several times. There is one industry that is going to let down the tourism industry quicker than anyone and that is the hospitality industry if we do not service the tourists coming to Tasmania. If we are going to put that message out to people to say Tasmania is open and they come down and we have the great restaurants, we have the great wine, we have great this and the great that, they have to be open. One of my biggest frustrations is when a tourist ship comes into Tasmania, whether it is in Devonport, the north-west, or into Hobart, and I get the telephone calls from the media the next day saying why was it that most hospitality businesses were shut. People were complaining that no doors were open. It all leads back to this whole thing. That message going out to the rest of Australia and also the world is that Tasmania is closed for operation when what we are about is growing the economy. That means we need businesses to be open and employing people as much as we can.

**Ms SEAGRAM** - We want to give our kids work; they want to work.

**Mr ASCUI** - We highly value our employees. We treat them as part of the family. There is a lot nobody sees that we deal with for our staff, different issues that are not covered by any employment contract.

**Ms SEAGRAM** - Just to give a couple of ideas before you go on. We have had to do grief counselling because of a suicide of a previous staff member. We have had an unplanned pregnancy. We have had dispute mediations that happened about six months ago, but those two have literally happened in the last 10 days. So it is constant.

**Mrs ARMITAGE** - Smoking rates and lost productivity. I have been noticing on some of the surveys that have been done in the past that if someone has five cigarettes a day it can work out to five weeks added on. That was the comment from some of the areas around Australia where they have looked at it. You don't allow your other employees to go outside and have a sunshine break, yet someone having a smoking break could be going out quite regularly - five minutes to have the cigarette, five minutes to get prepared to have it and come back to work. Is that an issue in your industry, smoking breaks?

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**Mr ASCUI** - I am not too sure in the industry, but certainly in our workplace it is not. It has never been talked about at board level. Nobody has ever brought it up before. If I ever see somebody smoking I tell them they shouldn't be smoking.

**Ms SEAGRAM** - We give them a lecture. I usually give them a little tin and say, 'If you put all the money that you put into cigarettes in there you're going to go on a holiday or something'.

**Mrs ARMITAGE** - I guess it is more in Steve's industry overall because I think in a lot of clubs and pubs people smoke. Steve, is that an issue for staff?

**Mr OLD** - I was just asking John whether he had many calls in relation to that from members, but he hadn't. I think a lot of individual businesses deal with it with their staff in their own given way. Some may well say, 'I'm happy for you to go out and do that provided that you make up for it,' or they might be going to take the rubbish out and have a quick smoke or whatever. I think it is one of those issues that, like anything, people and workplaces are flexible wherever they can be to make sure they deal with those things. Like Kim said before, it's just about having an agreement with your staff and there has to be give and take in any business in relation to that.

The best businesses in any industry are the ones who look after their staff and go over and beyond what is in the agreement or award or whatever it might be. I think *x* amount of years ago the hospitality industry was probably seen as not being a great industry to work in. What we are fundamentally trying to do at the moment is to make sure that hospitality is a good career and if we're going to do that we need our operators to make sure that they see their staff as the asset that brings people back to their business. I think that is all part of the negotiation. The answer, Rosemary, is that we haven't had many complaints or conversations on that.

**Mrs ARMITAGE** - The other question I had was to do with public holidays and penalty rates. If you have permanent staff and a rostered day off falls on a public holiday, how do you -

**Mr ASCUI** - If they are a part-timer and they don't regularly work on a Monday and the public holiday falls on that Monday they don't get paid a public holiday off.

**Mrs ARMITAGE** - And if they're permanent staff?

**Mr ASCUI** - Sorry, permanent part-time - so if their regular hours are Tuesday, Wednesday, Thursday and the holiday falls on a Monday or Friday, they're not entitled to even a proportion of those public holidays, whereas the full-time people are. Does that make sense?

**Mrs ARMITAGE** - It does. If you have a full-time person who normally works on a Monday -

**Mr ASCUI** - They get paid the 11 public holiday days, either in days in lieu or they can be paid the money.

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**Mrs ARMITAGE** - Regardless of whether they work or not they get the double time? They get the two-and-half times rate even though they're not working? They get the public holiday rates?

**Mr COLLIER** - I can answer that. If it is a full-time employee whose rostered day off falls on a public holiday there are three options: one is that they be given an extra day's pay, the second option is that they are given a day off within 28 days, and the third option is that they are given an extra annual leave day entitlement.

**Mr ASCUI** - If they work that day.

**Mr COLLIER** - That is if they don't work that day.

**Mrs ARMITAGE** - So you are paying the person who is working that day plus paying that as well.

**Mr COLLIER** - Yes.

**Mrs ARMITAGE** - I believe you have to pay long service leave to casual employees in the hospitality industry.

**Mr COLLIER** - Yes, the long service leave entitlement arises under the Long Service Leave Act 1976, which is a state act. The entitlement arises after 10 years, although in some cases it is payable after seven to 10 years. A casual employee is deemed to be an employee for the purposes of the act.

**Mrs ARMITAGE** - We discovered the other day that the construction industry was paying in money to that and if people left before that time no-one got that money and it stayed in the industry. For this, are you bearing the burden yourselves?

**Ms SEAGRAM** - We are bearing the burden ourselves.

**Mrs ARMITAGE** - So if they leave before that time it is not a cost that you bear?

**Ms SEAGRAM** - Yes.

**CHAIR** - I am looking at some of your recommendations there and I might address those, Steve. The second one was that Tasmania be given special consideration. I think we have already covered that to a degree compared to other states given the relative costs of livings and all those sorts of matters there. The first one was a reduction in the number of public holidays. Would somebody care to extrapolate on that?

**Mr COLLIER** - There are 11 public holidays under the Statutory Holidays Act which means employers in the industry have to pay penalty rates on those 11 days. However, our argument is that there should only be penalty rates payable on the eight public holidays referred to in the Fair Work Act which we say are of more significance than some of the other days. Those days are New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Queens Birthday, Christmas Day and Boxing Day. We say that days such as the Eight-Hour Day or Labour Day have less significance so employers should only pay public holidays on eight of the 11 days.

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**Mr DEAN** - We were talking about the reasons places are closing and so on and I will just mention a Thai restaurant to see if it is common throughout some of the other organisations. I do not want to identify the one here in Launceston although I think it is obvious who I am talking about, but they are saying the only reason they stay open on a public holiday is the fact that they employ family. They bring family in for those public holidays to allow them to operate and that is the only reason they do it. Is that a common thing that is happening throughout?

**Mr OLD** - A lot of member businesses are like that, Ivan, and I guess the key issue there is that they generally work on skeleton staff and don't always offer the services they normally do, which are the other compromising parts of the business but also as an operation and a state they're not putting their best foot forward in relation to what they normally offer.

That is one of our key issues. It goes back again to the whole thing about our economy and what this discussion is in relation to. If they are doing that then they have generally got less staff. A lot of our members have told us that if they could break even on public holidays at worst they would be happy to open and provide the service to the locals and tourists, but also most will say they want to employ their staff because we have a high casualisation of staff in our industry. One of the things we respect as an industry is that we have a lot of mothers and fathers returning to work who work only on particular days that they can work. We have a lot of students who study Monday to Friday and Saturday or Sunday might be the only day they can work.

Some people think that our employers are happy to shut the doors and not employ those people but it doesn't work that way. The end result is that we appreciate the role that we have to play in relation to the economy and the scales of things like uni students needing work, but the fundamental issue is that if a business can't make money and loses money, you have to ask them why they open their doors. It comes back to general goodwill or the fact that they will get family in and work on skeleton staff and not provide the services they normally offer, which means no-one really wins.

If we can even get back to the point where businesses can break even on those days, that's a start. At the moment I haven't chatted to any of our member businesses who have said to me that they have made a profit on any of those public holidays. I'm not saying that there is not any out there but I have not chatted to any that have. We have a lot of members based in the City of Launceston so they are in a catchment area that is a lot bigger. Tania, you would be fully aware that when you start getting into regional areas of Tasmania, don't worry about whether it's a public holiday or not, hospitality businesses are doing it extremely tough. If you take it in the context of a public holiday you will generally find you could go into a lot of these country towns and they're just not open at all. We are trying to push as many tourists out to regional areas as we can because it is one of the issues we have to deal with, but if you are talking about a business doing it tough in Hobart or Launceston, times that by 10, and think about what they are doing in regional areas. Some of those areas, Ivan, need the employment, they need the stimulus growth, they need the economy improving, they need the rates to be paid, they need the power on. The general reality is they are closed doors.

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**Mr COLLIER** - We also find in the hospitality industry a higher proportion of employers, defined as small business employers, so that would mean they would be in the state system if the powers were ceded. There is a lot of small business operators in hospitality who are operating as sole traders or partnerships.

**Mr ASCUI** - There are the measurements of the number of employees and how well they are doing. In our organisation we have a very high number of employees who are purchasing homes. I bet you that our restaurant is probably one of the highest in the country compared to any other restaurant in Sydney when you measure the number of people who are buying a home.

We love our employees, we want to pay them well. We don't want to be in a situation where we have to close and we are not paying them. We want them to make money. I used to be an employee and I wanted to earn as much money as possible. You can't blame them for earning money. But we are in the situation where we have to close at the moment.

**Ms SEAGRAM** - The thing that has created a perfect storm is this decline in consumer confidence. People are not spending as much. They are going out as much as they used to but they are not spending as much money and that is a marked decline over the last five years. With this lack of consumer confidence, we have not been able to keep our price rises on our menus to match that cost of living rise, unless we want people to go away in droves. Our menu prices should probably be another third up from they are to be able to cover all the costs but, unfortunately, the consumer will not bear that.

**CHAIR** - If we look at term of reference 1, and we focused a bit on number 2 which has been very contentious. The conversation is going on all around Australia at the moment on this very aspect. No matter where you go, it is hot.

**Ms SEAGRAM** - It was the key issue at the Restaurant Industry Summit.

**CHAIR** - In terms of number 1 and growing our economy, would anybody at the table like to comment on what might be advantageous and what governments might do in a positive way to help grow the hospitality sector, in your case?

**Mr OLD** - Without going back to point 2, if we are going to grow the state's economy and the hospitality industry, we need the doors to be open. Without going over the old ground of the industrial relations, that is an issue we need to fix to be able to keep our doors open.

In fairness to the Government, it is doing a great job at the moment of increasing our tourism numbers to Tasmania. We often have a conversation with our members, especially in regional areas, that we need to get more people out to regional areas and how do we do it? If you can grow the pie, more people coming into Hobart and Launceston and Devonport, either through air or sea, we can get them to go to the regions. One of the issues the Government is going to tackle in this budget, as I understand, is that we need to get infrastructure development in some of our regional areas because if we are going to get tourists to travel to regions of Tasmania, they need a reason to go there, no disrespect.



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Some of the wine regions, and also the whisky distilleries that are growing in regional areas, are becoming very popular tourist destinations. I was at Willy Smith's in the Huon yesterday, at Grove. The place is packed on a Sunday afternoon and it is a fantastic venture. You need destination infrastructure like that for people to travel there.

We talk about the issues of the west coast faces as a region. We know how pivotal and how much of a role the rail and the ferries have in relation to taking tourists out. You need to get more of those destinations. If a tourist is going to come into Tasmania and say, why am I going to go to the west coast, drive four or five hours, they need to have a reason to go there.

We need to make sure our hospitality businesses are open and they need things to be able to do. What I understand may well happen in this budget is the Government is going to focus on the north and north-west in relation to infrastructure and it is a fundamental issue for us as a state that we have to get the infrastructure right in these regional areas.

For a long time our industry has heard this argument about we need to get accommodation in Tasmania and in certain parts of Tasmania we need more accommodation. The THA does occupancy statistics every month and have done it for 15 years. We can go back to 2000-01 to show you peaks and troughs, when it is a busy period for our members or not.

When people start talking to us about getting more accommodation, I can show you that we hit peaks and troughs of 85-90 per cent in certain months but then you get back 50 per cent occupancy in other months. As an operator who is going to invest money, they ask, 'Am I going to invest it to have the rooms reasonably full for eight months of the year and then for four months have them empty?'

That has been our capital cities, but when you go to the north-west coast they hit occupancy rates of under 30 per cent during winter months. If we're going to get those areas to invest in even just their product, not even worrying about increasing the rooms, we need to make sure we are getting enough tourists up there to fill the rooms and locals travelling.

We have to remember that when governments stop spending money and say, 'We're not going to let people travel around the state because we're struggling within our own budgets', that has a massive impact on the hospitality industry in this state. Although we get a million tourists here every year, we have 500 000 people in this state that the hospitality industry services every year and we need them to travel out and about. That's why things such as major events in Tasmania, the AFL football, the Deloraine craft fair, or whatever it is, are fundamental to what we need. As an industry we would love to see more money pumped into major events and business events. They are fantastic things to get people to Tasmania but also to get Tasmanians travelling out and about. They call into Black Tower, Stillwater, when they're here for the football or a craft fair. All those sorts of things stimulate the economy.

**Mrs ARMITAGE** - I can remember last year at the Deloraine craft fair there were two lots of BMW drivers throughout the state.

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**Ms SEAGRAM** - I am happy to leave this document with you from restaurant and caterers. To quote from the document regarding industrial relations:

If changes were made to the restaurant industry award, 91.8 per cent of businesses would hire additional staff, offer staff additional hours, or would return to Sunday trading.

**Mr FARRELL** - I know it will vary from region to region, but what percentage is the local market as compared to the tourist market? I imagine people such as ourselves, if we go out to a restaurant tonight, will be contributing to the economy. What is that average balance?

**Mr OLD** - We did a strategic plan for the hospitality industry in 2012 and on average 70 per cent of custom through a hospitality business is locals and 30 per cent is tourists. You can't argue which one is more important, but 70 per cent of custom through a hospitality business on average is local Tasmanians travelling around the state using hospitality services.

That is why when we talk about hospitality being purely about tourist numbers, it is not. It is a fundamental part of our business but Stillwater, for example, wouldn't survive if it wasn't for the local trade of Launceston and Tasmania going there. Don't get me wrong, the 30 per cent tourism numbers that come through, you can't deal with one without the other. You don't have the local Royal Oak unless you have the locals patronising it. The tourists come in and might have a meal and stay a night at one of the venues, but 70 per cent is still locals travelling the state. Tasmania is a high public service state so when it hits state government's budget and puts freezes on travel, it seriously dents the hospitality industry in relation to the business that goes through it.

**Ms SEAGRAM** - That brings up the issue of seasonality. Rod has been in the game for 30 years, and I joined him 24 years ago. I went through three winters with him where he would dissolve into tears in the middle of winter saying, 'How are we going to survive?' You tighten your belt as much as possible, you try to lose as little as possible, and you try to survive until mid September when the people start coming back. This is not a money-making game over winter, it is a survival game in Tasmania. After about three winters I said, 'Honey, this happens every year'. It was a matter of putting it back in context. We have to make hay while the sun shines and while we have the visitors here. At Stillwater 62 per cent of our turnover is visitor dollars.

**Mr OLD** - The seasonality issue for the industry is that the vast majority of hospitality businesses don't want to lose their staff over that winter period. So you get to a period where you go, 'I've really got to cut back on staff.' But one of the things that struck me, and I have been in this role for eight years, is members constantly say to me, 'We don't want to lose our staff. We have trained them. We love them. We have done all this work with them. If we lose them, it's going to be hard to get them back.' Especially if we're talking chefs and stuff, which we've got a massive shortage of. So there is a big burden on those businesses to try to carry those staff as best they can over the winter. In fairness again, I know eight years ago when I started, compared to where we are today, the winter period in general I say has shortened. I think that's where, as I said before, things such as major events and your Dark MOFO and all of these, especially in Hobart - but getting them to travel up to Launceston and other areas - and the Festival of Voices

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travelling around - and AFL football. They are fantastic because what they do is they shorten that whole winter period.

For so long in Launceston people talked about how important AFL football was. They constantly used to say those four games in Launceston over that period were a godsend because they saw the spiked numbers in their accommodation and restaurants. Then they could put up with a couple of quiet weekends, because then the footy would come back or whatever. I think we cannot underplay how important those sorts of things are. Even a major conference. It could be that a doctor's conference comes to Launceston for 500 people. What that does to the accommodation and the restaurant industry in Launceston for that two or three days a year is untold. Those sorts of areas of government that support bringing people in, and also just getting locals out and about. AFL football is not all about bringing people into Tasmania; it's about getting people from all parts of the state. It started with Jim Bacon years ago. It's about getting everyone from the state to travel around. Campbell Town is one of the biggest winners out of those sorts of things. You go to Campbell Town and you can't get a park; that's what we need to see. We need to get more of those events to stimulate the economy.

**Mr DEAN** - You mentioned that there have been lots of complaints made through restaurants and other businesses closing during public holidays and so on. Is there a figure that you can put on that? When we show up and say there are complaints, the unions come back and go, 'Well, there will always be complaints if people don't want to open.' But really what are the complaints that you're getting, if you can put a figure on that?

You've said in your submission that a lot of your employees are volunteering or willing to work on public holidays at far lesser rates. So what is the position there? Is there some way of accommodating that?

**Mr OLD** - The first one, it would be unfair if I tried to quote how many. They will generally go to the business and complain that they weren't open on a weekend. We get a lot of, as you can imagine, calls from the media after days off because they have fielded calls. Businesses field calls the next day to say, 'Why were you closed?'. I guess you could argue that the amount of people that normally go through that business, if it's closed on any given day it's probably that many people that you've annoyed for that day by not being open. So it's a large number of people. Going back to the economy thing, as I said, no-one is getting paid because no-one is spending money. No GST is being paid. No taxes are being paid. No-one is being trained et cetera. So the flow-on effect is massive.

To the question in relation to staff, I constantly have members say to me that they have businesses saying, 'Look, we're not just going to not open on Sunday because it's a public holiday', but staff will say, 'I'm happy to work for less. I'm happy to work for normal wages. I really need the \$100 that I'd normally get on a normal given day. I don't need the \$275 or whatever.' As to the conversation I've had with the union previously, I'm quite happy for the union to ask for 10 times more money on a public holiday, but if a business isn't open, those poor staff are getting nothing. We're not saying that penalty rates need to be wiped. That is a ridiculous argument that's never going to happen. We don't want to see it because we need to look after our staff. What we're saying is the balance isn't right at the moment. If Tasmania and any state is not getting the economic activity and a business is shut, then no-one is winning. That is fundamentally what we want to get to. So how do we structure this award system to make a business is open, an

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employee gets their wages, tourists be happy, locals be happy, and everyone wins? We're not at that position at the moment.

**Ms SEAGRAM** - We currently now employ approximately between 40 and 43 people at Stillwater alone, just to give you an idea of scale. People get quite blown away by how many people rely on us for their living. We have to keep a successful business running to keep these people employed. That's essential.

**Ms RATTRAY** - Paying those mortgages.

**Ms SEAGRAM** - Yes, exactly. We also have a situation where the hospitality industry is the highest employer per dollar turnover in the private sector. The only industry that's above that, which is in the public sector, is health. Health is a bit heavily subsidised. So we create approximately one job per every \$100,000 turnover. We employ a lot of people.

**CHAIR** - Thank you all very much.

**THE WITNESSES WITHDREW.**

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**Ms MAREE TETLOW**, EXECUTIVE OFFICER, AND **Ms JANINE HEALEY**, PRESIDENT, LAUNCESTON CHAMBER OF COMMERCE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Thank you Janine and Maree. Welcome to these hearings. All evidence taken is protected by parliamentary privilege in here, however outside it may not be protected. The evidence you present is being recorded and it will be put on the committee web site.

**Ms TETLOW** - We provided a submission. It was the basis of the questionnaire that we sent to our members. We have 245 members, of which 84 businesses responded to this questionnaire. Underpinning that questionnaire was to provide some data particularly for the Productivity Commission and their workplace relations regulatory review that is still underway, or has not yet finalised. We have also collected some data that would be relevant not only to that review but for the Tasmanian State Government, which I would like to talk about in a moment.

There is discussion in the paper about the Tasmanian economy and the concern about the population decline expected potentially over the next few decades. No doubt the Government, no matter which government, will be working hard to try to ensure that is not the case. Obviously this is part of your role as well. In regard to some of the specific nature of why we are here, talking about attracting skills and workplace flexibility, it did come through in our questionnaire and with some of our board members et cetera, that they highlighted that this isn't just about trying to reduce the workforce wages specifically. It was more an issue about flexibility.

There are some aspects - you will notice when we go through this - that there is a high level of hospitality and retail that responded to the questionnaire, but also the health sector, which I thought was a very interesting development. Of course the thing with people in health - and we have a high dependency of health requirements throughout Tasmania due to our demography - is that it is a 24/7 business. Our employers have indicated they would like the flexibility to be able to offer skilled workers they want to work late at night, when people are potentially most vulnerable when they have health issues, more money, hence the need for flexibility within awards and systems.

The other key results from the chamber survey were: 62 per cent did come from the retail and hospitality sectors; the healthcare sector was also another aspect that we felt was an interesting one that needed to be highlighted, as it is an increasingly popular area for employment, and an industry that is growing. Fifty-two per cent of our respondents were from the CBD, the rest throughout northern Tasmania, although the Launceston Chamber of Commerce represents the whole of the north-east, including the Tamar Valley. Eighty per cent of the firms responding do operate on weekends and/or public holidays. It was interesting that through the comments we quickly picked up that this did not mean they worked on all available hours during that period. For example, some might open on a Saturday morning, as a case in point.

Interestingly, we did ask this question, if penalty rates were significantly reduced or abolished, how many hours would they offer or would they like to offer employment. The answer was 294 working hours per week, which was equivalent to 55 full-time equivalent employees. That was just of those who were surveyed. Of those who were in

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the retail and hospitality sectors, if you extrapolated that out to the whole of northern Tasmania, that would equate to an additional 943 full-time equivalent jobs. That is quite a significant number.

Seventy-one respondents indicated that they spent quite many hours, 11 hours a week, on red tape and compliance issues. It is difficult to define that because what was considered red tape depended on which people we spoke to. That is probably an area, as time goes by, that we need to understand better, because for example, a micro-business with four employees or less spends over three hours a week on compliance. That is still significant. They probably spend a lot more than that, it just depends on what you consider to be compliance.

Seventy-four per cent or 17 of 23 businesses that responded have had trouble employing people, which again seems to be almost the antithesis of what you might consider to be the case. In particular, people with specific skills like chefs were mentioned on a number of occasions, along with people with other specific skills such as diesel mechanics, engineers and skilled plant operators - people with specific skills to undertake specific roles.

The issue of payroll tax was particularly of importance to the state government and, as you would imagine, no-one wants to pay payroll tax - surprise, surprise. Interestingly, we all understand payroll tax is an important part of revenue generation for the state government. Thirty-two per cent or 24 businesses answered yes, that payroll tax is a limiting factor on employing more people. When we look into that, some of the issues raised were some of the specific instances about where payroll tax can be exempted or for certain types of business expansions, which we understand is the case, is not clear to the businesses that are already established.

We would recommend that some level of transparency is required. For example, if the Government wants to attract a certain type of business or wants to see expansion in certain areas, whatever the payroll tax exemption is for that business over what period, such as a payroll tax holiday, then it needs to be communicated and transparent for all. There is a sense that there are certain businesses that are offered certain deals that are not necessarily open to everyone. We know we have a lot of very good businesses in Tasmania. They have been operating for decades and are very efficient and successful at what they do, but they are also looking at where their expansion opportunities might occur. If that was clearer then I think we would have potentially more take-up of new opportunities.

To follow that up on the next page of our submission, there are some specific examples of payroll tax as provided by the 18 businesses where it was optional to leave comments. Some interesting comments were that 'we would open other businesses'. To me that is pretty self-evident. 'We would be more bullish with expansion.' 'At the moment we watch the level to calculate when to pull back on part-time employees.' All those things, particularly around opening other businesses and being 'more bullish' in their expansion I think is an opportunity.

The rest of our submission is really about some of the characteristics of those businesses that responded, what industry sector, as I said, 62 per cent came out of hospitality and retail, and then there was a fairly wide spread amongst all the other sectors.

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The number of people that they employed, we had quite a few that employed in the fifty plus because I would say that penalty rates and/or also payroll tax is of particular interest to that group. Again, we had quite a good spread of those that have employees in all the different areas, the spread on the business location and, significantly, there has been quite a lot of staffing changes in the past 12 months. Nearly 70 per cent indicated that they have had some changes to their staff. Fifty-five staff hours - when I looked at the data there were quite significant changes both up and down, so that is probably indicative of the volatile economic environment that people have experienced over the past couple of years.

I think we have covered the weekends and public holidays, that those who responded said that they would open and what that meant - the 943 full-time equivalents and the hiring of employees. The rest at the back is just specific comments and you get a flavour of where people's heads are at in regard to their views on the subject matter. I will leave it there.

**CHAIR** - Thank you. I noticed that you were sitting back there when you heard the THA give their evidence. Many of your people are engaged in the retail industry and I have never quite worked out when businesses are required to open on Saturday mornings. They can obviously elect to stay closed or whatever. On a Sunday you see Myer and others open, but many of the smaller ones are not. Could you explain to us how that works and what the impediments are to people opening some of the smaller businesses particularly?

**Ms TETLOW** - When you read through the comments, and from our knowledge with liaising with our business community - and I think Steve covered that from the THA perspective as well - often in small businesses the owner-operators work on the weekends, sometimes with family members. Gauging from the comments, they would love to employ people over the weekend and give themselves a weekend off but the current system does not favour that approach because the costs are too high to allow that to happen. That is unfortunate because we all want a work-life balance and I think the numbers of 943 additional full-time equivalents for the hospitality and retail sector is indicative that people would be employed if the rates were reasonable.

**Ms HEALEY** - As we pointed out, a lot of these are very small businesses that have their weeks eaten up by compliance activities as well as having to work at weekends to keep things open. I have anecdotally spoken to some businesses, because it is very obvious around the city as to who is open, and the main reason they are open is because they feel they want to serve their client base and, as Maree rightly points out, there is normally a family member or an owner in the business there over the weekend. They are conscious of those factors.

I believe the flexibility issue - and Maree talked a little about that - is not just in rates and penalty rates and other things but in being able to employ people who are of a more mature age who don't get a guernsey because it is too expensive to have them in the business because they have to employ them at a higher rate than a younger person, yet they need that mature head in the business, particularly on days when they are alone.

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We have tried to focus our submission on flexibility as opposed to saying it is all about penalty rates. If you have flexibility then you can pay people appropriately if they are unfriendly hours and because they have a good head on their shoulders, regardless of their age and experience.

**CHAIR** - While you are talking about the matter of flexibility, I notice that one of the specific comments talked about additional work using subcontractors rather than employing extra people. Are you seeing any evidence of that occurring at all?

**Ms HEALEY** - From my experience more generally as opposed to this particular submission, there is a tendency to take people on late-hire arrangements because that makes it easier to employ people. We don't have those obligations. You might pay them a little extra but you don't have any of the issues about long service leave, annual leave and other things. I don't know whether that is healthy or not but that is what people are doing. If someone were to come to me in my professional capacity who wanted to take on someone with unfriendly hours, that might be the answer I give them because it allows them to have the flexibility to have someone working for them without any of the obligations. Again, if you are a small microbusiness and the compliance burden is quite high, having to deal with superannuation, long service leave - as we have spoken about before - annual leave and penalty rates, you can get yourself into a whole bunch of trouble because you just don't understand the system. That is why we are focusing on flexibility because if there is flexibility and people understand the rules, I think everyone will get a better outcome.

**Ms RATTRAY** - We haven't touched on it today that I am aware of, but it is around the loading that employees receive when they go on holidays. Are you happy to make any comment about the 17.5 per cent?

**Ms HEALEY** - Are you talking about leave loading, the 17.5 per cent?

**Ms RATTRAY** - Yes.

**Ms HEALEY** - I think that is a rarity these days. I see it very rarely.

**Ms RATTRAY** - It's fading out then, is it?

**Ms HEALEY** - I have hardly seen anyone getting leave loading as a professional as well as -

**Mrs ARMITAGE** - So it's not in the award then?

**Ms HEALEY** - No, not to my knowledge. I am not qualified to provide that information but generally I do not see leave loading at all.

**CHAIR** - Maybe it is in the public sector still.

**Ms HEALEY** - It may well be in the public sector.

**CHAIR** - Is it still part thereof? Is that the case?



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**Mr DEAN** - It used to apply in the Police Service but I think it has all now been brought in together.

**Ms RATTRAY** - It is something I will investigate a little bit further because it was certainly in private enterprise when I was in private enterprise.

**CHAIR** - Originally it was to make up for the shift workers.

**Ms RATTRAY** - Shift workers who were at a disadvantage when they went on holidays. That was its basis but it got expanded out to all areas of employment at one stage. I was not aware that it had been deleted.

**Ms HEALEY** - I think over time people have re-enacted their arrangements. I know what happened with my husband who was in the teaching field - they gave a once-off payment at the end of one year and that was it, it was over. That was some years ago now. I am not sure what happens in the public service but in most private industry I do not know anyone who is paying leave loading anymore.

**Ms RATTRAY** - Thank you. I will have a look at that. It has been a while since I have had any holiday pay.

**Mrs ARMITAGE** - Regarding penalty rates and weekend work, there are some retailers who instead of paying penalty rates give workers days off in lieu. Some industries give workers Sunday and Monday off if they work Saturday. How does that work?

**Ms TETLOW** - It depends on the size of the restaurant from what I understand.

**Mrs ARMITAGE** - I am not thinking restaurants, I am talking retail.

**Ms TETLOW** - If they are open every Saturday morning then I think it can be included as part of their arrangement, their normal hours. I really don't know as far as how they extend that.

**Mrs ARMITAGE** - I just know of some people in the city who have a regular weekend as a weekday. Is that by award?

**Ms TETLOW** - We don't know the technical aspect, I'm sorry. The trouble is that it changes so quickly and you will get a sense through our submission that business does not necessarily understand all the requirements and there are so many changes. In our own business as a chamber of commerce we are always ringing our IR specialists to make sure we are doing the right thing. There is a lot of requirement to keep up with it.

**Mr DEAN** - You may not be able to answer this question, Maree or Janine, but I am just asking you. Where an organisation or a business employs their own family - mum, dad, daughter or son or whatever - what are the implications of that? I know of one restaurant here that employs their family on public holidays and pay them simply a set rate. What are the implications of that with Fair Work and so on if they find out that that has happened? Are there any implications there?

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**Ms HEALEY** - I can't comment on that technically but I would imagine that is a negotiation that has gone on behind doors, in any case. It's only going to be a problem if there is a dispute.

**Mr DEAN** - That is what I am trying to get at, and I probably need to ask the right people as to whether or not that that is an under-the-table sort of thing that is happening and if Fair Work found out about it that they would take an issue on, even though the family member does not want that to occur.

**Ms HEALEY** - It could well be that that is the nature of the beast, the family, and there are family expectations and there may well be some carve-out for those arrangements. Most businesses are set up in varying forms. Not everyone has to be an employee. If they are a partnership they can certainly have other people working in the business who are not necessarily paid employees. I would imagine that it would only become a problem if there was a dispute.

**Ms TETLOW** - And that does happen.

**Mr DEAN** - I think the Chair touched on the other one. When you look at your statistics here and how you sent your survey out, currently a big percentage of those who returned your survey are already open on weekends and on public holidays, so there's quite a large group doing that. You're saying that would simply be Saturday mornings only?

**Ms TETLOW** - They made the point they are not necessarily open for the whole weekend. Some period over that weekend they are open. It might be Saturday night if you're a restaurant but not Sunday night. You would notice a lot of retailers are open Saturday morning but finish at midday.

**Ms RATTRAY** - In relation to the workers compensation - and I know this is probably just one particular business that has responded - 'workers compensation in Tasmania is a joke'. The length of time to settle a dispute or a claim is really impacting on small business. Is that the message I need to get out of that comment?

**Ms HEALEY** - I don't know the reason behind the comment but I do know you can structure yourself out to get a better outcome from a workers compensation perspective, and that is silly. It ought to be a clear, transparent and open system. We don't go into stamp duty in this, we never really looked at that as a state taxation, but you can avoid certain state taxes by structuring yourself in different ways, and workers compensation is one of them. That is patently ridiculous; it should be a level and open system for all. Probably where there is increased risk - and I am talking with my professional hat on again - some premiums are quite prohibitive. If you are working in the forestry industry, for example, you will find the rate of workers compensation insurance is quite prohibitive. If you have payroll tax, you pay higher workers compensation. You have people working shifts because that's what you need to do. You can see the costs of employment are extremely high.

**Ms TETLOW** - What we have there is a quote that was typed in as reported. I don't know who the person was who responded.

**Ms HEALEY** - We kept it all confidential, so we don't know who said what.

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**Ms RATTRAY** - It talked about that two-year timeframe and the impact on a small business to settle a claim under that time.

**Ms TETLOW** - Obviously, someone has had a bad experience.

**Mr DEAN** - As a Chamber representing the businesses that are members of your organisation, do you meet with the unions? Have you discussed the penalty rate issue with the unions? They say it is a necessary evil, to use their words, and that these people deserve that for working extraordinary hours, late hours, weekends and so forth.

**Ms TETLOW** - I have met with one union, not related to this issue though. I had someone from the communications union come and speak about Australia Post and its plans. It's not that we don't meet with them. There was the comment by David Oliver from the ACTU about our submission to the Productivity Commission. The work that is being done in South Australia, for example - there are obviously more progressive and productive talks going on that are now being talked about potentially from a nationwide perspective. It seems a bit more flexible in both the employers and the unions, rather than not considering anything. You get the strong impression that at the moment the balance is too far in favour of the employees through this penalty rates system to the point where everyone is missing out, including the employees who aren't being employed.

**Mr DEAN** - Do you hear much from the employees who would like to be employed but can't be because of the excessive rates?

**Ms TETLOW** - They are not covered as members, but through anecdotal evidence - students mainly. The other point we raised was about young students, high school or college students, being unable to be employed after school, that lack of flexibility where everything is for Sydney and Melbourne. Three or four hours is a minimum. If they could start at 3.30 and finish at 5, the local newsagent, five minutes from home, wouldn't that be fabulous? It makes a lot of sense. As a kid I used to do that sort of thing. It opens up your field of vision about how business and how work works, versus not having the opportunity. Youth unemployment is the biggest issue that we have in the state at the moment and it seems like we are trying to cut their opportunities, not increase them.

**Mr DEAN** - It reminds me, my sons used to always rock up after school for their hour and a half's work. We used to give them a bit of pocket money, but they now can't do that, it is crazy.

**Ms RATTRAY** - In relation to red tape, there was a pretty big push by the state Government saying that they were going to reduce red tape for businesses. Have you seen any evidence of that?

**Ms TETLOW** - I think they are advertising to employ someone, so I think it would be part of the Coordinator-General's office.

**Ms RATTRAY** - You've seen nothing to date?

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**Ms TETLOW** - No, because I don't believe they have yet the resources in place. It was advertised a few weeks ago.

**Ms RATTRAY** - Thank you. I wondered if anything had transpired yet.

**Ms TETLOW** - Not that I am aware of.

**Ms HEALEY** - One of the other things that we have noticed - and we were criticised heavily by the union body about the fact that people have mistaken views about things - the reality is that running a small business is hard enough. To get yourself over all the regulation, all the compliance burden, make sure you pay people correctly, make sure that you lodge everything that you need to lodge on time in the right way and in the right manner, is a big burden on small businesses in particular, where they are less likely to be skilled at it. Either they have to employ professional help, which costs a lot of money, or they get it wrong, then they suffer the consequences.

It is about flexibility, not only in wage rates, but flexibility more generally and a lot of transparency and some education for business.

**Ms RATTRAY** - We don't intentionally get it wrong, Janelle.

**Ms HEALEY** - A lot of people want to do the right thing, but it is hard stuff. We refer a lot of people to IR specialists because it is just too hard. It is too hard to employ someone when there is a problem.

**CHAIR** - Thank you very much. We appreciate your efforts.

**THE WITNESSES WITHDREW.**

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**Ms ELIZABETH SKIRVING**, CHIEF EXECUTIVE OFFICER, RURAL BUSINESS TASMANIA, WAS CALLED, ADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - What you say here is covered by parliamentary privilege. However, outside it is not. The evidence you present is being recorded by *Hansard* and will be published on the committee website when it becomes available.

**Ms SKIRVING** - Thank you for inviting Rural Business Tasmania to expand upon its submission today. The Hodgman Liberal Government, in their Cultivating Prosperity in Agriculture policy, has set the target of growing the annual farmgate value of production in the state tenfold to \$10 billion per year by 2050. As documented in our submission, Rural Business Tasmania has identified four key areas that, if supported and well resourced, can deliver economic growth within the agricultural sector. We feel these will be fundamental in achieving the Government's ambitious, but achievable, target.

The four critical growth areas are: first, improving business and financial management proficiency within the sector, ensuring agribusiness operators have the skills and support to enable them to run their operation at optimal and sustainable levels. Second, access to affordable finance. Third, talent development and retention within the sector that is progressed as a priority. Lastly, access to technology and practical applications that will enable agribusiness operators to compete on the global stage.

In speaking to the first area, we encourage policy which provides professional guidance and ongoing support. The recent Bureau of Statistics' figures estimate the gross value of agricultural production in Tasmania to be \$1.2 billion. I draw your attention to the previously circulated ABS booklet about my region, specifically figure 3 on page 5. This shows 64 per cent, some 2 519 farms, contribute \$96 million, or less than 8 per cent, to this overall figure. Rural Business Tasmania propose that improved financial and business management of many of those 2 519 farms could lead to greater productivity and provide a greater contribution to the economy. In dollar terms, what could that mean? For example, by raising the average income of underperforming operations from the current estimated average of \$39,000 to \$100,000 annually, this could equate to a substantial injection of up to \$218 million to the state's economy.

So how can we realize these opportunities? The major barriers to seeking professional business support have been identified as cost and accessibility. Another challenge is actually being able to identify when things are not running as well as they possibly could or should be. Many of the smaller, more traditional family farms are struggling with the pace of change. Decision-making includes the emotional attachment the family has to the land, sometimes over six or seven generations. Many may have inherited debt as well as assets. Addressing intergenerational expectations, commodity market changes and climate impacts are piled on top of working in the business - planting, irrigating, stock management and the like - and trying to work on the business - finances, marketing, human resources and the ever-increasing administration and OH&S compliance requirements.

Rural Business Tasmania has developed two programs that collectively and practically break down the barriers and address the challenges to enable greater productivity and indeed resilience for farmers. The two programs proposed are detailed in our

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submission, but look to provide a business health management model through a case-managed approach. Rural Business Tasmania's proposed mobile small-business health clinic service, BizHealth, would visit towns and communities undertaking a diagnosis, providing treatment options, and fostering better business health. BizHealth would provide invaluable support to small business operators that currently lack access to existing mainly urban-based service providers. The case management model would ensure solid benchmarking, adherence to agreed action plans, and tracking of performance.

Our Good Better Best business and financial management coaching service takes up where BizHealth leaves off. BizHealth's GP diagnosis and treatment would be consolidated through support in specialist areas. The Good Better Best business and financial management coaching service, delivering ongoing guidance and practical support, concentrates on the four business operation areas identified as most wanting, namely business plan development, including comprehensive retrospective business analysis; financial business management; cashflow forecasting and the like; bank and creditor negotiation skills, including refinancing options; and marketing, including traditional and digital channel development. Both programs are about self-help and self-sustainability. Mutual obligation ensures ownership of the outcome, not just handouts.

Our second critical area is to ensure access to affordable finance. The rationale behind this is twofold. The first is to enable agribusiness operators access to funds for productivity enhancement, and all debt restructuring at an affordably low rate. The second is to ensure that banking products remain competitive. With regard to negotiating terms, more empathetic to considerations unique to a small business agriculture operator.

Rural Business Tasmania has long advocated for the need for reform within banking policy, particularly as it relates to the primary industries where impacting factors, such as drought and commodity fluctuations in a price-taking model, are invariably different to the corporate sector. Further review of the merits of a formalised farm debt mediation should be considered for application to Tasmania.

The complexities of these factors, and in most cases a cash-flow poor and asset-rich business, are at times not adequately accounted for in funding arrangements. The cyclic nature of agricultural commodities needs to be taken into consideration when looking at long-term funding arrangements. Cash-flow considerations are unique in the agriculture business where income can come in one large burst at harvest time, or if the crop fails, not at all, but expenditure continues to build. Contractual terms between banks and their lenders are heavily weighed in favour of the bank, with the client being exposed when they are unable to meet a change in terms.

It has been interesting to view the response of banks working in the rural sector to the Australian Government's Farm Finance Concessional Loan Scheme, whereby \$15 million per year, a total of \$30 million over two years from 2013-15, has been made available to eligible Tasmanian farm businesses. In Tasmania, some 115 expressions of interest have been received, and to date 25 concessional loans at nearly \$12 million approved. With the extension of the scheme to 30 June there are 14 expressions of interest still under consideration, which if approved would see an additional \$8 million come to the state.

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The eligibility criteria for these loans were quite narrow and also relied upon sign-off and approval from the original lender. We feel this may have impacted upon the uptake of such a scheme. In some cases, discussion between lender and bank has provided a catalyst for a rate review. In other cases, the process of going through the application has shown a vulnerability due to asset value fluctuations and exposure of agriculture businesses when holding significant debt against these assets. The requirement for a five-year business plan has been another daunting consideration for many would-be applicants to assess their business operations.

Rural Business Tasmania asserts that a state-based finance scheme that has broader eligibility, longer repayment terms - for the concessional loans it is five years - would benefit primary producers greatly, enabling a boost to productivity and to realise savings. To that end it was encouraging that in its Cultivating Prosperity in Agriculture, the Hodgman Liberal Government committed \$250 000 to develop a low-interest profit contingent loan scheme. We commend the Government on recognising the long lead time for farmers to realise profit from investment into agriculture and the difficulties this causes when trying to access commercial lending, to expand when first cash flow maybe many years away. The time is right for this proposed scheme to become a reality and we eagerly await the Government's adoption of the proposal that would see the implementation of a state-based agribusiness loan scheme that is specifically designed and targeted to cater for those existing and emerging agribusinesses in Tasmania that may not be a bankable arrangement.

Our third premise is that of future proofing our human resource. Talent development and retention within the sector is paramount, presenting and promoting clear career pathways that attract new blood to primary production. Retaining it has to form part of any economic development strategy. Supporting rural and regional areas to be vibrant and provide a community for new blood entering the industry is essential.

Businesses in rural areas need practical tools to develop ongoing work at all levels to retain and develop youth interested in remaining in the community. Vertical integration to provide a range of career pathways within Tasmania, such as undertaken by Ashgrove Cheese, which provides on-farm production and retail roles, are evident of a successful model.

We are encouraged that the Government will invest \$450 000 towards the TFGA-developed Agriculture Skills Plan. Through industry engagement a select taskforce seeks to deliver to primary industry the skills that it purports to need. We reiterate our earlier premise that investment in business management is paramount and hope that enough resources are allocated to business and financial management skills development, and that agriculture as a business is positioned with financial and business-savvy talent.

Our final critical area is in supporting innovation. In our submission we raised the importance of agribusiness operators having access to technology and practical applications that would enable them to be competitive on the global stage. A 22 per cent drop in spending on technology, advanced equipment and machinery indicate that our agribusiness operators are potentially not keeping up with innovation and technology that will enable them to stay competitive.

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A recent research project undertaken by Rural Business Tasmania in collaboration with TasTAFE, DPIWE and the Tasmanian Institute of Agriculture researched existing applications and how they could best enhance rural business decisions. The findings indicated that there were ample tools and materials but locating, assessing suitability and learning how to use these tools is sometimes difficult. We see investment in agricultural science, climate and forecasting-based technology and applications. There are a raft of applications on the market that speaks to the science of farming, but few about the business of farming.

To meet the unique climate, geographical and market challenges of the state, Rural Business Tasmania would like to see investment and collaboration in developing and implementing agribusiness and financial modelling bottom-line specific apps to the state that can be efficiently, cost effectively and practically applied to all farm businesses.

Tasmania has the opportunity to grow its economy, but it needs consistent business-savvy innovations that can be widespread. We have seen some great successes in niche products, exports and our top-end performers. To take Tasmania to the goals set out in the cultivating prosperity in agriculture policy, it needs to now translate these models to a wider audience. The majority of our agriculture industry are still price takers, reliant on the whims of big corporates. They have an immense knowledge of the practical implementation of farming, but many are conservative and not currently wishing to step outside known conditions to navigate the complexities of the opportunities that have been identified.

For example, do we have a pathway to enable a small carrot grower to negotiate an exporting contract to China and thus get a premium price for their product? In practical terms where do they start? We may have the tools at our fingertips, but can they be grasped by the majority of those small rural and regional businesses that are busy keeping their head above water and food on the table?

In summary, it is the firm opinion of Rural Business Tasmania that investment in practical business and financial management focussed services, and associated skills development, would assist fundamentally to improve agriculture business productivity and facilitate the underperforming operations to become more resilient and self sustaining. This would in turn provide the Tasmanian economy with opportunities for job growth, exports growth, increase profitability and build local communities resilience and diversity. Policy and resources that encourage the provision of such initiatives should be encouraged.

Tasmania has the natural resources and climate to capitalise on an exciting future for agriculture. This is dependent on ensuring we have practical and clear pathways to realise this opportunity. I thank you for the opportunity to address you.

**CHAIR** - Thank you, Elizabeth. It was good to see some positive suggestions coming out of your submission. We got away from the thorny issue of penalty rates for a while, that took up most of the morning, so that was good. I have a couple of questions. You talked about state-based loan schemes. The Government would probably argue that the commercial sector should provide in that respect. My contention is that with agriculture the returns are long term and therein lies a problem. Some banks have become gun. Are you talking about something like the old TDA or the old TDR?



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**Ms SKIRVING** - Yes, that was probably a little before my time, but yes, the old TDR.

*Laughter.*

**Ms SKIRVING** - That type of arrangement. We see pockets of investment with specific grants from government at the moment. This would make it more widespread so that the opportunity is made available at that majority level to get access to affordable finance in that start up and also new applicants to the industry. Some of those young farmers who we see on a daily basis, coming to us and saying, 'How do I get a start in the industry that I am so passionate about?'.

**CHAIR** - You could argue then that the Government should set up that sort of authority, or lending facility, and using that money in the form of grants to particular businesses. There has been a lot of criticism that some of those grants that are given are counterproductive. They are often inequitable and there is no proper structure and no proper business case. They are given out, let me say, as a political pork barrel.

**Ms SKIRVING** - I probably wouldn't comment on the pork barrelling side of it but certainly it is a better bang for the Government's buck as it is a repayable loan. Rural Business Tasmania is all about mutual obligation, about finding their own pathway. With a grant the money is there and it's gone. A loan is something where there are checks and balances. With any state-base loan scheme you need to have that business plan, the same as you would going to a normal commercial bank provider. You would want to have those checks and balances to make sure the actions they have said that they are going to be using those funds for were on track. Also, they are getting the professional business support to make a long-term investment in that industry, not a pretty shed that 10 years down the track might not be sustainable. Does it have the benefits tests applied to it - the labour long term, the return to the rural community that it's in?

**CHAIR** - Thank you for that.

**Ms RATTRAY** - Most of the grants that have been handed out in recent times have had employment numbers connected to them. Do you see that a loan structure like you have just presented would be more for the longer term benefit of the industry and Tasmania's economy?

**Ms SKIRVING** - Something we can learn from our Asian neighbours is planning for the long term and looking to 2050. What do we need to do to make sure that the structure is in place that we can work in a global market that is changing so quickly? Even a five-year plan these days goes in a flash. To have that longevity and something that is maintainable, with the changes in climate that we are seeing, needs to be weighed up in that cost for value investment.

**Ms RATTRAY** - Do you see a huge amount of red tape being an impediment to putting together a five-year plan? We heard this morning from the hospitality industry that their obligations, particularly as employers, change so much that it is very hard to put together a long-term plan. Do you see that in the agricultural industry or is it a little more specific to that particular industry?

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**Ms SKIRVING** - The OH&S within the agriculture industry is very important. It is probably not the amount of red tape, it is the complexity. DairyTas has what they call an 'Eskie' folder and that is what you need to employ somebody. For someone who is practical with their hands wanting to employ someone and the legislative constraints of what happens if someone gets injured is very daunting. This is particularly so for a young farmer who may not have that business acumen to go through those papers and understand what it means in practical terms. There is a need for plain English in a lot of the legislation and forms that need to be filled in. This would assist.

**Mr DEAN** - We have mentioned penalty rates and you haven't raised it, but I want to raise it. I will read from the shortened report you provided to the chairman:

We are particularly interested in the growth of the agricultural and regional areas in advancing the economy of Tasmania. We see tremendous opportunity given targeted and practical support to those business enterprises.

Do you see the current salary structures and loadings not assisting to advance the economy of Tasmania in your area of expertise?

**Ms SKIRVING** - The pastoral award is slightly different to some of the retail ones where there is some flexibility as far as hours of work.

**Mr DEAN** - I am aware of some of that, but I don't understand it all. Are you saying there is nothing in there that would impact on the economy in the future?

**Ms SKIRVING** - I think it is reasonable at the moment. I have heard there may be some changes that would impede the changing hours and that that would impact more on the penalty rates, but I am not aware of them being legislated yet.

**Ms RATTRAY** - Where is that information coming from? Is it from the Federal arena or from the union perspective?

**Ms SKIRVING** - I heard it anecdotally that there may be some changes.

**Ms RATTRAY** - Usually where there is a little bit of chatter there is probably something.

**Ms SKIRVING** - I am keeping a watch on it because that's the last thing we want at the moment. The averaging over a period that can be put into contracts enables that weekend work. That is something we have in the pastoral award that is useful at the moment.

**Ms RATTRAY** - Would it be fair to say that without that flexibility it would be very difficult for an organisation such as Clovelly in the north-east to continue to grow its herd and have any number of people required without that flexibility? That goes for any farming pursuit.

**Ms SKIRVING** - Yes, definitely. It doesn't matter which farm, the cattle don't get sick between 9-5; the irrigator doesn't run into the barn at four o'clock in the afternoon, it will

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do it at midnight when there are not many people around and you need all hands on deck. That ability to flex on and off is very important for the industry.

In relation to the rates of pay, the business managers and farm managers is an area which could be further supported, particularly with the mining boom. Quite a few farmers I spoke to said their farm managers were being paid more than the family that owned the farm, just to keep them in the state and keep them working. It is something that by encouraging and looking at the career pathways and seeing it is more than just a farmhand role and that we have enough funds to provide a sustainable wage for those people with that expertise.

**Ms RATTRAY** - In relation to people who have had a connection to agriculture in the past, have you seen any movement coming back from, say, Western Australia? I believe things have slowed a bit in the mining industry and I wondered if you have seen any evidence of people coming back to Tasmania looking for work in the area?

**Ms SKIRVING** - I haven't seen a lot to date. We are starting to see some of the younger members who have had off-farm professions - the bankers et cetera - coming back on, which is encouraging. I think it is a matter of time and seeing those opportunities. It is about enticing them back and we are starting to see that happen with that age group once they settle down somewhat and want to have that connection back to farm.

**Ms RATTRAY** - What about the transition stage of farming? It has always been an issue.

**Ms SKIRVING** - Succession planning is still a huge issue. I go out to clients and deal with access to the age pension. Getting the provisions and the structure in place early enough. Everyone leaves it till they are about to turn 65. At that stage it is too late for some of the options or they have to wait until some of those provisions come in. That family discussion and that proactive approach needs to take place early. There are cases where it happens but there are a lot of cases where it doesn't and there are a lot of people who probably hold on to the cheque book until they are older rather than handing it over earlier with that management.

In Tasmania, given that we have six and seven and probably eight generations in the one family, the real estate becomes a very complex area when you have multiple offspring. It becomes too hard, so instead of transferring the management and the succession, or the intergenerational management of the property, to get the best out of the property, the whole thing is put together and the ownership of the land and the management stays with that older generation to such time that it is harder for the younger generation to know what their expectations are, what they are investing in.

I use the example that it is two businesses, no different than a retail shop renting premises from a real estate but in the Tasmanian farming community the two are locked together and decisions are made based on those two being locked together, which means that the productivity of that land is sometimes not as good as it should be.

**Ms RATTRAY** - Is there anything you can suggest that might assist in getting people to look at that earlier? I know it happens in some areas of farming families but is there anything that might make it a conversation?

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**Ms SKIRVING** - People's understanding of the provisions with age pension, and the stamp duty exemptions for intergenerational transfer between family, needs to be better understood by the farming community. There is not anywhere apart from paid services they can go for that complex information. That is really daunting and we are about translating the Centrelink pension information so they can understand and make those family decisions to then put the legal and accounting structure in place to facilitate that. I think anything we can do to help to get access to that information in a simple form and to apply each case which is quite complex to those families would be useful. Sometimes it is about that facilitation and discussion and that is quite specialised so it is getting the family together to have those discussions and that first step is very hard for a lot of families. There are families that may ring us up and say we want to talk but then the father or the mother or the children decide it is too hard and they do not keep progressing it. Anything that can be done to encourage that discussion from an early age. I always say as soon as the child or grandchild is born those discussions should take place and they are changing all the time, but we have to facilitate those discussions and make it easier to access.

**Ms RATTRAY** - A very complex area.

**CHAIR** - It is. Elizabeth, you get funding federal and state. What is the ratio as a matter of interest?

**Ms SKIRVING** - We have three programs. Our super service, the rural financial counselling program has \$40 000 from the state government and the remainder, which has been about half a million to date, is through the Department of Agriculture. We have not had a funding increase from state Government since before 2001 so it has sat at \$40 000 since then.

**CHAIR** - Since 2001. That is interesting.

**Ms SKIRVING** - Our rural financial counselling service which is the bottom end of the market where we would look at on average around 150 clients, most of that is caused through debt difficulties. We do some complex work in providing mediation at an informal level in talking to banks, in looking at business plans and also provisions to get some of the specialty farm household allowance type of processes the Federal Government offers.

**CHAIR** - You have talked about the matter of mediation and in some other states there is legislation which mandates some mediation between -

**Ms SKIRVING** - Yes. New South Wales and Victoria both have legislated formalised debt mediation processes and the rural financial counselling service helps their clients in many of those cases. That has been quite successful as a last resort. There is flexibility in the early stages for advocates like rural financial counsellors to work with the client and the bank, but when it becomes a last resort, we have had anecdotal evidence about keeping both the bank and the client to a process which is quite time-driven so there are some outcomes coming through. The federal Minister for Agriculture, Barnaby Joyce, has a national working group looking at the options for that at the moment. We would be encouraged that Tasmania would look at that favourably.

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**CHAIR** - Given some of those other jurisdictions have that legislation in place, is that something you would like to see in Tasmania, perhaps not just applying to agriculture but to business generally, small business?

**Ms SKIRVING** - Yes. It would be very beneficial. I am having some discussions at the moment with the Department of Primary Industries in Victoria to look at their learning so we can see what model would best suit Tasmania and how that would also extend not only to core agricultural businesses but small business and the forestry sector. The issues we see, particularly with the high gearing in the forestry industry, would be beneficial to those if we had that formalised legislation.

**CHAIR** - That was very comprehensive. Anything further you would like to say, Elizabeth?

**Ms SKIRVING** - No. I think we have covered everything.

**CHAIR** - It is there. We have it all in front of us. The transcripts of this will end up with the Productivity Commission, as you understand, and they will be making the call on a lot of these issues.

**Mr DEAN** - Elizabeth, the Federal Government's Budget this year, in relation to people coming in here and working and having to pay tax and so on, is that likely to impact on the farming or your area at all?

**Ms SKIRVING** - In regards to?

**Mr DEAN** - Backpackers coming in.

**CHAIR** - You could almost go from day 1 instead of leaving that threshold for so long.

**Mr DEAN** - Yes, we need the backpackers coming in. Have you looked at that?

**Ms SKIRVING** - No. I haven't looked at that. I can review that and give you some feedback about that.

**Mr DEAN** - It has been raised and people are concerned that will impact on farmers in some big way in getting their employees at the right time and their products ready for harvesting.

**Ms SKIRVING** - That is seasonal labour. I am happy to give you some feedback on notice with that.

**Ms RATTRAY** - We are talking about 32 cents in the dollar tax, right from day 1, which has not been the case.

**Ms SKIRVING** - No. As a parting comment, I am very passionate about supporting that middle group of farmers because they are ones who have the volume to increase that productivity. Whatever we can do as a state to encourage that and support them so the whole of our agricultural industry are supported to be as productive and thrive, rather than just surviving, is important.

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**Mr DEAN** - The economy is starting to change and there is evidence to show that. What is the call on your area for support to the farmers? You would see the changes as the economy is changing, either way you would see changes, is that so?

**Ms SKIRVING** - Yes, certainly our demand has decreased with a pretty good season overall for the agricultural community. There are a few little pockets that we are seeing, but there is a bit of a time lag so it is quite interesting in our business, with drought back in 2007 and 2009 there is a five-year turnaround from an impact like that before we see the economy pick up, particularly for those who have got into quite severe financial difficulty, they would come to us for those five years. With some of the dairy farms in the north-west where they had a fairly big blip three years ago, we are just getting the tail end of that at the moment. Also, as it gets drier, and we have just had the El Nino, there are quite a few families who are saying, 'We don't want to go there again'. They are coming to us and looking at the exit side of it, some of that succession planning that is a proactive approach rather than going through a really dry patch again.

**Mr DEAN** - Just on the succession planning side of it, do you do any work in relation to the availability of the right people for working within the farming and rural area? Do you do anything in that regard?

**Ms SKIRVING** - No we haven't done any matching or anything along those lines. I think Agritas have been trying to do a little bit in the dairy industry in the north-west.

**Mr DEAN** - The reason I asked that is the fact that the dairy farms have been doing very well and we have these big dairies starting to build up, which is wonderful for the state. Some of them are saying they just don't have the personnel out there that they can call on to work in those industries.

**Ms SKIRVING** - Definitely we see that there is a shortage of skilled labour, particularly those who have the ability to be left to manage the farm or to do some of those sorts of things, what we may think of as a simple task sometimes to get that right level of skill. There is quite a lot of work to be done. The dairy industry is probably very proactive in doing that compared to some of the other industry sectors.

**CHAIR** - Let us hope that the Bureau of Meteorology is wrong with the El Nino, but it is looking very much so. I think we are unfortunately in for a challenging year coming up.

**Ms SKIRVING** - Rain dancing can be helpful.

**CHAIR** - It has always been cyclical and always like that, but it does cause issues for a lot of people like yourselves.

**Ms SKIRVING** - There are some changes in the climate that will be beneficial for Tasmania, but we have to make sure everyone is proactive in getting those resources. Some of the Federal Government changes as far as investment will hopefully start that a little bit too.

**CHAIR** - Elizabeth, on behalf of the committee, thank you so much for your submission and the proactive measures that you put in there. Hopefully some of those will be taken up.

**Ms SKIRVING** - Thank you.

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**CHAIR** - Thank you and your observer as well.

**THE WITNESS WITHDREW.**

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**Mr PAUL GRIFFIN**, GENERAL SECRETARY, SHOP DISTRIBUTIVE AND ALLIED EMPLOYEES ASSOCIATION (SDA), WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED

**CHAIR** - Welcome to the hearing. You are protected by parliamentary privilege in what you say within the committee, however outside that privilege is not afforded you. The hearing is being recorded for *Hansard* and will be on the public website later. Thank you very much for your written submission. I invite you to speak to that submission and then we can have some questions.

**Mr GRIFFIN** - Thank you very much. I am the general secretary of the shop assistants union, the Shop Distributive and Allied Employees Association, and we cover approximately 6 000 members across the state in retail, fast food, a small part of the hospitality industry, and warehousing as well. Most if not all of those industries are covered by the modern award system and in addition to that would be enterprise agreements that the union would have negotiated with those particular employers.

The union covers those employees who are in those industries I mentioned and ensures that they meet the minimum standards set down in the award modernisation process. This process is currently under review, as it is every two years. I would have to say that the primary reason I have made a submission today is because of what I have seen over the past couple of years with the attack on penalty rates. There have been quite a few reports made by employer groups, it has been on talkback radio, and people have made their view clear that they consider penalty rates for employees in those industries a burden to productivity in Tasmania and a burden to businesses flourishing.

I would like to respond in saying that this is not a new phenomenon. Penalty rates have been in Tasmania since well before the 1970s in one form or another. During that process there has been a considerable number of wage fixation systems, which goes right back to the harvester decision in 1908 whereby an employee would be able to take home a minimum wage to his family. The family was defined as a wife and two children - I have heard it may have been four children - but it was basically to assist a man and his family to have a minimum income.

Through those wage fixation systems the minimums have been retained. Basically they have kept that particular system retained. If we go back to the 1970s, industry had to go out on its own because they had a particular award and they had to negotiate or take particular action, whatever it might be, in order to improve wages and conditions. In the 1980s we had a centralised wage fixation system whereby the Industrial Commission set the wages for industry from there. In the early 1990s the Hawke/Keating government put in place an enterprise bargaining system which we are currently still under. The SDA has been under whatever legislation has been in control during those years and we have abided by that legislation, in this case enterprise agreements.

The union recognises, as do the employer groups in order to advance their particular industry, that productivity is a key factor, given that such productivity growth has been increasing for 23 consecutive quarters. Various factors influence productivity and although there has been a slowdown due to the fall of the mining boom, it is unreasonable to suggest that this is due to an overall decline in labour productivity.



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A recent report by the Fair Work Commission shows that labour productivity has remained steady or increased in the past year for 85 per cent of enterprises. When I say enterprises, that is across the board, not just the industries I am related to. In this period there have been wage increases that have not impacted on productivity. Productivity of enterprises is a key feature of enterprise negotiations of which the SDA is part. The SDA negotiates enterprise agreements with many companies and these employers relate to some of the largest employers to small retail business - restaurants and takeaway food in Tasmania. Such enterprise agreements, as an addition to the award system, allow the employers and the SDA to negotiate individual flexibility arrangements that meet the best-off overall test.

Flexibility in the workplace often means different things to employers than it does to employees. On occasion, employers consider flexibility to be a means of stripping away of employment conditions to enable use of labour as they see fit. In the retail industry enterprise agreements have led to employers negotiating ranges of flexibilities, such as buying out of penalty rates, shift and roster flexibilities, alternative means of exercising leave options, et cetera. These are negotiated on meeting the needs of the business whilst safeguarding the rights and needs of employees. If flexibility is used to erode a fair safety net of wages and conditions, damage occurs to workplace harmony and productivity as well as the social fabric and prosperity of society. A prosperous workplace relations system can only be achieved when it is recognised that we live in a society of which the economy is only one aspect.

The SDA in Tasmania considers penalty rates an integral part of the wages system and is opposed to any abolition or reduction of such penalty rates. Where unsociable hours have been worked on evenings, nights and weekends, a higher component in wages has applied for all those years I spoke about earlier with regard to whatever wage fixation system has been in place. Penalty rates in retail, fast food and hospitality are not a recent phenomenon and have applied to many low-paid workers for the bulk of their life. Those workers have been particularly in retail. They have left school and maybe have had breaks when they have had family, but have come back to that industry. They have used penalty rates in a way that increases their living standards as far as their families are concerned.

Recently the national office of the SDA submitted to the Productivity Commission that a retail worker could lose up to \$300 per week if their penalty rates were removed. This was taken through the Victorian government. They did a survey and some calculations and that was the result they came back with. I think it came down to more than 25 per cent of their weekly wage, or income.

It should be remembered that in 2002, upon the deregulation of shop trading hours by the Tasmanian government, at no stage did employees link such deregulation to the removal of penalty rates applying to Sundays and public holidays.

I have been general secretary of the union for just under 29 years. I involved myself as best I could in respect of the deregulation of shop trading hours from 2001-02. It was one of the major and deep concerns of our employees that this would be the prelude to the deregulation, dropping back or reduction of penalty rates. It was important we were able to sustain that the penalty rates would remain in the award system. At that time it

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was a state industrial system as opposed to the national award arrangement we have had since 2010.

We were able to get a positive acknowledgment from government and employers at the time that the reduction of penalty rates would not be part of this deregulation of shop trading hours. If the committee wanted some proof of that, I am able to provide that through those employee groups. I use that as a support to my submission today, that it was recognised in those times that penalty rates were not a matter of holding back business. At the time I think the minister for infrastructure was Paul Lennon, and his move at the time, which he so often brought to me, was that business needed to have deregulation of shop trading hours in Tasmania. We were able to protect our members through the process in order that it was voluntary employment to work on Sunday and public holidays.

If I can hark back to the early 1990s, there was a move by the Tasmanian Chamber of Industries to remove penalty rates from the award system at the time. It was a full bench hearing and it evolved that penalty rates would be frozen, therefore no employee would be hurt in respect of their wages. What we saw over that period from 1991-92, as I recall, was that those rates on Thursday and Friday nights where shop trading hours were available, were frozen. They did not receive any wage increases from that time on, however it was also written into that decision that when the rate equalled time-and-a-quarter on Thursday and Friday nights and double time on Saturdays and Sundays, the union had the right to go back to the commission to argue that those penalties of time-and-a-quarter and time-and-a-half and double time could be heard and may be reapplied. In 2006, when those rates equalised, we made application to the Industrial Commission. There was little opposition at the time from the TCCI and other employer groups that were represented, and those penalties were inserted once again into the retail trades award and other awards.

There are some elements in industries of hospitality, fast food, and retail whereby they are saying penalty rates are a cause of reducing profitability. It has been said they are refusing to open at those times because they are losing money. I find that fairly hard to understand because such rates have always been there. I see when events occur here in Launceston, such as when Hawthorn are playing here - this town is so much alive compared to what it would be on most other weekends. I don't hear too many complaints about the penalty rates at that time because I'm sure any business that was open should be able to make a killing. I think they have done. I think restaurants, cafes, accommodation, when we've had the events in Launceston, have really been able to profit from those particular events.

When they are not occurring, are people going to come out to go to cafes and restaurants on particular days? Maybe they do other things. I'm just concerned that some of the Press, or what the media push out, is saying that the town is dead or whatever. There are many reasons why the CBD may not have as many people accommodating it over weekends. We just have to look in suburbia. Their shopping centres provide just about anything you might require, any shopping centre such as Kings Meadows or Mowbray. In Hobart, you have Eastlands - all those particular areas.

There is a fair proportion of the spending public such that if wages are driven down and people haven't got wages or money to spend, it does break down the economy. We talk

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here of growing Tasmania's economy. Employees, our own residents, have to have money to spend. I recall many years ago when I first came into the industry there was a push to take away the annual leave loading of 17.5 per cent. I believe maybe that when that first came in there was probably good reason why it came in. But then of course it flowed across all industries. The reason was for shift workers, so they'd retain the same amount of income, as you people would know. When the report was made and investigations were made - this was a national arrangement to remove annual leave loading - they found that there would be so much removed from the actual spending of the general public. I know my members, their annual leave loading, 17.5 per cent, is three or four hundred dollars and they will spend it. It might be a bike for one of the children. It might be accommodation to go for a holiday. The money is spent back into the economy.

I say the same thing is used with our penalty rates. Employees use that as part of their income. That is their disposable income at the end of the week. Many of our members live from week to week. They have children they send to school. From week to week they work overtime. Yes, there is a public holiday coming, any of those public holidays might be, so I can earn some extra money. That will help pay for some of the books.

I think it's important that it's not disregarded that this money will be retained by employers. There is a lot of speculation it will create more jobs. It most likely will, but how much is taken out of the general spending of the public? I think it's important that we have industry - particularly low-paid industries such as fast food, retail, hospitality - where their wages are maintained. Tasmania is a unique wonderful place, as we all know. From time to time we negotiate our enterprise agreements with the major companies such as Woolworths and Coles and whatever. The smallest one there would be 3 per cent of the whole income but people say, 'Oh Tasmania, yes, I was there some years ago and we went here, there and everywhere'. This state is so well spoken of, even little places that even I have not been to. We are very proud of this state and it is important that the workers in Tasmania maintain the same rate of pay as they may be getting in other states. There is concern here about how our families and young people are leaving the state. We need to have skilled people in these areas. If we are going to have tourism we have to have skilled people and they have to be paid reasonably well.

**CHAIR** - Thanks very much for that. As you say, it is about opportunities and any obstacles which may be there.

I have to say that in none of the submissions we received that I have seen is there talk about removing penalty rates, but some submissions have talked about better ways of doing business. On that note, I think your union in South Australia is in negotiation or talking with Business South Australia about different ways of doing business with regard to penalty rates per se. Could you elaborate on that?

**Mr GRIFFIN** - You are correct, Chair, it was in South Australia. There are two aspects on why South Australia went down that path. In the mid-1990s the South Australian retail award removed the late-night penalties in the retail industry and I think the Saturday penalties were reduced considerably in return for the elevation of the base rate of pay. In effect it bought out the penalties for those times, so irrespective of whether you worked Monday to Friday or Thursday to Saturday, you still received that higher rate of pay. It was indeed a win-win situation for employees and employers because they were not

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paying additional penalties for those Saturdays because they were closed on Sundays, as I recall.

What you are referring to, Chair, is what happened on that occasion. Under the current modern award system they have set up a template whereby an employer from Business South Australia may go with an employer and its employees but in return for any penalties, and I think Saturday was reduced from time-and-a-half or 100 per cent, Sundays went from 200 per cent to 150 per cent, and I think for late nights which were time-and-a-quarter, the 25 per cent was taken out. However, from the minimum base rate of \$703.90, the minimum award under the modern award process, there was an immediate \$60 wage increase, so it went from \$703 to \$760. What has come out of that is that to my knowledge there has not been an employer take up that particular arrangement and in fact there has been a media release that quite a number of employers in South Australia believe it would be too expensive for them to take up that template.

I know that one or two employers in Tasmania have made similar statements if that were to occur in Tasmania. The media jumped on it, as we know, and believed it might be something that could happen here in this state. It is important that everyone understands that there is opportunity to vary penalty rates through that system, but through the modern award system there is the BOO test, the Best-Off Overall test. In regard to that template there can be variations as to how the modern award might be, but at the end of the day the employee is not to be any worse off than if he had been under that modern award process. The arrangement that was set up in South Australia will not be any less than what is currently available under the current general retail modern award.

**CHAIR** - Does the 17.5 per cent leave loading still go right across all industries?

**Mr GRIFFIN** - Yes.

**CHAIR** - We had some indication that it wasn't, but it goes right across all private sector employees and the public sector as well?

**Mr GRIFFIN** - My understanding is that it still remains in the public sector. The public sector arrangements are still state-based and we are under the federal national award system. The 17.5 per cent loading can still be put in under flexibility arrangements. There are flexibility agreements where there is the base rate of employment, each week is much higher, but subsequently they may not incorporate such loadings as 17.5 per cent and those things.

**CHAIR** - I understand that.

**Mr GRIFFIN** - It is basically a buy-out.

**Mrs ARMITAGE** - We heard this morning from some of the people at the hearing that while penalty rates help some people who need the money, if these businesses close on those days they are getting nothing. What comment would you make to people who say, 'Okay, they may want penalty rates but the business can't afford to open', so instead of getting an increased wage they are getting nothing at all?

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**Mr GRIFFIN** - It is a very good point. As I have already alluded to, such penalties are not new; they have been in the award process right through. Now it has come about that some businesses are saying they are unable to make a profit out of their business because of penalty rates. I am surprised at that and I suppose whether penalty rates are there or not it depends on the numbers coming through the door. As I mentioned previously, when there is a big event in Launceston the restaurants and cafes are very busy indeed. I am sure those businesses are happy with the results of those days, as they should be.

**Mrs ARMITAGE** - I am not so sure they are. I recall in the paper, I think it may have been 18 months ago, Pierre's Restaurant saying on a busy day they were one of the few that opened and while they picked up quite a lot of money it still ended up costing them quite a lot. I think the same can be said with football. I just wonder what your opinion is with football, depending on whether they play on a Saturday or a Sunday. If a business is normally not open on a Sunday or a certain day, to all of a sudden open when people aren't expecting them to be open and that makes it difficult to know that you are going to get those people through your door. Do you see that as a problem for the businesses, that if they could be open every Sunday then you could say those staff are getting paid every Sunday? Whereas, if it is a football game three or four times a year, to open and maybe just break even, the staff we are talking about would be getting more money because of every Sunday. The argument was that it wasn't about paying out penalty rates, it was about adjusting penalty rates and I am not going one way or the other. I am wondering what your thoughts are - that to open on a random day is not going to help a lot of people because they are not going to know they are open.

**Mr GRIFFIN** - That is true. I recall Pierre's restaurant opening on Good Friday and I am not sure the shop trading rules allow that but they had a number of employees to do that. What they responded with would have to be worthy, it would not be something that someone from my ilk could say it is all tied up because I believe KPMG did the assessment of it. They didn't deny that it was a reasonably successful day, that there were enough clients.

**Mrs ARMITAGE** - But they still lost money.

**Mr GRIFFIN** - Apparently, yes. I don't fully understand how that might happen. I am not saying it didn't. If we look at the current fast food award, the rates of pay, there are juniors within those rates. So often we see where penalties are killings us and it costs us \$45 to make a cup of coffee and that is extreme. Those employees don't make one cup of coffee an hour for \$45.

We have approximately 600 members in fast food around the state and the majority of those members are in the range of 15 to 19-year-olds. An hourly rate under the modern award for a 15-year-old is \$7.91. On Saturdays it is time plus 25 per cent, around \$10 an hour. It goes up after that and to a 19-year-old it is about \$16.40. Those rates, even when penalties are applied, are not where you are going to make a fortune as an employee.

**Mrs ARMITAGE** - Do you think fast food is a bit different to the restaurants? One of the restaurants we heard from today was saying, in winter particularly, it is very difficult to make a living. On a Sunday, if you are paying your staff, and I accept the Pierre's one, what would your comment be with Pierre's? For example, the more people you get in,

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the more staff you need, and the more money your are paying. I accept what they said even though it was difficult to look at the figures. In winter, to open on a Sunday, do you think it would be better for staff to get some money than no money? That is the question we have been asked today, so I am putting it back to you.

**Mr GRIFFIN** - I understand your question and it is a good question. You have to look further and ask is that such a good thing and what is some money, \$3 an hour, \$5 an hour?

**Mrs ARMITAGE** - No, we are talking about award money and as has been broached with us today, that there could be some adjustment as has happened in South Australia.

**Mr GRIFFIN** - Yes, but in respect of South Australia there was another adjustment. It wasn't just going back to the flat rate, it did go up.

**Mrs ARMITAGE** - I appreciate that. What do you think about something like that, where people are getting some income to allow some of these businesses to open on a Sunday that currently aren't opening?

**Mr GRIFFIN** - They are getting some income. You have to be entirely sure, in the long term and overall, that you are not going down a path of underpaid employees. It is all very well to come back to the base rate. There are reasons why those particular rates are paid outside of the normal Monday to Friday employees. It is time whereby people miss out on being able to be with their families.

**Mrs ARMITAGE** - Sorry to interrupt you, but do you think we are still a nine to five society?

**Mr GRIFFIN** - Apparently we are. My understanding is that a survey was made in 1998 and the nine to five percentage was about 69 per cent of workers, working Monday to Friday. Then some seven or eight years later - in 2006 or 2007 - in fact I think it is later than that, it is 2012 - the range of people working Monday to Friday had dropped to 68.2 per cent. We still have the majority of people working in that time zone.

**Mrs ARMITAGE** - But we do have an expectation that if we want to go to the supermarket that it will be open, whatever the time. I know in my family of eight people, not one of the eight works nine to five.

**Mr GRIFFIN** - A lot of that came about because of the deregulation of shop trading hours. Even before then you could go to your supermarket on a Thursday and a Friday night until nine o'clock at night. There were penalties in place at that time. The only time that there was an attack on the penalty rates was back in the early 1990s. That was the TCCI, they launched to the Industrial Commission. It ended up with basically a three-way agreement that was made between the TCCI, the SDA union and the Industrial Commission, that those wage rates were frozen until they came about, then they came back in.

There has not been any attack or any way that employers have said penalty rates are the bane of our operations. Although we find - and I hear it on talkback radio - that it costs \$40 - some of them even said it costs \$50 - to make a cup of coffee. That is not

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necessarily the case, that is the extreme that might happen. To come back to Pierre's, if I remember correctly, he said it was \$6000 he had to pay out that particular person. I have some sympathy for that. But I haven't looked into it or seen the report.

**CHAIR** - I think the issue was that they opened on a public holiday deliberately. They advertised for lunch, dinner. They were full up, oversubscribed, so they opened for the whole day. KPMG audited the whole thing and they lost. At the end of it all they had a loss of several thousand dollars for opening on a public holiday, where they had to pay double time or whatever. That was the bottom line.

**Mrs ARMITAGE** - They also had people, I believe, that may have been rostered off and they had to be paid, as well as the people who came on. I think that was one of those issues. When people have a rostered day off on a public holiday they have to be paid and the replacement has to be paid. I think that brought some extra cash in.

**Mr GRIFFIN** - As part of that KPMG, not only were those particular people paid the appropriate penalty, and being Good Friday it would have been double time and a half shall we say, but they also had another day off. Under the award my understanding is that is not the case.

**Mrs ARMITAGE** - If it is their rostered day off it is.

**Mr GRIFFIN** - If it is a rostered day off it would be.

**Mrs ARMITAGE** - Good Friday is normally a rostered day off.

**Mr GRIFFIN** - My understanding was that they were all given another day off as well as the penalty they get.

**Mrs ARMITAGE** - It was just those; that was their day because they had to be then given that extra day to make up for their rostered day off.

**Mr GRIFFIN** - If that was the case, I must have misread it. I thought that they had all been allocated another day off.

**Mrs ARMITAGE** - I don't think so. We heard that this morning about rostered days off.

**CHAIR** - On that 9 a.m. to 5 p.m. participation rate, you talked about 68 per cent, does that include the public sector as well? Does that include the whole Australian workforce or does it just include the private sector?

**Mr GRIFFIN** - My understanding is that it was the whole of the workforce. I need to get some clarification on that, but that is how I understood it. I believe it was across the board.

**Ms RATTRAY** - I don't represent any large areas of employment opportunities, most of mine are very small, and I continue to hear the struggle for small business. I instance the east coast where at particular times it is quite busy with visiting people into the area, but a lot of times it is very quiet. Do you have any examples of where small business is struggling and has mentioned to you that they are not sure how long they can continue

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with penalty rate obligations? Do you have any sort of information that might support that?

**Mr GRIFFIN** - I do, a small business operation where I do my own fuel and whatever it might be. I do know that particular person says, 'I work Saturday and Sunday because I am unable to afford to pay people'. He has Monday and Tuesday or whatever. I have heard this argument for nearly 30 years. Whether it has been in the form of - not as a joke - just the usual banter, for example, 'Oh, yeah, but you fellas are why we have to pay so much'. Now it is a very serious matter whereby employer's find that it is, in their view, more difficult now than it has been. I can only presume that. This to me, particularly in retail, is the first time that any application has been put forward so strongly in order to either reduce or remove penalties in that area. The bulk of our membership of the SDA is retail, but we do have members, as I have outlined, in fast food.

**Ms RATTRAY** - And hospitality.

**Mr GRIFFIN** - To a smaller extent in hospitality. It is important that we ensure that they are still very much, those people, living from week to week and these are part of their income. I hate to see this might just be the hospitality area whereby penalty rates are reduced or taken away.

**Ms RATTRAY** - I don't think anyone is talking about taking anything away. It's a potential restructure.

**Mr GRIFFIN** - Officially and through these means that is correct. It has gained so much momentum, whether on talkback radio or in the media, they are the words being used. I understand what you are saying, though.

**Ms RATTRAY** - Paul, it's been suggested that particularly in Tasmania we are very fortunate with the number of public holidays provided - in the order of 11. We live and work in a global mindset now, and the USA, for instance, has five public holidays. Do you have any comment about the number of public holidays we are fortunate to have?

**Mr GRIFFIN** - Public holidays have been an aspect for quite a number of years, and in particular our industry. There has not been any increase in the number of public holidays. There was a test case during the 1990s that awarded 10 public holidays plus one. Although we have more public holidays in this state, only 11 should be applicable to every worker. I talk about where we have Recreation Day in Launceston in November and it doesn't apply in Hobart, and Regatta Day in Hobart in January. No-one should legally receive both days, unless they are working in those areas, I suppose. Under the award they are only applicable to those 10 plus one. That was the decision that came out in the early 1990s. As we know now in Victoria there is an additional two holidays as opposed to the 11 they had. One is the day before the AFL grand final and Easter Sunday is a public holiday now. As an individual I am nonplussed as to why there is a holiday prior to the AFL grand final.

**Mr HALL** - Are you sure that's right, Paul? I have been in Melbourne that day and everything is open.



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**Mr GRIFFIN** - Yes. The day prior to the AFL grand final is a holiday as of 1 July this year. With the deregulation of shop trading hours, Easter Sunday in Tasmania is not a public holiday and in my view it should be because of the significance of the day.

**Ms RATTRAY** - As to the north and south public holidays, do you have a view about whether Tasmania should be consistent with their holidays? Sometimes you are trying to ring the south of the state and the penny drops and you realise there is nobody working.

**Mr GRIFFIN** - I believe there should be some consistency. I recall back in the late 1990s the TCCI put up a fairly solid case at the time in order to get that consistency, but it didn't seem to go anywhere. I would not be dismayed, whether it is Recreation Day or Regatta Day, one or the other.

**Mr GAFFNEY** - Or neither.

**Mr GRIFFIN** - No, I do not believe it is of any benefit reducing the number of public holidays. In harmonising them throughout the state I agree with you in respect of -

**Ms RATTRAY** - Joining business in a state.

**Mr GRIFFIN** - Yes. I suppose for that matter, and I agree with what you are saying, if you ring up Hobart and they are closed, but the same thing can happen with other states. We have Labour Day on the second Monday now in June and in other states you will find that it might be in November or February or whatever, say in New South Wales or Queensland or Western Australia.

**Mrs ARMITAGE** - The Queen's Birthday.

**Mr GRIFFIN** - Yes, that is another example.

**Mrs ARMITAGE** - Particularly when her birthday is in April.

**Mr GRIFFIN** - I have no issue with harmonisation of public holidays.

**Ms RATTRAY** - I was just interested in your view.

**Mr FARRELL** - Paul, I am wondering with your members, and it was certainly the case when I was a shift worker and probably was the case when Mr Dean was a policeman, when you first get these jobs it is quite often part of the package. They say you will work these days but every now and again you will get a Saturday or a Sunday shift or you will get so many night shifts and that will mean that you are earning so much more money. It is done as part of an informal negotiation in lots of ways and people begin to rely on that overtime as part of their wage structure.

Do you think there would be any better way of doing that? Do you think maybe the base rate might be too low and that is what has caused this over the years, that it is done as part of their wage package?

**Mr GRIFFIN** - Yes, I believe that is correct, the wage has been too low. If we go back many, if not all of us, can remember when the majority of society did work Monday to

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Saturday. I remember as a kid growing up just about everything was shut on Sundays, let alone a game of football being on. That is where shift workers received their allowances for good reason because they were working outside the normal hours. Of course that was through the night and we talk of places like Comalco and indeed, Mr Dean, you say as a policeman. They were good reasons and in our view remain still good reasons that they should be retained.

One of the things that we continue to negotiate with employers in enterprise agreements through enterprise bargaining, is that employees are able to access a weekend. It was one in four now; in some we have been able to negotiate they are able to get two weekends in four in order to get some social time et cetera.

**Mr FARRELL** - I imagine that is more important. You would have a lot of younger family people as members of your union. I know that it is fairly important for families whose children do sport that they have the Saturdays or the Sundays, or sometimes both days, for children's sports. I suppose that is something they have to balance up, whether you take the money or the box, so to speak.

**Mr GRIFFIN** - Yes, that is right. I take note, Mr Hall, you mentioned, and I think you did too, Tania, that there is no talk of taking away or that penalty rates will be gone. There is the next step. Hypothetically, let's say if penalty rates are reduced to such an extent or eventually they maybe go, you then have to have the people to work those hours. Much of the inducement of people who work those hours or work on public holidays is the fact that they get some extra money. They like to work the public holidays and Sundays. When they get those times off that I mentioned previously, nearly all them spend it in some form or another. We talk about growing the economy - it's very good, yes, let's get the tourism. Let's get people coming into Tasmania. We see the Asian influence. That will be very important for the state. Overall, our basic community, they are the people that spend the money. We need to have the money coming in to be put into the economy in certain areas.

**Ms RATTRAY** - Paul, have you got any evidence to back up to say that it's mostly the young ones working on the weekends? A lot of the young ones I know don't want to work weekends. They want to be social every weekend, not one in four. Anyway, I might know different people to you. I just thought mostly it's the ones with more commitment -

**Mr GRIFFIN** - No. Look, there is certainly that. If I can just make an aside, I hear that on a Saturday morning or a Sunday morning some people haven't turned up for work. They say, 'I've been given a final warning.' So you try to bat for those people. No, it's not just the young people. Perhaps I was a bit too - on that, it is across the board. Many of our members are middle-aged, or not even that age, but to the point where they have children, as you were mentioning. They look towards their children.

I go into the tearooms and I ask them questions, 'When do you finish today?' 'I've got a late night tonight. It doesn't matter because I've got Saturday morning off and I'll be able to go and see Tommy play footy.' They are the comments I hear.

**CHAIR** - Paul, you touched on tourism just a while ago as one of the aspects of growing Tasmania's economy. I put it to you that even this last year with the increase in tourists, I know people who came down from Queensland, people who came from overseas, they

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travelled around. In particular I'm talking more about regional areas, where so many places aren't open. Even to get a cup of coffee at 5 o'clock in Swansea, for example, they're not open. You ask why aren't they open, and the reason they're not open is that they're having to pay overtime, that sort of thing.

So there is an issue. A balance that has to be struck there, particularly for regional Tasmania which is still - as you point out in your submission, Hobart is doing okay. But then again, Hobart is the seat of the public service and all of that. You have almost a two-speed economy, so how do you try to balance some of that up? Do you see what I'm getting at?

**Mr GRIFFIN** - Yes, I do. For what it's worth, I live just out of Launceston. Quite often cars will stop and drivers say, 'Where can I get some fuel?', or whatever. Where I am the service station closes at 4 o'clock on a Sunday. He closes at 4 o'clock on a Sunday because he said, 'Hardly anyone ever comes after that. That's why I'm not open.' Yes, we will find the isolated people who, yes, they would like a cup of coffee at 5 o'clock on a Sunday in Swansea. Does it warrant the person to be open until that time or later? Is there going to be an influx of so many people? But I certainly take your point.

**CHAIR** - We are running short of time.

**Mr DEAN** - Paul, you've talked about the penalty rates, and you mentioned that since the 1970s we've had penalty rates. I think you're really saying this has all of a sudden become an issue. Would you agree that since the 1970s though there have been increases and changes in the penalty rates and the other rates, and the working after 8 o'clock or 7 o'clock at night and when working after 10 o'clock you are entitled to more and all of these other changes that have occurred since the 1970s, would you agree that that has happened?

**Mr GRIFFIN** - To a certain point. If we remember back in the 1970s shops shut at midday in Launceston. In fact, I don't think they opened in Launceston. I think they were opened until midday in Hobart first in the early 1970s. That was up until the 1980s and then shops closed at 12 o'clock on Saturday and they were open until 9 o'clock on Thursday and Friday nights. When they closed at midday on Saturday they were not able to open until 7 a.m. Monday morning. There were penalties at that time if you worked overtime, but the shops were not able to open.

It was not until 1994, I think it was when Ray Groom was Premier, that all day Saturday trading came in. There was still a penalty for working on Saturday at that time. They have changed over the period, perhaps not quite to the extent that we might have thought given that it was such a fairly long period.

**Mr DEAN** - That is something I need to look at a bit closer and do more research. Just on the matter raised by Craig in relation to the police service where penalty rates and double time was killing the police service with funding. They saw fit back in the late eighties, where they negotiated a position that they would do away with penalty rates and simply increased the basic salary to get rid of the nonsense. It was found that nobody was having a sick day on a double time day, nobody was having a sick day on a time and a half day, the sick days happened to be at all other times. Some Government departments have done that - and I think Rosemary raised it - that there is now a time for an increase

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perhaps of the basic salary to get away from all the penalty rates and other rates that have now come in. Do you see that there is a need for that?

**Mr GRIFFIN** - Yes, but under the current system that is available now.

**Mr DEAN** - Is it?

**Mr GRIFFIN** - Under the award modernisation process there are penalties, double time on Sunday, time and a half on Saturday and double time and a half for public holidays. If you did a flexibility arrangement, which you can do with your employer, and as long as I say it passes the best off overall test, which in essence is perhaps what you are saying might have occurred or has occurred in the police force. They have lifted the base rate and they have bought out those penalties at times like after dark. Those individual flexibility arrangements can be applied. That basically goes back to the template that you referred to that has happened in South Australia.

**Mr DEAN** - There has been evidence given and I'm aware of many retail places in this state - a number of restaurants - that only open on a public holiday because they engage family. That is the only reason. There is one just down the street, a very popular restaurant that does that. They only employ family on public holidays and those other penalty rate times. Do you look at those situations? What happens there in the payment of salaries and so on, are they able to do that?

**Mr GRIFFIN** - I understand that it does occur. I haven't been involved officially as the union in relation to those stores.

**Mr DEAN** - I am saying good on these businesses for doing it. I am not opposed to it.

**Mr GRIFFIN** - They run their business as they see fit. I find that interesting. Last year, probably about August, I went to a leading restaurant in Launceston. It was a Monday night and it was very well patronised, which surprised me. There were two people who served the tables. They did it without haste, without fluster. Everyone was happy. It was about the same time as this report came out from Pierre's. It made me wonder how, on that particular occasion, that that businesses ended up paying out \$6000.

**Mrs ARMITAGE** - Monday night is no penalty rates.

**Mr GRIFFIN** - There were two people and they would have served 50 people.

**Mrs ARMITAGE** - With respect, I don't think two people could serve 50 people, but I won't go there.

**Mr DEAN** - A lot of your people are saying that we would prefer to work rather than the business close and then not be able to work. Mums, who can only work at certain times because of the family situation, are saying we want a job but we can't if the business is closed. Does that concern you? Do you have an interest in it?

**Mr GRIFFIN** - I certainly take that on board.

**Mr DEAN** - It is out there, Paul.

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**Mr GRIFFIN** - I am not doubting you, Mr Dean. But there are restaurants and cafes that don't open because they wish to do other things. It is not because they have to pay.

**Mr DEAN** - That's possible, I don't disagree with that.

**Mr FARRELL** - There is a different rate between weekends and public holidays. Some of it is time and a half, double time and double time and a half. I remember from my own experience it was far more convenient to work on a Sunday than it was on a Saturday. That worked out really well because Sunday was double time and Saturday was only time and a half. Do you think there is any room to look at a single overtime rate or a single penalty rate? Now we are in a seven day a week cycle, one day has no more strength than another day.

**Mr GRIFFIN** - I understand what you are saying. In 2012 there was a review of the modern award process, industry process. The SDA union put forward submissions in regard to retaining the current penalty rate system as it was and now is. The Fair Work Commission at the time heard applications and submissions from a considerable number of employer groups, including the Australian Retailers Association and ACCI. In its decision the Fair Work Commission decided that penalty rates would be retained as they were.

At the end of this current review they said, 'We hear what the employer groups have submitted, and at the next review, if they want to resubmit any other arguments, they can', which we found a little bit confusing. We are going through the same process. There was and is good reason as to how those rates are set for particular times as to how people might be affected in the areas they are in.

**Mrs ARMITAGE** - You mentioned two to 50 people in a restaurant. Is there a quota that you, as a union, think people should have to work? If you had two to 50 people in an establishment, do you, as a union person representing these people, think it is fair that one person would have to try to look after 25 people with drinks and food, and is that possible?

**Mr GRIFFIN** - I know I didn't have too much to drink that night and couldn't count people.

**Mrs ARMITAGE** - But for a union person, do you think that is fair? You were just saying they don't need to employ that many people and if two people can cope with 50 customers they should be able to do it.

**Mr GRIFFIN** - No, I wasn't going down the path that there ought to be a reduction in employees to cater for -

**Mrs ARMITAGE** - I took that from you saying that they coped okay with two people to 50, so why are these others complaining? You did say that.

**Mr GRIFFIN** - I haven't seen that report KPMG did for Pierre's, so not at any stage did I see how many people they employed on the day. The point I am making is I am sure they would have made a handsome profit, even though it was with penalty rates, as you rightly say.

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**Mrs ARMITAGE** - It might have been two staff and two family members working very hard. My last question is about bank holidays. Tasmania is the only state that has the Tuesday bank holiday. Do you think it is appropriate to keep the bank holiday in Tasmania on a Tuesday when most people are working?

**Mr GRIFFIN** - I go back to what I spoke about before in the harmonisation of holidays. What we find on the bank holidays is that none of my members receive any of those.

**Mrs ARMITAGE** - Do you think that should still be there or do you think that should be gone?

**Mr GRIFFIN** - I'd only say that if it should still be there so should others have the opportunity to take those days.

**Mrs ARMITAGE** - In other words, if the others don't maybe it should no longer be there?

**Mr GRIFFIN** - Yes. One way or the other. It goes back to the system because of the public holidays. In Tasmania there is an act for public holidays and you also have the Launceston Cup Day half-day. Years ago everyone had it and then, surprisingly, I think it was Michael Kent at the time, decided it was not a gazetted public holiday or half-day, so none in those areas get those public holidays, even though they have to shut because of the bank holiday.

**Mr DEAN** - Has your union or you ever done a survey of the businesses in which your members work to ascertain their positions and to find out how they are doing in their businesses?

**Mr GRIFFIN** - Not of the businesses, but I have done a survey on our members.

**CHAIR** - Thank you very much, Paul. We appreciate your contributions and your written submission and what you have done with those. It has been very interesting. As you are probably aware, this committee is taking evidence, will make some observations and then passing the whole lot across to the Productivity Commission. It is their purview to make any recommendations they might make to the Federal Government. We have it all there. It has let people get things off their chest and that is where we sit. We will not be making recommendation per se.

**Mr GRIFFIN** - Thank you. That does clarify it a little more for me.

**CHAIR** - Thank you very much for your time.

**Mr GRIFFIN** - Thank you for allowing me to make my submission.

**THE WITNESS WITHDREW.**

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**Ms MELINDA KING**, POLICY ADVISER, TASMANIAN FARMERS AND GRAZIER ASSOCIATION, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Welcome to the hearing, Mel. You are protected by parliamentary privilege during this hearing but outside you may not be afforded such privilege. The evidence is being recorded on *Hansard*. We have your submission so I will ask you to speak to that and then we will ask some questions.

**Ms KING** - I understand the main thrust of your inquiry was around the employment laws but had a wider purview, so that's the way we have treated it. As you would be aware, there is a lot of evidence to say agriculture is going to keep improving in the state and growing stronger. We believe that given the right circumstances the world is our oyster, so to speak. There are a number of main areas we have included in this submission as part of our viewpoint but they're certainly not exhaustive by any means, as you can imagine.

We acknowledge that in some of these areas the Government has little bits going here, there and everywhere trying to improve things. The red tape has been done to death so we won't go into that to any degree. I am very pleased we are seeing some progress in this area already and acknowledge the Government's willingness to want to change things. It is nice to have a can-do attitude coming out of government.

One of our biggest problems - and I will briefly touch on it - is the freight and logistics issue. We tend to be hearing a lot about international freight but I think it is much more than that. We also have to look at the freight interest, ensuring we have the best possible facilitation of moving the freight around the state as well as across Bass Strait and on nationally. Getting an extension of the Freight Equalisation Scheme is a good start but we only see it as perhaps an interim measure because we have to look at a long-term solution, whatever that may be. Freight movement on a national scale out of Tasmania is probably never going to be lucrative enough to attract a major shipping line permanently. It may fill one gap but it is not going to fill the immediate gap. The extension of the Hobart Airport will be another bonus. They are all little pieces starting to come together but we have to make sure we keep facilitating in all areas and not get too hung up on an international freight shipping service, even though that is part of the solution. We cannot afford to forget the two islands that are even more so held to ransom. We have the bizarre anomaly of a King Island board member where it was cheaper to fly her to Melbourne and then Melbourne to Launceston rather than from King Island directly to Launceston and back. That should never be the case. My sister came across last year for Easter and she said, 'We might duck across to King Island for the day,' and I said, 'No, you won't.' I should not have to say that. It should be a matter of ducking across to either island for the day. She considers herself a foodie, so we did the state tour, but we had to exclude King Island and that is really hard on those guys.

**Ms RATTRAY** - They could so with our help and our visitation.

**Ms KING** - They certainly could. We must not just keep focusing on the big end of town. If there are any specific questions about it I will try to answer them.

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Energy is two-fold to that: there is the diesel, the fuel. We already have the inquiry going on. I listened to the wireless this morning and they were talking about the announcement of the inquiry and the question was had there been a reaction to bring down fuel prices. The answer was the opposite, that fuel prices have gone up in the last week or so around Launceston. There has to be some reason to be able to justify such a large difference when so many of our farmers rely on diesel for running far too many things on the farm. It is an added impost.

There are some figures around that are saying that as little as six or seven years ago the cost of energy for a farm business was only in the order of 2 per cent/2.5 per cent of total input costs and it is now up over 5 per cent. It doesn't sound like an enormous amount, but as Mr Hall would know that is a significant amount.

With electricity we keep talking about having parity with other states. We should not be aiming for parity with other states, we should be aiming to have the best dam electricity costs out of the whole. We are ahead of the game and yet we seem to keep getting penalised left, right and centre for having adopted renewable energy early. Not even the RET scheme acknowledged that. We have to start fighting a little harder to get better outcomes.

It is a complicated thing where you have a monopoly generator, a monopoly transmission and then we expect competition to come from our retail sector when they are all dipping into the same pool. At the moment we are talking about tariff reform as being part of the answer. I get into a lot of trouble for cynically calling that shifting the deck chairs. At the end of the day you still need a bucket of money to run all of those entities. Depending on who pays there is going to be winners and losers if you start shifting tariff reform and you are still aiming for the same amount of money.

**Ms RATTRAY** - Especially when you are using any profit to prop up other GBEs or the state in other ways. It is always a difficult one there.

**Ms KING** - That is the worst part your major shareholder is us, or the Government to fund our services, so the attraction to reduce the profit margin is certainly not high. On top of that we have the roll out of the irrigation schemes, which means our producers are going to become even bigger users of electricity to power up the water infrastructure. Under the national energy market we have now gone to a full cost recovery mechanism. Idealistically it is a view that comes from people living in urban areas, and services don't cost that much because they don't have to drive 50 to 200 kilometres to set it up, which adds a margin straight away. You get penalised for being in a rural area.

There are not many farms in the city. I'm not sure how much we'll produce from within an urban area. When we talk about not cross-subsidising other customers, sometimes there is a very good policy motive for doing so. I have one producer at the moment who got a quote about two and a half years ago to shift a power pole that is cutting off the corner of one of his paddocks. He wants to put in a pivot irrigation system. If he does that, it's going to hit the power line, so he wants to shift the power pole.

It's not his power pole. He doesn't even feed off it. It's a TasNetworks pole. The quote here he saved from around two and a half years ago was \$15,000, which I thought was pretty dear anyway. He wasn't in the position to take that up. He has now got a new



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quote and it's \$33,000 to shift a pole. That started a conversation with TasNetworks to see if we can get some better outcomes for him and get that reduced to a sensible amount.

When we talk about facilitating business and helping people be more prosperous, which of course builds the economy, those little things are ridiculous. There is an exemption for new irrigation infrastructure. They use whichever mechanism, the old or the new, which gives a better outcome for the producer. We really need to ask are we going to keep penalising producers for growing out in remote areas?

Technology is moving along in leaps and bounds. The potential for that to help grow agribusiness is enormous. The state government and Federal Government and multiple other people's investment into the Sense-T Program is just one leg of that. To capitalise on that properly we have to ensure that we invest in the enabling infrastructure through mobile networks and NBN. The NBN, hopefully, will deliver a decent broadband to all areas. We also have to look at the mobile networks. That may mean it is never going to be attractive for a commercial carrier to deliver services into a remote area where they may have three or four customers.

If we have producers that need that technology to take up opportunities on their farm then it may be something we have to look at. How do we facilitate that? Is there a way to get that outcome for the producers? Whether they invest in it as well, I'm not sure what the answer is. We certainly have to make sure we include that in our potential, especially if we are going to sell into markets where there is real-time video footage of produce growing and really capitalize on our niche market. We're not producing on broad scales so we have to look at niche markets.

Why is someone going to buy produce from the north-west coast when they can get it cheaper elsewhere? We have to enable them to use that technology and the programs. We're now poised ready to be ahead of the pack, and we just need to make sure that happens. A business is only as good as its people and that is no different for agriculture. Sometimes the people may be the family, but we still have to invest in the skills for them.

We have a lot of producers who don't want to hire backpacker labour. They want to hire locals. I have to try to get them to understand to do that they have to invest in up-skilling the locals to get them up to speed. It is not expecting everyone else to sit back, and if part of that is they need to take on trainees with every season, then that is what they have to do. Fruit picking is not an unskilled labour, as anyone who has done any sort of fruit picking knows, even if it's only for a Sunday drive out to the blueberry farm. My husband said, 'You mean people do this for a living? We would be broke'. To say it is unskilled labour is a fallacy. There is no such thing as unskilled labour on a farm anymore. You have to have some sort of knowledge and training. Even down at the base level you have to have some sort of understanding of regulations. Whatever the skill is, we have to start recognising it and stop treating it as unskilled labour, because it is not.

We have welcomed the Government's investment of \$450 000 into the agriskills plan. We are hoping in two years time we will be able to sit here and tell you things are getting better and that we're educating our producers and training organisations to get their act together and deliver better outcomes. If we have on the north-west coast farmers saying they can't get labour and yet we have a cohort of young ones that are up around the 20 per cent mark of unemployed, there is something seriously wrong. We are not getting

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that right and we need to figure out what the answer is. I imagine it is a multifaceted thing. There are a lot of dairy farms there and we don't sell a very good image of farming. It is hard, it is long hours and we don't talk about the enjoyment. As an industry we have to start selling why people do farming. We don't have a bunch of masochists out on the farm. We need to keep investing in improving the skills uptake and that will produce a better outcome and a more prosperous business.

I am happy to talk to the referral of Tasmania's industrial powers. The system was broken before the referral for our industry as far as I can say. It has got in some ways worse, in some ways better. The pastoral award is a particularly ugly animal. It is a conglomeration of four different awards into one. A farmer once told me he tried reading it but decided it would be easier to become a rocket scientist. He could not make head nor tail of it. You have an overview at the start that has some allowances in it, then you have allowances that pertain to each section. For those of you who don't understand, it is broken up into 'farm and livestock hands', 'the pig producers', the 'chicken award' and the 'shearing award' at the end. The shearing award goes into a convoluted structure of how they get to the per 100 sheep. What farmers want to know is the per 100 sheep, what most workers want to know is the per 100 sheep, so that backend stuff really doesn't need to be in there. It may need to be in there for union bosses or Fair Work administrators. In this day and age I don't know why we can't have a system where an employer - and I know we are doing ourselves out of business here - can go to the internet, look at an award and see what they need to do. The vast majority still have to wade through a lot of penalties and allowances and then try to figure out where they sit in the scheme of things.

**Mr DEAN** - We had an employer earlier today who said it took him hours on end to work out the salaries at the end of each week.

**Ms KING** - The trouble is we're competing with particularly New Zealand that has a bottom line. Everything above that the market sorts out. Whether that is a good or bad thing, depending on which matter you are on, it has to be an easier thing. They tend to reward productivity more than we do here. It is a structure that adds so much overhead and cost that it makes it ridiculous. I know what they were about in trying to reduce the amount of awards, but in this particular instance they haven't reduced the amount of awards. They have actually just made them all into one and made it really confusing. They would have been better to keep them as four separate awards, but they didn't, and we are now dealing with that on a daily basis.

For a structure of the averaging of hours over a four-week period for our industry - that goes across both awards, the horticultural award and the pastoral award - it is probably more generous than most other awards, but it also is still a challenge where you have the majority of your work in a short period, so over six months. It almost forces a farmer to keep employing people as casuals. They can't put them on permanent because as soon as they go over in harvest season they start paying penalty rates, because harvest season is not four weeks; it is much longer. The averaging goes out the door. Then in winter when they don't need them for 38 hours a week they can't offset those hours. You could smooth the hours a little bit more. It is amazing how many people are happy to do that. I know of one instance where - I am not sure it is totally legal - the employers are keeping someone on for six months over summer, then releasing them to work otherwise, but paying them that full time award.

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There are the penalty rates; they don't have to pay a penalty rate on a Sunday if they are watering the cows. Again, it goes to that complicated structure. I am glad they have done that by the by. We don't want to see someone neglect their stock because they can't afford penalties, but again it makes it very complicated in the way it is done.

We are a very casualised industry. We will stay that way while that structure is there and there is not the amount of flexibility. Particularly the dairy industry, they keep them on as casuals, but then they are hit with the minimum engagement period of three hours, which is far too long for a morning and a night milking. You can't split it over the day, so they essentially have to hire someone full time, because they have to pay them for six hours a day anyway.

I do know of someone recently on the north-west coast who rang me and said, can I split it over the day? I said, no, you can't. We said, well, I am going to have to put this person off because I am not putting them on for six hours a day. He said the worst part is she didn't want to work more than the hour. That was giving her some pocket money, and helping him out. It suited both parties, but it doesn't suit Fair Work. I hear of those examples time and time again.

The individual flexibility agreements is another area. It sounds really fantastic but it really is not structured for our industry. With the better off overall test, it is really designed for a monetary incentive, whereas the better off overall in our industry, maybe the trade-off may be a house and a few poddy calves and some feed. How do you quantify that? Both sides are happy with it, but if Fair Work came along and said what is your poddy calf worth and what is your feed worth and what is that bit of paddock down the back worth? How do you quantify that? We are interfering in the relationship probably far too much. I understand that it is there to protect those vulnerable workers. I wish I could say that every farmer is a good employer, but they are not. They are not in any industry. Most of ours, though, I do believe, want to be; they are just not aware of the rules. So they will make up these agreements and they will have this trade-off, but if anyone comes and examines it, it doesn't stack up.

**Ms RATTRAY** - Or the relationship sours for some reason.

**Ms KING** - That's right, and even for the requirement for a contract for a casual worker, if you are only going to have him a day here and there, you don't really want to go to the trouble of having a contract. I keep telling our guys that it is much for your protection, so both sides understand the relationship. Time and time again I get farmers telling me that their shearing contractors show up and they figure out what they are charging them at the end of the day when they get the bill. I said by rights you should not be doing that, whether it be through a shearing contract or through individual shearers. They do not talk about it, they just wait for the piece of paper at the end of the relationships.

**Ms RATTRAY** - They are not a dime a dozen anymore either, so you take what you can.

**Ms KING** - That is what I say about market forces. I actually had a farmer ring up asking, 'What are the shearing rates?' I told him and he said, 'I got charged a lot more than that.' I said, 'Well, you do realise that it's a minimum and they can charge what they like. If you don't have that conversation beforehand, you need to pay it.'

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But the market has sorted that out, Tania. The market is rewarding them because there are not the shearers there so they are charging a premium. As I said, with a little less interference in the relationship I do believe the market would - we still always will have to have a safety net. There is absolutely no argument there and we are not asking for the removal of penalty rates. We are not asking for the removal of privileges or anything, we are talking about levelling it out a little and allowing the market to sort it out and maybe a little less forcing levels up and rewarding productivity instead.

Another area that we have gone to harmonise the system is the workplace health and safety which sounded really good in theory but has not really helped because they put in a whole heap of new rules and gave no-one the tools to administer it. With the change to a PCBU we brought every family farm in under that, whether they hire someone or not because I have never found one that does not at least have a contractor on their property at some stage. They say, 'What room in my house is mine and what is the workplace?' It is again a system not really recognising the intricacies of the rural relationship. We need to start allowing them to have the tools and separate out private life from work life.

Again, the State Government has put money towards improving that and that is just about to get underway. We acknowledge that farms are fairly dangerous places and we far too often figure in the top three for incidents and deaths and that is not somewhere we want to be. Instead of setting these vague rules that sit up above us, let us start looking at individual things that will help farmers take up the safety message rather than worry about complying with rules - think about instead of doing something the same way Grandad did it, acknowledge that it is not a good idea to stick your hand in that harvester to clear it.

**Ms RATTRAY** - As long as grandfather is not still there watching though. They do like to have the last say.

**Ms KING** - They certainly do. I am sure some of them would haunt if they could.

There is also an added layer that is related and that is the workers compensation. The current regime adds a fairly large impost on primary producers. If you look at the recommended rates for workers comp, certainly they are high for our industry when you compare it to many others. We understand that that is because of what I just said - that we have a high rate of death and injuries. My problem is that some of them are getting out of control. We had a farmer earlier this year whose estimate for his workers comp was 44 per cent of payroll. He got it down to 22 per cent and he was pleased about that. He has had to incidents on the farm, one was when his Dad had control. Another was with his son. That is a really large imposition for two accidents.

**CHAIR** - Thanks, Mel. That was very comprehensive and a really good written submission and verbal submission. We are running short of time. We will be very succinct with our questions to you.

The first one I have. You talked about skills in terms of training at schools. Are you disappointed just where we are going with tertiary education if agriculture is going to be one of our main drivers in terms of how many people we have at UTAS at the moment in agriculture?

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**Ms KING** - Extremely disappointed. Last year was the lowest number ever for pure agriculture. I am not sure that we approach it in the right way and that we are teaching it in the right way. Hopefully, as part of the project that we have over the next two years, we will be working with UTAS to rectify that and hopefully they will take on board that maybe Hobart is not even the most ideal place for delivering a subject that mainly people from the north and north-west are undertaking, for a start.

**CHAIR** - Good point.

**Ms KING** - I'm not sure, maybe it should be in Launceston or Burnie but then you would exclude the southerners, but I think the number from two years ago was, out of something like 13, seven or eight of them were from this end of the state. Certainly the majority are here and that is reflected year after year. We do recognise that it is not the right formula because otherwise you would have uptake and UTAS need to acknowledge that. I do understand they have a couple of projects on the go themselves talking about pathways, but if the pathway is to something no-one wants, then it doesn't matter. We have to start reviewing and getting some modernisation into our thinking of what is being delivered through UTAS.

**Ms RATTRAY** - In relation to the policy review that you are undertaking in June, there will be some useful information for this committee. I am wondering if you might make that available after that process.

**Ms KING** - Certainly.

**Ms RATTRAY** - I would be interested in what comes out of that from your farmers.

**Ms KING** - Certainly it is an open forum.

**Ms RATTRAY** - You might get some of that. Thank you.

**Mr DEAN** - On the backpacker matter, the Federal Government position in relation to backpackers and them having to pay, has it been looked at by the TFGA at this stage as to what ramifications may arise as a result?

**Ms KING** - We haven't. We have certainly spoken to Fruit Growers Tasmania, on whom it will impact more so because, as you would understand, it is more in their vein. Vegetable harvesting is a little bit different and it tends to use locals. I have no doubt it will have an impact. We just need to see how large the impact will be. There is also a theory that our wages are already so much higher that it makes us attractive anyway. We just had that discussion and that is half our problem, so they may still come. Then there is the attraction of that adventure, outback-type scenario, but at the end of the day they have to pay for their time here, so the money that they are being paid is quite often put back into the economy before they leave anyway.

**Ms RATTRAY** - They go touring after they finish to look around.

**Ms KING** - Very quickly, part of the solution they probably should have looked at was superannuation, which causes a lot of angst to our farmers handing it over anyway. They

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are more than happy to pay it somewhere, but they just do not like it being put in the pocket on the way out the door. That could be paid instead of cutting the tax - pay that into a fund to invest back into skills or upskilling locals.

**Mr DEAN** - I wanted to raise the issue, and you have raised it, of the award and the four into one and how complex it really has become now as a result of that. Has the TFGA taken that any further at this stage? Has there been any discussion with the unions and with the governments in relation to it?

**Ms KING** - We fed into the National Farmers' Federation and they are certainly looking at it themselves. We are at the situation where there has been a number of Fair Work reviews and we have had barely any wins, to be honest. We did look at fighting the minimum engagement case on a national level and it became a very expensive, almost unable to win process. I wouldn't say it was abandoned as much as put on ice for the time being until we can find a review vehicle that will address it.

**Mr DEAN** - Did the changes in the award increase the costs to farmers, or not?

**Ms KING** - It would only be anecdotal evidence, Ivan, that I could say. I would say yes, because there was that dual layer of allowances. Some of them were already there anyway. Some of them existed in other states and got pulled into the harmonisation. One of the ones that really gets up wool farmers' noses is the travel allowance which somehow became this guaranteed allowance of 78 cents and before it was a recognition of something else. When they conglomerated, I am sorry to be a bit vague but the history is before me, so the original setup and reasoning behind that allowance was lost in the transition and now they are paying it on top of another allowance. They have asked for that to be removed and - no.

**CHAIR** - Unfortunately we will have to call it quits.

**Ms KING** - I am more than happy if you guys have any specific questions to forward to us, we will do our best to send you answers.

**CHAIR** - Thanks very much, Mel. That was a great contribution and we really appreciate it.

**THE WITNESS WITHDREW.**

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**Ms ALISON ARCHER AND Mr BRUNO CALABRO**, TASMANIAN TURF CLUB, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - When you give evidence to a hearing like this it is covered by parliamentary privilege but whatever you say outside this hearing may not be afforded such privilege. It is being recorded on *Hansard* formally.

**Mr CALABRO** - We were unaware of what this was all about. We have been invited to come along. Whether this applies to the Turf Club or not, we are not sure. The Turf Club is part of the community that tries to grow Launceston specifically with our cup and other events. We work very closely with hotel sponsors. Our tourist industry is probably the most important industry we have at the moment, especially with the Chinese influx we are going to get soon. We are working with Tourism Tasmania to try to get the number of wholesale tourist groups that bring in groups, to promote the area, especially at the Turf Club. It is a bit of hard work and a minefield to get through to work out what you have to do. Whatever support we can get along the way would be helpful and that is why we are here.

I am not sure that we promote our area to the tourist destination as well as we should. How we get to a better solution, I am not sure. We have a lot of things in the north - not just us. You have the Turf Club but you have trots and greyhounds and we have wine routes. I don't think, as a group, we promote our area to the markets that come in and give them something they can build on, from bringing groups in and working out how they travel around the north. They do it well in Hobart; a lot of people go to Hobart for MONA, but we don't do it well in our area. We probably need to work out a system of doing it better, but how that's done I am not sure.

**Ms RATTRAY** - Albeit I believe the Launceston Cup was very successful. And yet the Hobart Cup, for its big race day, apparently wasn't nearly as successful as the north of the state.

**Mr CALABRO** - It's probably because the Hobart Cup is always traditionally run around the regatta. I have theories on why it doesn't work. I think they are miles too busy in January to run the cup. There is the yacht race, the Taste, and all sorts of things are happening. They would be better to run their cup in March after ours. I think that would be more successful, but try telling Tasracing that - you might as well not talk to them. It is run at the wrong time of the year. It is a public holiday, there are too many things on that weekend for it to be successful. We stand alone on a Wednesday; nothing else really happens in the middle of the week for us. We have very strong sponsorship base. Betfair come every year and have that as their major event of the year because it is such a popular event for all their punters. It is recognised as one of the major country cups in Australia, along with events like the Warrnambool carnival and the Darwin Cup. This year I think it will be a bit better because they're going to move the Magic Millions sales into the week of the cup. We will run Wednesday, Sunday, Wednesday, with the Magic Millions sales on the Thursday. We can promote it for a week as a better event for sponsors and groups. That's why I don't think the Hobart Cup works - it's the timing.

**Ms ARCHER** - Our club and cup carnival are very paramount to the Launceston community in that we add a lot of attraction during the month of February, mixing with the other events they have in February. We draw quite a few interstate visitors here during that

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time. The hotels are very well patronised. We have other events associated with our cup carnivals and all these small things lead into a big week which we feel attracts not only tourists to the northern end of the state but also racing patrons and people who like to come along for a good racing experience.

**Mr CALABRO** - I don't think the football game helped this year either, being the next day. We thought it was going to be a good thing and I met with Hawthorn and we were going to do some packages, except you couldn't get accommodation. No matter what package we tried to do as a cup-football package, we couldn't get accommodation. The cup books out accommodation every year. I don't know whether the AFL would think about being more proactive in not scheduling a game then. I don't know whether people should be told or whether you write them letters, but it seemed to be a very odd time to have a NAB cup game a day after the Launceston Cup. I don't think it helped either event. I thought they would get 20 000 people there but they ended up with 16 000 and I think that's because of the cup. It's too close together. We are conscious from a council point of view that we get event funding and we don't want to double-dip. We thank the Launceston City Council for all the support they give us and hopefully we give them back a good product so they can see value for money.

**Mrs ARMITAGE** - We were talking about penalty rates when you came to see us, too. Do you want to mention the penalty rates and what it costs on Sunday nights?

**Ms ARCHER** - We only have three Sunday race meetings now, the rest are Wednesday nights, and our season is from October until April on Wednesday nights. We don't incur too many penalties, particularly because we don't have our staff working after 10.30 or 11 at night. We do incur them on a Sunday. That ensures that we have minimum staff working on Sunday because we already have a very expensive day on a Sunday trying to conduct a race meeting and paying staff on top of that detracts from what the club makes from the event as it is.

**Ms RATTRAY** - So you do more with less, so to speak.

**Mr CALABRO** - You try, yes. Our biggest penalties are for Cup Day because it is a public holiday. We had a very good turnout this year, I think we probably had 4 5000 people there, but we had a \$15 000 wage bill and I think we made about \$3 000 out of the day. From a club point of view it is a very expensive day with a bit of risk - if it rains you are probably going to rip up a fair bit - but it is a day that we don't want to move away from Longford because of the community aspect. I would be loath to think anyone should ever move the Longford Cup away from Longford. It is a bit like Deloraine closing, which I thought was a disaster.

**Ms ARCHER** - For Longford Cup days we are providing a service to the community - and we should acknowledge that - really almost to the detriment of the club, but we feel it does the club good in public spirit so we continue to conduct these race days.

**Ms RATTRAY** - Alison, because of the casual nature of the employment opportunities, do you have any trouble getting staff or holding good staff?

**Ms ARCHER** - It is difficult in the fact that we only race one Wednesday a week. If people who are looking for casual employment get another job where they are offered more



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employment, obviously we will be dropped because we only offer them one day a week. Usually people are quite happy to work and stay there, but as I said, they will obviously take up any other opportunity they are offered of more employment,.

**Mr CALABRO** - The hardest day to fill is Launceston Cup Day because we have to employ about 100 extra people who have never worked for the club. For just the one day you have to go through your inductions, your emergency procedures and the interview stage, so it is very time-consuming to put a cup together from a casual point of view. Half the staff, like you say, don't want to be there, they're only doing it because they can earn a few dollars so some of them go and hide in the corner. It is a day that is really difficult to run. If we could ever get a pool of say 50 or 20 people who were already trained up, that would be a great set-up, but I just don't know how you get a group together to have that many employees on their books that you could utilise. It would be a good idea.

**Ms RATTRAY** - Bus a few up from Hobart, perhaps.

**Ms ARCHER** - I think the year before last the TOTE employees all came on a bus from Hobart because we didn't have enough employees in Launceston to be able to -

**Mr CALABRO** - The same this year - they came from Devonport and Hobart to fill the void of the number of TOTE operators. We didn't this year, but the year before we had five or six chefs from Hobart we put up in accommodation overnight to be able to get enough people to cater for the day.

**Mr DEAN** - The penalty rate thing - I don't know whether there is any way around it for you, is there? You have obviously looked at that pretty closely and you're saying it is not a big burden on you at the present time. Is that what you're saying?

**Mr CALABRO** - No, not at the moment. One main day a year it is a burden.

**Mr DEAN** - It is not the difference between profit and loss, or is it, as far as you're concerned?

**Mr CALABRO** - No, it wouldn't be.

**Mr DEAN** - It is not an issue.

**Mr CALABRO** - If you want to talk about fish and chips, it is.

*Laughter.*

**Mr CALABRO** - It's more a burden in the hospitality industry. Everyone says they are entitled to penalty rates because they should be at home, but you make a decision to work or you make a decision to be at home. I would have thought paying them time and a half or time and three quarters for Saturday, Sunday rate shouldn't be any different than whether it is a public holiday or not. You make your own decision whether you want to work or not.

You see around town a lot of businesses shut on public holiday, which I think is sad. Not sad for us, because we stay open every public holiday so we get very good trade out

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of it, but from a tourist point of view, they come to our place and say, 'We're glad you're open, we can't find anywhere that's open'. It's not a good thing for our city that tourists cannot find a place to eat.

**Ms RATTRAY** - Bruno, it's been suggested that Saturday and Sunday could be treated the same -

**Mr CALABRO** - I believe they should be. I would support Saturday and Sunday - at the moment it is 1.5 and 1.75 or something like that. I would be more supportive if it was divided by two and made 1.6 to two times your normal rate. That way you wouldn't have people saying they can only work Sundays, because people pick and choose a bit. If it were changed I can't really see the difference between Saturday and Sunday. I think those rates should be exactly the same, albeit a little higher. It's swings and roundabouts. It wouldn't make any difference to any business if you added them together and halved them.

**Mr DEAN** - Sport doesn't even differentiate between Saturday and Sunday now.

**CHAIR** - Alison and Bruno, thanks very much for coming in at such short notice; we appreciate it.

**Mrs ARMITAGE** - It is good to get your view about Saturdays and Sundays.

**Mr CALABRO** - And public holidays should certainly not be double time and a half. To pay someone washing dishes \$40 an hour is - unless you get a lot of people through your restaurant you can't make money. You do it as a service at the end of the day. You're providing a service.

**THE WITNESSES WITHDREW.**