

MEDIA RELEASE

Workers and travellers miss out over Easter holiday season as hotels forced to cut services as penalty rates bite

Tourism Accommodation Australia calls for more sensible debate on penalty rates and public holidays

31 March 2015: The prospect of penalty rates of up to 275% is forcing Australia's hoteliers to curtail services over the Easter long weekend holiday period, with restaurants and bars the most affected.

A survey conducted by Tourism Accommodation Australia (TAA) last year showed that 67% of hoteliers said they would be closing outlets or reducing services because of crippling penalty rates.

The survey of TAA's 1000 strong membership revealed that while 85% of respondents acknowledged that reductions in services could negatively impact guest perceptions, the alternative for hoteliers planning to keep open outlets was to lose money over the period.

The survey revealed that for hoteliers electing to operate outlets on Good Friday and Easter Monday (when penalty rates increase to as much as 275%) only 13% of operators expected to make a profit, 54% to make a loss and 23% to break even. 10% indicated they wouldn't operate outlets at all on those two days.

Asked which venues or services would be most affected, 74% of respondents indicated restaurant services would be affected, along with room services/housekeeping (57%), bars (53%), room service/food (41%) and front of house services (30%). Comments from hoteliers indicated that in some cases outlets such as day spas and restaurants, would close altogether.

Commenting on the survey results, (Acting) CEO, TAA Carol Giuseppi, said it was disappointing that at a time when travellers were expecting the highest level of service, the costs associated with penalty rates made it impossible for hotels to deliver the service levels they would like to.

"We are not arguing against penalty rates, but rather their excessive levels," said Ms Giuseppi.

"The recent decision in South Australia to reduce penalty rates on weekends for retail workers acknowledged that working conditions have changed since penalty rates were introduced over 50 years ago.

"Penalty rates of 275% actually discriminate against workers as much as they do employers, because if a hotel closes a restaurant or cuts back on room service, the worker – for whom working on weekends or public holidays often suits their circumstances most of all – doesn't get the opportunity to work. They get no money and travellers get reduced services.

"Retailers, restaurant and hotel owners, and service providers have consistently indicated that they would be more prepared to trade and hire extra staff if the penalties for opening on weekends and on public holidays weren't so excessive. In the TAA survey, it was significant that when asked 'If Penalty Rates were at a level where you could make a profit and operate 'as normal' would you employ more people to do so?', 81% of respondents indicated they would employ more, and only 9% said it wouldn't affect employment levels.

“Politicians might like to duck this issue but industries that actually employ people can’t. We need a sensible and rational debate on the issue if the concerns of both workers and employers are to be addressed.”

AHA CEO, Stephen Ferguson, said that Governments also needed to address the issue of the number of public holidays being gazetted across the country.

He said that the AHA supports the concept that increased rates of pay are warranted for those working on public holidays, especially long-established public holidays like Good Friday and Easter Sunday. However, the AHA is concerned that there is no consistency of the number of public holidays, and that business bears the cost when excessive numbers of public holidays are sanctioned, often for relatively minor commemorations.

“The National Employment standards set out eight (8) days on which all Australians must have a public holiday. The states are then able to add any number of additional public holidays to the eight (8) provided by the Commonwealth,” he said.

“The number of public holidays is the sole domain of the Federal and State governments. However, the rates of pay on public holidays are the sole domain of the FWC. The AHA is asking the Commission to cap the number of days on which penalty rates must be paid to eleven (11) days per annum.

“The number of public holidays varies from state to state and year to year. Good public policy provides certainty, but the current system does not achieve that. State governments often add public holidays, but never subtract one in return.”

Mr Ferguson said that when the Newman Queensland Government mandated a public holiday in Brisbane last year for the G20, they then complained when businesses failed to open their doors for the international visitors, when it was the penalty rates associated with public holidays that forced businesses to close their doors.

He said the same was likely to happen as a result of the Victorian Labor Party promising AFL Grand Final Eve as a public holiday as part of their election commitments last year.

Tourism Accommodation Australia (TAA) represents the interests of the 24 Australian Accommodation Chains and some 1000 individual members in the Hotel, Serviced Apartment, Integrated Resort, Motel and Vacation Ownership sectors. Servicing owners, operators, managers, franchises and other industry stakeholders, TAA is a division of the Australian Hotels Association, a federally registered organisation of employers representing hotels since 1836.

For further information:

Carol Giuseppi,
Acting CEO, TAA
Tel: +61 403 452 177
Email: carol@tourismaccommodation.com.au

Stephen Ferguson
CEO, AHA
Tel: +(61-2) 6273 4007
Email: ceo@aha.org.au

Media inquiries:
Peter Hook
Communications Manager, TAA
Tel: +(61) 407462213
E: Peter@tourismaccommodation.com.au