

# Article

## Hospitality

### Hospitality and Retail Brace for Impact

By Helene Chryssidis & Jonathan Ikonmopoulos

In June, the Fair Work Commission (**FWC**) made its minimum wage decision for 2023.

A summary of the key wage increases that will apply from 1 July 2023 is as follows:

- the minimum modern award wage rates of pay will increase by 5.75%;
- the national minimum hourly rate will be \$23.23, an increase of \$1.85 per hour; and
- the national minimum weekly wage will be \$882.80 per week, an increase of \$70.20 per week.

Together with the increase in wages, the superannuation guarantee rate increased from 10.5% to 11% from 1 July 2023.

Moving forward, there is likely to be a significant impact on the hospitality and retail industries as they heavily rely on award-based workers at a time when the cost of business is rising across the board. In light of these most recent increases, business operators may need to make changes to ensure labour resources are being used as efficiently as possible.

An obvious way for many business operators to deal with increased labour costs is to reduce working hours, particularly for casual workers who do not have permanent hours of work.

Another option to manage increased labour costs relates to the method by which the workforce is utilised,

specifically paying close attention to key award provisions, such as to minimise the payment of overtime and penalty rates.

More extreme options include a reduction of workers through a redundancy program, which has become more common as the impact of the rising cost of business is felt.

Business operators may be able to achieve cost savings through any of the above options. However, in some cases, they may also present challenges in terms of the delivery of their offerings to customers and/or the retention of desired workers in a highly competitive labour environment.

Running a business is not for the faint-hearted. However, business owners are now facing unprecedented times with the increased cost of living, high interest rates and rising wage costs.

We encourage all business owners to be abreast of their business' financial hygiene. If your business is showing signs of financial problems, such as:

- you consistently have insufficient cashflow;
- you are experiencing falling sales;
- you cannot pay employee wages and other entitlements;
- you are paying creditors outside usual trading terms;

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- you are not lodging or paying your tax; or
- you are receiving demands from creditors,

then we encourage you to be proactive in seeking advice to determine whether your business is viable and, if so, what steps are available to revive and keep your business afloat.

If you wish to discuss the options available to help safeguard your business, please feel free to reach out to us.



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