



Restaurant  
& Catering 14 January 2013

SAVOUR  
AUSTRALIA

Mr Tim Watling -Committee Secretary  
Standing Committee on Education,  
Employment and Workplace Relations  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Dear Mr Watling

**Inquiry into Fair Work Amendment (Small Business Penalty Rates Exemption) Bill 2012**

I refer to the Committee hearing held on 7 December 2012 and provide the following further information as requested on notice by the respective Senators:

**Minimum Wage increases requested by Senator Xenophon**

It was pointed out during the hearing on 7 December 2012 that hourly rates have increased exponentially since the introduction of the Modern Restaurant Industry Award to the extent that some businesses are now forced to pay hourly wage rates during the week that they used to pay employees inclusive of all penalty rates under the pre modern award system. To illustrate this point the following examples are provided:

**Example 1**

For a Casual Kitchen Hand at Café Good Coffee in the Melbourne hourly rates have changed as follows.

- In 2008 a Kitchen Hand was earning \$22.13 an hour on Sundays.
- In 2012 a Kitchen Hand is earning \$25.45 an hour on Sundays.

The same Kitchen Hand is earning \$22.20 an hour Monday to Friday for work between midnight and 7AM which is more than what was earned on a Sunday in 2008.

Classification: Kitchen Hand Grade 1 (Level 1)

Note: Source FWO Paycheck Plus

Transitioning from Payscale to Restaurant Industry Award inclusive of casual loadings.

DIAMOND PARTNER



HOST PLUS  
expect more

RESTAURANT & CATERING INDUSTRY ASSOCIATION

AUS ABN 73 080 269 905 ACT ABN 78 368 403 792 NSW ABN 26 214 164 082 QLD ABN 52 830 089 419 VIC ABN 31 739 604 819 WA ABN 81 641 812 048

PO BOX 121, SURRY HILLS NSW 2010 T: 1300 722 878 F: 1300 722 396 E: info@restaurantcater.asn.au

www.restaurantcater.asn.au www.savouraustralia.com.au

### Example 2

A Casual Waiter at Mr Italian Restaurant in Brisbane hourly rates have changed as follows:

- In 2008 a Casual Waiter was earning \$17.87 an hour on a Sunday.
- In 2012 a Casual Waiter is earning \$25.93 an hour on a Sunday.

The same Casual Waiter is earning \$22.00 an hour Monday to Friday for work between 10PM and Midnight which is more than what was earned on a Sunday in 2008.

Classification: Food & beverage Attendant Grade 2 (Level 2)

Note: Source FWO Paycheck Plus

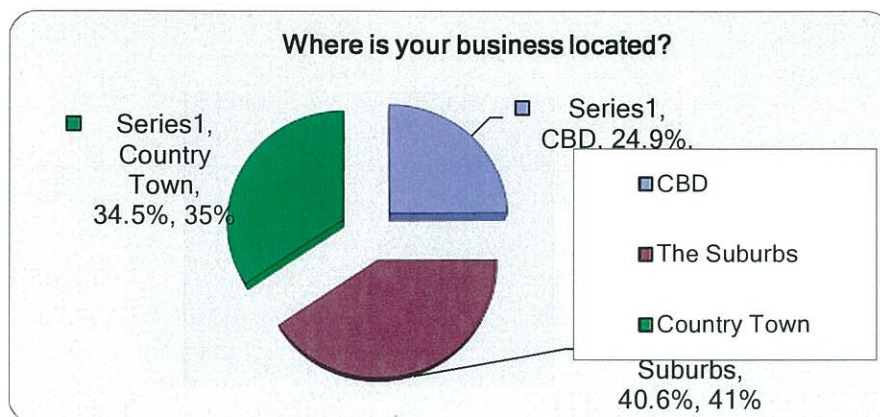
Transitioning from Payscale to Restaurant Industry Award inclusive of casual loadings.

The above examples illustrate the substantial labour cost increases for new incorporated businesses set up after 27 March 2006 and transitioning to the Modern Restaurant Industry Award. It is recognised that for businesses bound by pre Modern Awards, labour costs fluctuate from state to state and in some cases penalty rates are phasing downwards. However, even these businesses are often impacted by increases in other areas that did not apply under the respective state award such as late night penalty rates of 10% between 10PM and midnight and 15% for work performed between midnight and 7AM Monday to Friday.

### Regional Markets Information requested by Senator McKenzie

The following data was extracted the Restaurant & Catering Benchmarking Report in 2012:

“Suburban restaurants and catering operations accounted 40.6% of all business in the survey, as illustrated in Figure 3-3, this is down by approximately 3.5% from 2010 survey data. 34.5% of respondents were located in regional centres or large country towns, this is consistent with 2010 data. The remaining businesses were located in the City Business District 24.9% and increase of 3.1% from 2010.”





Business failure data requested by Senator McKenzie.

It should be recognised that data recording the reasons for business failure are often categorised into broad areas that do not drill down into the exact causal grounds such as excessive labour costs. The following data provided from the ABS detail the broad grounds as follows:

**SURVIVAL OF ENTRIES BY INDUSTRY DIVISION : June 2007 - June 2011**

.....

	Entries In 2007-08	Survived to June 2009	Survival rate	Survived to June 2010	Survival rate	Survived to June 2011	Survival rate
	no.	no.	%	no.	%	no.	%
Agriculture, Forestry and Fishing	19 647	14 228	72.4	11 849	60.3	10 488	53.3
Mining	1 265	975	77.1	779	61.6	678	53.6
Manufacturing	10 748	7 996	74.4	6 351	59.1	5 410	50.3
Electricity, Gas, Water and Waste Services	869	646	74.3	516	59.4	447	51.4
Construction	55 746	39 838	71.5	30 502	54.7	25 434	45.6
Wholesale Trade	10 717	7 949	74.2	6 215	58.0	5 242	48.9
Retail Trade	20 367	15 375	75.5	12 230	60.1	10 163	49.9
Accommodation and Food Services	13 968	10 532	75.4	8 228	58.9	6 813	48.8
Transport, Postal and Warehousing	21 633	15 898	73.5	12 258	56.7	10 130	46.8
Information Media and Telecommunications	2 973	2 103	70.7	1 589	53.5	1 332	44.8
Financial and Insurance Services	28 039	20 123	71.8	17 086	60.9	15 442	55.1
Rental, Hiring and Real Estate Services	30 563	22 648	74.1	19 113	62.5	17 199	56.3
Professional, Scientific and Technical Services	34 382	25 054	72.9	19 843	57.7	16 942	49.3
Administrative and Support Services	14 579	9 826	67.4	7 349	50.4	6 019	41.3
Public Administration and Safety	1 536	1 003	65.3	718	46.7	578	37.6
Education and Training	3 984	2 827	71.0	2 216	55.6	1 886	47.3
Health Care and Social Assistance	10 714	8 454	78.9	7 298	68.1	6 608	61.7
Arts and Recreation Services	4 416	3 000	67.9	2 299	52.1	1 917	43.4
Other Services	13 094	9 674	73.9	7 685	58.7	6 432	49.1
Currently Unknown(a)	17 610	8 235	np	5 786	np	4 786	np
<b>All Industries</b>	<b>316 850</b>	<b>226 364</b>	<b>71.5</b>	<b>179 910</b>	<b>56.6</b>	<b>153 926</b>	<b>46.6</b>

.....

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) This category consists of businesses that are yet to be added to an industry. Please refer to paragraph 20 in the Explanatory Notes for more information.

SOURCE: ABS COUNTS OF AUSTRALIAN BUSINESSES, INCLUDING ENTRIES AND EXITS 8165.0 JUN 2007 TO JUN 2011 @PAGE 14

At this stage the Senate Committee website has not uploaded all of the submissions from Restaurant & Catering members. Therefore we request that a further hearing be conducted in Sydney or Canberra in order to finalise the outstanding issues before the Committee produces its final Report.

It is imperative that the committee has the opportunity to hear from all parties in response to the submissions that are now, in the main, publicly available.

Further Restaurant & Catering believes that some 250 submissions are missing from restaurant operators. To reiterate the request made at the hearing Restaurant & Catering requests details of submissions yet to be uploaded and when this is likely to be completed.

Yours sincerely

John Hart  
Chief Executive Officer