

A spokesman for the Assistant Treasurer said:

As discussed, the Assistant Treasurer's statement was focused on the findings of the Productivity Commission's (PC) [Workplace Relations Framework Draft Report](#), which, in part, considered the impact that penalty rates have on Sunday operations.

Effect on business operations

The PC's Draft Report makes several references to Sunday rates hampering business activity:

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"Excessive penalty rates for Sundays reduce hours worked, mean unemployment is higher than it needs to be, and reduce options for businesses and consumers. Trading hours are likely to be lower, and capital underutilised." (page 483)

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"The Productivity Commission's overall view — informed largely by the reality that labour demand responds to wage rates — is that as there is a significant differential between Saturday and Sunday penalty rates, their greater alignment is highly likely to have sizable employment effects." (page 522)

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"Employment and hours worked on Sundays would rise after the change [recommended by the Commission]. Lower regulated penalty rates are likely to increase the opening hours of businesses and encourage higher staffing ratios, with the job opportunities that this presents for people. It would also provide a greater capacity to employ more experienced, often permanent, employees (whose hourly labour costs are particularly high under current penalty rates). (page 250)

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Failure to recognise the current impacts of high Sunday rates in the relevant industries will also have longer-run effects by frustrating new business models (and the employment they can

bring). For example, there are complementarities between online supply and opening hours of some bricks and mortar stores, as in “click and collect” services.’ (page 25)

The Draft Report also notes the impact on smaller businesses noting that:

Some survey results suggest that penalty rates appear to affect employment and opening hours more among smaller enterprises than larger ones. (page 519)

These observations ultimately led to a recommendation from the PC that:

Sunday rates in the hospitality, entertainment, retailing, restaurants and cafes industries should be brought into line with Saturday rates. (page 25)

Business closure

The PC Draft Report includes statements provided by the business community on the impact that penalty rates are having on their business operations:

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“Penalty rates can be a deterrent to employment, particularly when combined with rules around minimum engagement of employees. In the pig breeding and raising industry ... on a Sunday, the combined effect of these provisions for one hour’s work is equivalent to \$100 per hour. This is disproportionate to the inconvenience to the employee and a significant disincentive to employment. As the dairy example provided earlier shows, many farmers choose to undertake this work themselves because they cannot justify the cost. Ultimately, this dampens productivity by causing fatigue among farm owners and stifling job creation. (National Farmers’ Federation sub. 223, p. 16)” (page 521)

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44% of (surveyed Queensland) businesses noted that they have decreased or substantially decreased the number of full time staff. Taken together, the results suggest that rising labour cost loadings are affecting business decisions about staffing hours and negatively impacting employment. (Chamber of Commerce and Industry Queensland submission. 150, p. 25)“ (page 521)

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“On many occasions, we would have liked to give staff members the weekend work that they desire, but are instead unable to offer them ANY work on these days because we can’t afford the over-time pay rate. This is a lose-lose for both the business and the employee. (Steven and Michelle Finger submission 142, p. 2)” (page 521)

Jetty Research

[Research](#) was recently conducted by Jetty Research on behalf of the [Restaurant and Catering Industry Association](#)

which was “designed to provide statistical evidence relating to the effects on restaurant and café operators of Sunday and public holiday penalty rates.” The survey involved 1,000 restaurant and café owners and managers. It found that:

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of those surveyed that didn’t open on Sundays and/or public holidays, 70% said that “this was because of penalty rates or an inability to trade profitably.” (page 4);

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54% of respondents not currently opening on Sundays and public holidays said they would be more likely to open on Sundays and public holidays if penalty rates were reduced (page 4);

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52% of all respondents said they would “employ more staff if penalty rates were reduced, and 42% said they would open additional hours.” (page 4)

Jetty's conclusion is that "reducing penalty rates could see approximately 39,800 extra staff being employed on any given Sunday or public holiday." (page 5).

Media reports

Further, many businesses and community representatives have publicly stated that Sunday penalty rates are affecting their operations, which includes Sunday closure:

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Australian Retailers Association director Russell Zimmerman has [said](#) , "for some retailers, it was not even financially worthwhile to open on Sunday".

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Canberra Business Chamber chief executive Robyn Hendry has [said](#) , "Try going out on a Sunday night in Canberra for a meal and you'll find that most restaurants are closed... Restaurant owners tell us they are closed not by choice but because it's just not profitable."

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The NSW Business Chamber has [said](#) , "We all know of examples where our favourite cafés and restaurants are closed on Sundays. That's because the owner simply can't afford to pay staff penalty rates. Many actually lose money if they open for customers."

ABS Counts of Australian Businesses

(In response to this question from The Conversation: "How do you respond to ABS [data](#) on the accommodation and food services sector?")

The second question you have asked is not directly relevant to Mr Frydenberg's statement. The ABS Counts of Australian Businesses data which you've referred to records "business counts, including rates of business entries to and exits from the Australian economy". As noted above, the Assistant Treasurer's statement was primarily based on the findings of the PC's Draft Report in relation to the impact of Sunday penalty rates and the level of Sunday business activity; not the registration of businesses generally.

Response from Assistant Treasurer Josh Frydenberg

Written by The Conversation

Read more <http://theconversation.com/response-from-assistant-treasurer-josh-frydenberg-460>