

From: Adrian Boothman [mailto:adrian@askhaba.com.au]
Sent: Wednesday, 15 June 2016 9:11 AM
To: AMOD
Cc: 'Vanessa Weaver'
Subject: Additional Statement - HABA submission of evidence for AM2014/197 - Casual Employment
Importance: High

Dear Michelle,

Further to our evidence submission on Friday 10 June 2016, HABA would greatly appreciate that the attached additional statement be included as part of Hair and Beauty Australia Industry Association's final comprehensive written submissions for the common claims pertaining to matter AM2014/197 – Casual Employment from Mr Arthur Mitroulas, Chief Executive Officer, Hairhouse Warehouse.

Regards,

Adrian Boothman
Senior Industrial Relations Advisor



GPO Box 5050 Sydney 2001
Suite 304, 5 Hunter Street, Sydney

P: 1800 997 795
F: (02) 9221 0224
W: www.askhaba.com.au



To whom it May Concern

FWC Submission

In response to the proposal by SDA for the change of the current laws surrounding the structure of employment for hairdressers, as a company we would not only like to oppose the idea but also demonstrate the impact it will have on our hairdressers, our businesses, and our franchisees.

Firstly, Hairhouse Warehouse is highest employer of hairdressers in Australia, with over 1200 hairdressers employed across our stores in nationally.

HHWH employ hairdressers for our salons and for our retail sector, in summary hairdressers make up 85% of total employment in our stores. Our model is quite unique to many other salons, as our stores mainly exist in shopping centres which means we are required by Landlords to trade 7 days a week.

Rosters to cater for these days not only means that hair stylists will need to have rotating shifts, but extra assistance through part time and casual positions which apply to most of our HHWH store/salon structures. Furthermore, casuals and part time employees were designed to give businesses and individuals flexibility.

SDA proposal

"A casual employee, other than an irregular casual employee, who has been engaged by their employer for a sequence of periods of employment during a period of six months, thereafter has the right to elect to have their contract of employment converted to full-time or part-time employment."

Under the proposed changes by the SDA, to have casuals elect to become full time, this totally negates the concept of flexibility and will result in short term employment for current casual arrangements.

SDA Proposal

"Casual employees are entitled to a 25% loading to offset leave entitlements which they do not receive, including, annual, personal and compassionate leave. Currently, their casual loading on Saturdays and Sundays is fully absorbed by the weekend rates."

The SDA is seeking the full casual loading for such employees at all times which incur penalty rates."

Full time employment only makes up 5 days (38 hours) per week, and as previously mentioned HHWH salons are open 7 days, so penalty rates already apply to weekends, overtime and some training.

As we all know Saturdays is the busiest day for salon business where most employees are rostered to work to meet client and service demands. Although costly to maintain, we are committed to giving opportunities to our stylists, that in many cases suits their needs and lifestyles, which other salons may not consider because of business requirements and costs.

For example, in our stores part time and casual hairdressers (some work weekends) can be parents that find it difficult to work full time, or can only commit to minimal shifts but still need employment and would usually find employment at other salons difficult.

We also have stylists currently undertaking studies and can only work between days of attending classes. Often students' timetables change week to week so casual employment is ideal for them.

Casual team members are present in over 55% of our stores and are integral to our operational structure of salons.



SDA Proposal

“The SDA also seeks to vary clause 11 of the Award to include a minimum shift of 4 hours for full-time employees. There is currently no minimum shift entitlement for full-time employees.”

When we look at training, which as an industry, has dramatically dropped due to costs, a typical training evening will range between 1-2 hours. Hairdressing relies on training for all improvements of service and skill and most importantly keep hairdressers inspired.

These training nights are most commonly scheduled during closed hours for practicality and to create the best learning environment for individuals. All stylists are paid for their time to attend training and resources for training is an additional cost the business.

Note: Cost Analysis Under Current award: (does not include on costs annual, sick leave superannuation etc, also assuming that they are made part of work hours and not overtime/time in lieu, all stylists are level 3)

Example: Cost Analysis for Training

Training Costs	SDA Proposed Costs
Training for 4 stylists for 2 hours - 3 full time @ \$20.16p/hr for 2hrs = \$120.96 - 1 Casual @ \$25.16p/hr for 2hrs = \$50.32 Total cost of training \$171.28 per week x 30 weeks in a year Totals \$5,138.00 per year	Training for 4 stylists for a minimum of 4 hours for full time - 3 full time @ \$20.16p/hr for 4hrs = \$241.92 - 1 Casual @ \$25.16p/hr for 2hrs = \$50.32 Total cost of training \$292.24 per week x 30 weeks in a year Total \$8,767.20 per year
	70% increase OR \$3,629.20 additional cost per year

This will result in less training being provided, stylists losing interest and as a result will not be regularly upskilled which will in turn effect customer service and sales.

Example: Cost Analysis for Casual on Weekends

Weekend	Current Award for Casuals	New Proposed Changes
Saturday	Casual 4 hours \$26.77 x 4 hours Total \$107.08	83% loading Saturdays Casual 4 hours \$48.99 x 4 hours Total \$195.96
Sunday	Casual for 4 hours \$40.26 x 4 Total \$161.04	125% loading Sundays Casual 4 hours \$45.29 x 4 Total \$181.17
Total Weekend	\$268.08 per week	\$377.13 per week
Annual Cost	x 45 weeks (average weeks worked by a casual) Total \$12,063	x 45 weeks (average weeks worked by a casual) Total \$16,970
		40% annual increase OR \$4,907 additional cost per year



SUMMARY FINANCIAL IMPACT (EXCLUDING ON COSTS)

SDA Proposed changes will increase annual costs (based on average store) as follows:

Training costs annually	\$3,629 increase
Casual Loading Costs annually	\$4,907 increase
TOTAL PROPOSED INCREASE	\$8,536 increase annually

SUMMARY

Casual Weekend Wage Increase

Overall the proposed changes will effect profitability especially on Saturdays and Sundays. Hair service prices are typically fixed through the week, so prices are not adjusted for weekends which means weekends are already experiencing a profit reduction. The proposed changes will only decrease profit at a higher percentage. Proposed changes such as this are dangerous without service price fixation.

Training and minimum 4 hour shifts

Teams will train less due to increase in costs, which will reduce service, skill, motivation and morale. Training is a key contributor as a consideration for a place of employment for a hairdresser, if training is minimal or less, often it will have long term impact on trade.

Casual Tem member costs and 6-month option to nominate for fulltime.

The increase in costs will reduce employment of stylists who prefer casual employment due to being parents, students etc. Also, this will result in short term employment and casuals being treated as short term solutions being dismissed prior to their 6-months' full time option.

Should the proposed changes proceed, HHWH may be required to review all casual team members and possibly be forced to dismiss at least 50% of casual stylists in stores.

It is our position that changes to this Award will greatly impact employment, operational structure and profit for Franchisees as well as limiting the ability for stylists to undertake training. Overall a recipe for disaster.

Regards

Arthur Mitroulas
Chief Executive Officer