

23 February 2017

Dear member,

## **Fair Work Commission – Penalty Rates to be Reduced**

Today the Fair Work Commission ('FWC') has handed down its long awaited decision on submissions made by our national body, the Australian Hotels Association ('AHA') to reduce the penalty rates payable on Sundays and public holidays.

The AHA's arguments for a reduction in those rates to stimulate hospitality businesses was accepted by the 5 person Full Bench of the FWC. Accordingly, penalty rates in the *Hospitality Industry (General) Award* ('HIGA') will be as per below:

### **Sunday**

The new penalty rate to be payable\* for **permanent staff** (full time and part time) on a Sunday is 150%. This is a reduction from 175%.

The benefit of this reduction is that for 52 Sundays per year, the cost of doing business is reduced, and businesses will be in a better position to consider their staffing arrangements.

The FWC has determined to leave the Sunday penalty rate for **casual** employees as they currently are – at 175%.

*\* The FWC did not provide a date of effect for the penalty rates reduction, and has invited submissions from interested parties on this. What this means is that the reduction is not an immediate one, and employers must continue to pay the current Sunday penalty rate.*

### **Public Holidays**

A reduction to penalty rates on a public holiday has been granted, and the below new penalty rates will be payable from **1 July 2017**:

- Permanent employees (full-time and part-time): reduced to 225%. Currently the HIGA provides a penalty rate of 250%.
- Casual employees: 250%. This represents a reduction of 25% from 275%.

The benefit of the reduction to public holiday penalty rates will be welcome relief for hospitality employers who have been faced with increased public holidays being declared.

### **Congratulations and Thank You**

While the FWC did not grant the AHA's proposed penalty rates in full, the above reductions are positive. The QHA congratulates members on this outcome, and specifically acknowledges and thanks the hospitality witnesses who gave their time to appear in the FWC proceedings in September 2015.

Those witnesses contributed to this outcome by providing relevant and important hospitality business views on the impacts of penalty rates.

I would also like to thank the QHA's Employment Relations team who worked tirelessly behind the scenes throughout this case, and greatly assisted the AHA's legal counsel, Sharlene Wellard and John Stanton.

### **Next Steps**

The decision is over 500 pages in length, and we have still to digest it all. The above covers the main elements to be aware of for the moment.

### **Collective and Enterprise Agreements**

Please be mindful that if you have an old Collective Agreement, or Enterprise Agreement (or similar) in place and that Agreement specifically states weekend and public holiday percentages within it, the above reduction to penalty rates will not impact on the Agreement. The reduction will only apply to those employers and employees covered by the HIGA.

The decision may, of course, lead you to consider the continued operation of your Agreement. The Employment Relations team are on hand ready to assist with your questions and provide advice on the matter.

Yours sincerely,



Bernie Hogan  
**Chief Executive**