Victoria's dirty secret

Once-popular strip a hot-spot for underpayment

BUSINESS OWNER
CLAIRE HEANEY

NEARLY $220,000 in unpaid wages was clawed back for workers on Victoria St's Little Saigon food strip following a Fair Work Ombudsman investigation.

The swoop was part of a wider audit of three popular food precincts that also covered Sydney's Glebe Point Rd and Brisbane's Fortitude Valley. Victoria St was the worst offender.

The beleaguered Victoria St has been under siege as a hot-spot for drug use and traders have been struggling as the once popular strip has lost its shine. The audit identified issues with 83 of the 103 Victoria St businesses, making it the worst offender of the three.

The $218,838 was repaid to Victoria St workers as part of the ombudsman's Food Precinct Campaign, which recovered $471,904 for 616 workers across the three precincts.

The audit found 72 per cent of the 243 businesses had breached workplace laws.

It resulted in 71 on-the-spot fines, 63 formal cautions and seven compliance notices.

Underpayment of base hourly rates accounted for 38 per cent of breaches, while poor or non-existent employment records and pay slips were involved in 28 per cent.

Failure to provide meal breaks, incorrect classification of workers and non-payment of overtime also were cited.

"We are pleased the (campaign) has resulted in hundreds of thousands of dollars being put back in the pockets of workers, and sent a definitive message to those employers who are doing the wrong thing," Fair Work Ombudsman Natalie James said.

"While disappointed by the high levels of noncompliance uncovered in the sample of businesses audited, we are not surprised. One in 10 disputes resolved by the FWO last financial year involved a restaurant, cafe or takeaway food outlet, and nearly one third of the most serious cases we take to court involve this sector."

Dealing with the problem required a combination of regulatory intervention, industry leadership and public awareness, she said.

"This is an industry-wide problem and it needs an industry-wide response," Ms James said. "There are over 50,000 cafes, restaurants and takeaway outlets in Australia and the FWO cannot fix this one cafe at a time."

claire.heaney@news.com.au

WORKING TOGETHER RECIPE FOR SUCCESS

CLAIRE HEANEY

THE team behind a hospitality hub in Melbourne's inner north says it is shaping up as such a success, a second in Melbourne and one in Sydney is on the cards.

Hospitality professional Michael Bascetta, a former manager of top-ranked restaurant Attica, is one of the brains behind the WorkSmith co-working hub in Collingwood.

Mr Bascetta, who co-owns Bar Liberty in Fitzroy, teamed with friend and property developer Roscoe Power to open WorkSmith earlier this year.

Four months in, the co-working space for the hospitality industry is close to capacity with a mix of drink distributors, copywriters, restaurant consultants, point-of-sale technology providers, marketers and more.

Mr Bascetta said there was a need for the hub and he could see potential for another in Melbourne's south and in Sydney.

Big names including Four Pillars, Archie Rose, Stomping Ground and La Marzocco all have a presence in WorkSmith.

"We wanted it to happen organically to bring people together and build the community," he said.

A commercial kitchen being fitted out will be used for new venue operators to finesse their menus.

Also calling the Smith St venue home is the team from King & Godfree, which is using it as a base until its new venue opens later this year in Carlton's Lygon Street. Mr Bascetta said that under a program of monthly events, co-workers collaborated to solve problems. Events will look at issues such as branding, copywriting and mental health.

Some will be for WorkSmith members while others will be open to the public. The fitout allows for beverage and food tasting.

"We have been able to achieve what we have in four months. It will be at capacity in the next few months," he said.

"The kitchen will bring it all together and provide a prep area for food and beverage."

Michael Bascetta, inset, is one of the founders of WorkSmith hospitality hub in Collingwood. Pictures: SUPPLIED

Tech hub opens in Docklands

HISTORY meets innovation as Melbourne's new innovation hub opens today.

Innovation and Digital Economy Minister Philip Dalidakis will officially open the hub in the 111-year-old The Goods Shed, formerly home to Places Victoria, at Docklands.

Hi-tech tenants have shifted in over several months, bringing together leading start-ups in medical, agricultural and financial technology, and in cyber security.

The space will be overseen by the government's start up development agency, LaunchVic. Up to 360 of the country's top start-ups, accelerator and incubator groups will eventually be housed in the building.

Mr Dalidakis said they would include "innovation leaders such as fintech start-up hub Stone & Chalk, agtech accelerator SproutX, Australia's national medtech accelerator The Actuator, leading technology accelerator Startmate and the CSIRO's data analytics experts Data61". Online series *That Startup Show* will also be housed at the new hub.

Global factors pulling rug out from under Aussie property

THE SHORT CUT
with ROGER MONTGOMERY

I am certain that when the Carpenters sang *We've Only Just Begun*, they were thinking about something other than Australian residential real estate.

Nevertheless, the first few bars are fitting to have playing in the background when thinking about property today.

By now you would be well aware that we have long held a dim view of property as a wise "opportunity", particularly for passive, leveraged investors.

At Montgomery we are avoiding retailers, real estate and companies with indirect exposure to consumer confidence and real estate prices (as opposed to volumes).

We are also holding a reserve of cash to take advantage of lower prices because rising rates on top of record levels of debt adversely impacts the value of all assets, including property.

There are a great number of local factors that helped drive the property boom in Australia and an equally meaningful number of factors that could help facilitate a fall.

But it is much more important for potential buyers to realise that this time around, international factors rather than local influences are ultimately responsible for the short and medium-term prospects for residential property.

You see, the boom witnessed in Australia was not unique to our girt-by-sea island. Since the GFC, property prices have surged around the world.

From London to Hong Kong, from Toronto to Queenstown, and from New York to Melbourne, a multitude of cities benefited from ultra-low interest rates as global central banks sought to flatten the yield curve, punish saving and spur asset inflation.

Earlier this year, the International Monetary Fund published a study of 40 advanced economies and 44 major cities revealing synchronised property price growth since the GFC.

In other words, co-ordinated quantitative easing had done exactly what it was intended to do.

But as QE is replaced with Quantitative Tapering (QT), the global fuel for property prices is replaced with a global handbrake.

Unsurprisingly, prices are now sliding in London, New York, Hong Kong, Canada, New Zealand and Australia.

If global influences are determining property prices, domestic factors won't be able to stem the tide. Domestic factors such as strong immigration, the cancellation of excess apartment settlements in Brisbane and Melbourne and the "defacto injecting (of) system liquidity through the $248 billion Committed Liquidity Facility", as one analyst noted, may have little bearing.

Local factors, however, can pour kerosene on the fire.

Declining interest rates globally, for example, fed a high-rise construction boom locally, which increased the supply of apartments.

Eventually however, the continuing boom inspired lax lending standards and inevitably a regulatory backlash (think lending restrictions such as higher deposits, suburb black bans, limits on investor loans and interest only lending) that coincided with the apartment oversupply.

At the same time, restrictions such as taxes on foreign investors saw international buying dry up and the Foreign Investment Review Board has recently reported a 65 per cent drop in applications.

The changes are tantamount to a credit crunch, with the rug effectively pulled out from under buyers' feet, while pushing the most recent buyers off a cliff.

Remembering it is the marginal buyer and seller — this weekend's bidder and vendor — who determine the price for everyone else, recent property falls could begin to push late cycle buyers into negative equity. And negative equity is the single biggest contributor to delinquencies.

The other undeniable influence is interest rates.

Globally, short term rates are going up at the same time that liquidity is being tightened. Unfortunately, there is very little the RBA can do about that.

Roger Montgomery is the chief investment officer at Montgomery Investment Management