

To: <Review@oir.commerce.nsw.gov.au>
Date: 19/08/2009 10:08 am
Subject: FW: Your public holiday report

Dear Professor Riley,

In the SMH of 18 August you are reported as saying "Employer groups...argue (naming Easter Sunday a public holiday) will cost a lot of money. I'd like the employers to give me some figures on that".

Well here goes. I am writing on behalf of a Sydney beachside restaurant with some 25 employees. I am the (unpaid) accounting manager for my two sons, the owners of the restaurant.

Owing to penalty rates we already make losses over the Easter period. We are typical of most restaurants in being labour-intensive, with wages and on-costs(superannuation, holiday pay, workcover, payroll tax - which all are proportional to base wages) amounting to over 40% of total sales revenue.

Penalty rates over Easter are as follows:

Day	Normal rate(other than Easter)	Easter Rate
Good Friday & Easter Monday	Rate x 1	Rate x 2.5
Easter Saturday	Rate x 1.25	Rate x 2.5
Easter Sunday	Rate x 1.5	Rate x 2.5 (if made a public holiday)

Based on a wages and on-cost ratio of 40%, which is common in our industry, we would need a very substantial increase in business just to cover the extra cost of the penalty rates. The following table shows that we do not achieve this increase and that therefore losses are made over Easter.

Day	Rate of sales increase over normal levels to cover cost of penalty rates	Actual Easter sales compared to average of two weeks before and two weeks after Easter (2009 data)
Good Friday & Easter Monday	60% increase	54% increase
Easter Saturday	50% increase	7% reduction
Easter Sunday	40% increase	4% reduction

Thus far from enabling us to increase our earnings, the existence of penalty rates over Easter condemns us to losses. Our experience is that Easter Saturday and Easter Sunday are not especially good trading days. Maybe people are away on holiday or doing other things than eating out. Good Friday and Easter Monday trade is usually better than the comparable weekdays but not by enough to compensate for the penalty rates.

We would dearly love to close over Easter, but this would not help because in addition to the loss of sales revenue we would have to pay our employees a normal days pay for not working.

According to the ATO, profit to sales margins in the restaurant industry a couple of years back were a low 3.8% on average. This figure is probably currently lower.

I am not surprised that your approaches to industry groups have not yielded the economic data required to gauge the effects of the Easter Sunday public holiday proposal. This is because industry groups rarely have the resources or funding to keep good quality economic and financial information on their industries.

I would suggest that if you are seriously seeking information on the economic impact on industries affected by the Sunday public holiday proposal, then you should be seeking the following types of information direct from a representative sample of businesses:

Wages and on-costs as a proportion of sales revenue

Easter Sunday sales compared with Sunday sales in the weeks immediately before and immediately after Easter.

The fact that firms are not approaching you with this type of information is a reflection of the fact that there has been remarkably little publicity about it. I would imagine that very few firms know of the proposals.

I hope the above is of some help to you. Please contact me if you wish to discuss anything further or if I can provide further information.

Yours sincerely

Robin Sen, M.A. (Oxon)

To: <Review@oir.commerce.nsw.gov.au>
Date: 21/08/2009 7:06 pm
Subject: FW: Your Public Holiday Report

Dear Professor Riley

Some further comments for your consideration:

. The new Federal Award is likely to continue weekend and public holiday rates at least at the current State award level

. AWAs are effectively out of the picture. As they expire they will not be allowed to be renewed

. As I mentioned our staff are permanent. I do not know the proportion of casuals in the restaurant industry. It is probably a lot lower than one would imagine and confined mainly to an unknown proportion of waiting staff. On the floor I would suspect that most supervisors, bar staff, baristas and most of the waitpersons are either permanent full or part time. Kitchen staff are almost certainly all permanent. Staff are paid by the hours worked but are rostered with at least a week's notice of their rosters. As mentioned before, the Award entitles them to a full day's pay if they are not required to work on a public holiday which coincides with one of their normal shift days.

. Casuals under the Award are entitled to a higher rate of hourly pay than permanent staff in order to compensate them for lack of holiday pay. They are entitled to all the other on-costs including weekend and public holiday penalties, superannuation, workcover.

. The Award states minimum rates. In the restaurant industry, competition for, and scarcity of, good quality staff mean that actual hourly rates paid are well in excess of award rates.

. The claimed confusion over which days are public holidays may be more apparent than real. Neither we nor our employees have had any difficulty in knowing which is which. It would be a pity if to clear up a minor, niggling but tolerable administrative issue, the economic disadvantages of doing so were ignored through inadequate empirical information. In most policy issues of this kind it is desirable to ensure adequate weighting is given to the views of those affected. I can well imagine that initial canvassing of views would be favourable if largely confined to those who believe they will benefit economically (presumably employee representatives) and to others (such as the public sector and politicians and general public) who will not be materially affected and therefore will accept the proposal uncritically.

That is why I again recommend a more pro-active role for the review in seeking out the views of, and information on, the impact of the proposal from employers - the people likely to be economically affected by the proposal. If this means a delay in the reporting date, so be it. It would be a great pity if the proposals went forward based upon general grounds with no, or inadequate, information on the economic impact upon the State and its businesses.

As confirmed before please free to make the above comments available to others.

Yours sincerely,

Robin Sen