

Committee Secretary
Senate Standing Committees
on Education, Employment
and Workplace Relations
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Committee Secretary

I write to add my voice and my experience to the debate surrounding the impact of the Fair Work Act on the hospitality industry. Having run my restaurant Vue de monde for twelve and half years I also own and run several smaller, more casual establishments. I am very finely tuned to the effects of the act at both ends of the spectrum from fine dining restaurants to casual cafés. I have a strong network in the industry including major players and up and coming youngsters. Many of my previous employees have opened their own ventures.

Please be assured my opinions come from a place of passion and a true desire to seek your understanding of the reality of what is happening in our industry. This is not about profiteering. This is about a real struggle to control wage costs and to understand and administer the award. I find this difficult and I have great resources and a successful brand. I cannot fathom how younger, newer operators begin to manage – if the current situation was in place twelve and half years ago I don't believe I would be where I am today.

The bottom line is operating costs have increased to an unsustainable level. The current commentary is missing three critical points. Firstly are the tips collected by the restaurant or café and distributed to the staff. These supplement a waiters wage by up to 50 per cent in a high end restaurant yet go unrecognized as income by Fair Work (even though they are recognised as income by the ATO). These are a normal part of the industry and have to be given consideration when looking at the real take home pay of restaurant staff. It is also true that many staff want to work Saturdays, Sundays and Public Holidays simply to earn the extra tips collected on these days.

Secondly is the increase in employment costs of a restaurant including paying penalty rates on top of penalty rates. This has the detrimental effect of replacing what some operators might see as non essential employment costs like training and staff incentives for better productivity. The industry is now in a stage of being unable to reward loyal, well skilled and experienced staff due to the increased costs of employing new inexperienced and unskilled staff at level 3 rates. Discussion of Level 1 rates is pretty much irrelevant as the restrictions put in place on these to levels mean that very few (if any) staff fit this criteria.

The third factor is to me the most important. It relates back to what I feel the greatest responsibility to stand up for and that is my team. I want them to be able to one day open their own establishment and succeed just like I was allowed to do without the scrutiny, restrictions and bureaucracy we face today, not only from the award but from all areas of governance. Most

small establishments earn 60 per cent of their revenue on week ends and during evenings, the award has now increased the employment costs pertaining to such times by 50 per cent. This, along with the ridiculous compliance measures such as signed time sheets for full time employees and other entitlements (eg 17.5% leave annual leave loading) insinuates that a job is a right not a privilege. A 'job well done' in most small boutique establishments is now measured by hours, not knowledge gained, not productivity.

In an industry that relies on the creative input, passion and ambition of its staff, this 'clock on/clock off' mentality threatens to stifle, and eventually suffocate the very qualities that makes Australia a dining destination and hospitality mecca. Where will this attitude take our industry? Who will invest with a culture like this? I know that overseas tourism and hospitality investors and operators are refusing to look at Australia due to our current cost structure. This means a huge loss of investment in to building construction and employment.

The current situation leaves no room for full time staff to choose conditions that suit them. Career driven, ambitious staff are being sent home to ensure their hours worked on an annualised salary doesn't tip them over the BOOT test conditions. They want to stay and learn – to train and to be trained. Hours for casual staff are being slashed. Staff to customer ratios are being dropped and yes service standards are effected but what choice do we have? Resumes pour in for casual weekend work for students, parents, musicians – we have very few hours for them and regular, reliable shifts of any length are a thing of the past. The viability of trading on Sundays and Public Holidays is currently under review. Ultimately the pressure on wage costs will mean that there will be very few independent local cafes and bars and open on weekends. Prices will be forced up.

The question has to be asked, who would invest \$2 million of borrowed money at risk to receive a return of 5-6 per cent return gross profit? What other industries have such of poor returns that are viable long term industries? There is a flow on effect from our industry to other industries. If we trade less hours and trade less profitably we will purchase less. This will impact on the boutique agriculture, aquaculture and transport industries. Hospitality generates Tourism. Higher prices will deter overseas visitors already being swayed by the strong dollar. Local tourism will suffer if restaurants in major cities are closed on Sundays with weekends of food and wine a less attractive proposition.

Until change is made I have put some of my own expansions plans on hold and I know that other operators are in the same position.

Yours sincerely,

Shannon Bennett