



**Budget Submission:
Tasmanian Government 2018-19 Budget**

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Introduction

Unions Tasmania is the peak body for trade unions in Tasmania. It is also the local branch of the Australian Council of Trade Unions (ACTU). With 26 affiliate unions in Tasmania, we represent approximately 50,000 union members across industry, in both the public and private sector.

The Tasmanian trade union movement works everyday towards building a better society for everyone. We believe that workers and their families are entitled to live in a decent and civil society that values fairness and equality – where everyone is afforded the opportunity to succeed.

Tasmanian workers need jobs they can count on. Low wage growth, penalty rate cuts, cuts to our essential public services and growing numbers of people in insecure work hurt working families and, ultimately, the Tasmanian economy. We are concerned that Government is not addressing these key issues and is ignoring growing concerns around our youth unemployment rate and overall underemployment rate. We want to see a bold vision for jobs that Tasmanians can count on. We believe Budget 2018 is an opportunity to put these issues at the centre of Government's approach to employment.

Unions Tasmania welcomes the opportunity to make a submission in advance of the Budget. We put forward a number of recommendations and we remain open and willing to work with Government on implementation.

Job Security

Job security is a major concern of working Tasmanians and the increased casualisation of the workforce in both the private and public sectors is diminishing the living standards of Tasmanian families.

For young Tasmanians entering the workforce, precarious jobs are not providing stability. Young people already face an unemployment rate double the average of wider population and nationally, almost one in five young people (aged 15-24) is experiencing long-term unemployment¹. As a young woman in Launceston puts it: *"My current employer can only offer me casual work and that is not going to get me a house in the future...Full time jobs are declining at the moment ... I know it's a struggle for a lot of my friends too."*²

On the whole, insecure work is destabilising for working people of all ages. Casual work does not deliver the financial security needed to secure housing, make plans from one week to the next, or establish a family. Increased casualisation can also contribute to reduced safety, with casual employees often more fearful of speaking up in the workplace.

¹ Brotherhood of St Laurence, 2017, Reality Bites: Australia's Youth Unemployment in a Millennial Era, http://library.bsl.org.au/jspui/bitstream/1/10341/1/BSL_Reality_bites_Australias_youth_unemployment_Dec2017.pdf

² Examiner Newspaper, December 5 2017, Finding work not easy for Launceston's young people as research shows youth unemployment double national average, <http://www.examiner.com.au/story/5102818/finding-work-not-easy-for-launcestons-young-people/>

The Tasmanian Government should lead by example in offering job security to its workforce. The practice of ongoing, permanent positions being replaced by casual jobs needs to end. Employees should have clear pathways to convert from casual to permanent employment. State service workers deserve job security and Departmental budgets should ensure adequate funding so that groups of employees, for example, Educational Facility Attendants, can remain directly employed.

As the state's major employer, the Tasmanian government has a leading role in wage growth in our state. The Tasmanian Government's continuing wage cap of 2.0% for the State Service contributes to our overall low wage growth, and signals to other employers that decent wage rises are not the norm.

Tackling Underemployment

Improvements to the headline unemployment figure are welcome but do not tell the full picture when it comes to unemployment and underemployment in this State. We know unemployment statistics classify workers who may have only had one hour of work in a week as 'employed', and this distorts how many people are actually truly unemployed.

Underemployment is pronounced in our state and during the year to September 2017, a confronting majority of 92 percent, or more than 8,000 out of the 9,000 jobs created in Tasmania have been part-time. People don't have enough work, and many are pushed by employers to work extra hours for free³.

Underemployment - that is, where employed persons aged 15 years and over want, and are available for, more hours of work than they currently have - should be recognised by the Tasmanian government as a crucial issue to be addressed in our economy, in terms of the overall economy, as well as in the Government's own projects.

Last year's budget left some 20% of the Government's infrastructure spending over the Forward Estimates (or \$355 million) unallocated. Budget 2018 should identify clearly what big, job creating infrastructure projects the Tasmanian Government intends to invest in.

Scrap the cap – Tasmanian Workers Need a Pay Rise

Tasmania's 2017 Budget⁴ anticipates that household consumption will remain a major contributor to economic growth. But record low wage growth has been a feature of Tasmania's economy, as it has been nationally despite booming company profits.

Without a decent pay rise, the rising costs of basic needs such as housing, petrol, health and insurance limit the amount of discretionary spending that Tasmanians can inject into our local economy.

³ The Australia Institute Tasmania 2017, *Tasmanian Jobs Survey*,

http://www.tai.org.au/sites/default/files/Jobs%20survey%20report%20-%20FINAL_0.pdf

⁴ Tasmanian Government Department of Treasury and Finance, 2017, Budget Paper 1, Chapter 2 Tasmanian Economy, <http://www.treasury.tas.gov.au/BudgetPapersHTML/Budget2017/BP1/2017-18-BP1-2-Tasmanian-Economy.htm>

At the same time, the economic security of approximately 25,000 people working in some of Tasmania's lowest paid industries including retail and hospitality is markedly diminished by the cuts to penalty rates being phased in from this year. These penalty rate cuts are slashing thousands of dollars in take-home pay from Tasmanian households⁵ and for people who rely on penalty rates to make a living wage, these cuts are devastating.

Supporting our essential public services

Our public service delivers opportunity, protection and better lives for all Tasmanians. Vital services including health, education, biosecurity and the protection of vulnerable children have been undermined by budget cuts and are struggling to keep up with community demand. Many Tasmanian towns also rely on a core of secure public service jobs to keep them viable.

We cannot underestimate the importance of the public service to the Tasmanian community and the damage done to families when our health system, our education system and other vital services like parks, child safety and corrections are undervalued and under-resourced.

The 2017 Budget was a missed opportunity to reinvest in many areas of our public service. Budget 2018 should demonstrate clear commitment to a strong, quality public service.

The Tasmanian Prison Service

The state's correctional facilities are overcrowded and understaffed, putting at risk the safety and wellbeing of Tasmanians who work in corrections, and those who are prisoners. Prisoner numbers have increased significantly and are not expected to decrease in the near term. There have been substantial incidents including rioting in recent years, partly due to overcrowding. We make a number of recommendations in support of a well-resourced prison system that remains in public hands.

Regulate Labour Hire

Labour hire as a form of casual work in Australia is recognised as one in which basic employment conditions such as correct pay, superannuation and workers compensation are not reliably met and where even a state government can be given short shrift, with payroll taxes being dodged. Numerous labour hire companies are operating in an unregulated environment in Tasmania, although other jurisdictions have already moved to address this including Queensland, South Australia and soon Victoria.⁶

⁵ The Mercury Newspaper 13 April 2017, *ACTU says penalty rate cuts to hit wages in Tasmania by \$290,000*, <http://www.themercury.com.au/news/politics/actu-says-easter-last-holiday-before-penalty-rate-cuts-hit/news-story/2b74334dfff5e0aad1e7b0a790431642>

⁶ ABC news, 29 November 2017, *Labour hire companies face harsher penalties under new SA laws if workers exploited*, <http://www.abc.net.au/news/2017-11-29/sa-parliament-passes-harsher-laws-for-labour-hire-companies/9206328>

Closing the Gender Pay Gap

Inequality is incredibly high in Australia right now and the gender pay gap is a persistent feature of this inequality. Lesser pay and opportunities for women means a poorer economy and a less equal and just society. Many of the actions recommended in this submission will assist in closing the gender pay gap for Tasmanian women. Unions Tasmania supports the consultative development of a comprehensive Tasmanian Women's Strategy.

As the state's largest employer the Tasmanian government itself has the power to progress the issue of closing the gender pay gap for a large portion of our workforce.

Paid Family and Domestic Violence Leave

From 2005 to 2015, in Tasmania, 87.8 per cent of family violence victims were female⁷. Economic insecurity is one of the greatest factors inhibiting people from leaving a violent situation at home and the financial cost to leave is substantial, with housing, medical, legal and other costs easily mounting to thousands of dollars. The economic cost of not tackling domestic violence is also substantial.

Many women resign, or are terminated from their jobs, because they need to take time off work to deal with injuries to themselves or to their children. They need time to attend appointments with counsellors, police, or real estate agents. They may not be able to attend work as they have been prevented from leaving the house by the perpetrator of violence. Women are unable to undertake the activities associated with making safe arrangements for themselves and their children when their financial security is under threat.

A 2016 study into the provision of paid family and domestic violence leave as a national standard, notes that "being able to undertake legal, medical, relocation and other measures to address their situations, without the risk of losing income or losing their employment entirely, has been proven to enhance the likelihood of victims' escaping violence and hence preventing its reoccurrence"⁸.

Ethical Supply Chain Audit of State Government Procurement

The Tasmanian Government is a major consumer of good and services in the state and has set out clear ethical standards and a procurement code of conduct, to ensure effective use of public money, in the best interest of Tasmania, as well as fair and open competition⁹. These

⁷ Tasmanian Government 2016, *Women and Girls in Tasmania – Fact Sheet 6: Safety and Justice*, Department of Premier and Cabinet, http://www.dpac.tas.gov.au/_data/assets/pdf_file/0011/280865/Fact_sheet_6_Safety_and_Justice.pdf?SQ_DESIGN_NAME=women

⁸ Stanford, J. 2016, *Economic Aspects of Paid Domestic Leave Provisions*, Centre for Future Work at the Australia Institute, https://d3n8a8pro7vnmx.cloudfront.net/theausinstitute/pages/1408/attachments/original/1482351910/Economic_Aspects_Domestic_Violence_Leave.pdf?1482351910

⁹ Tasmanian Government Department of Treasury and Finance, 2017, Treasurer's Instruction No 1101: Procurement Principles: goods and services (Version 12) <http://www.treasury.tas.gov.au/Documents/TI-1101.pdf>

goals can be undermined when some suppliers of goods and services do not uphold their legal obligations to their workers, for example through wage theft or unsafe working conditions.

Education about workers' rights and the role of unions

Tasmanians, like their interstate counterparts, established unions well before they formed parliaments.

Since the earliest days of transportation, working people have come together to advocate for occupational health and safety, decent pay, and fairness in the workplace. Unions have championed and brought into being fundamental things in our society, such as the eight-hour day, the minimum wage and even weekends.

Unions have a significant role in Australian workplaces and this should form part of our educational curriculum, alongside an understanding of worker's rights. Employer malfeasance is on the rise, and numerous cases are uncovered each year of people being ripped off at work in Tasmania whether through underpayment by employers, failure to make superannuation contributions and other means. Every Tasmanian deserves to finish school equipped with an understanding of how workplace laws are made and what their rights and responsibilities will be in relation to the workplace.

Portable Long Service Leave

Thousands of Tasmanian workers are not able to accrue Long Service Leave despite their continued commitment to work, due to the contract and short-term, insecure nature of work in community services sectors.

This contributes to income inequality and affects the well-being of people working in these physically demanding sectors over long periods of time, by denying them the opportunity to take paid long service leave.

The creation of a Tasmanian scheme for portable long service leave covering the community services, disability and aged care, contract cleaning and security sectors would make a significant impact on the economic security of some of Tasmania's lowest paid working people and there is substantial engagement and support for this from Tasmanian workers¹⁰.

Working Together

Unions Tasmania has been a respected and valued contributor to government policy through a range of boards, standing committees and one off advisory groups.

We are deeply concerned that the Tasmanian Government have seemingly sought to exclude the voice of workers and their unions in areas where the interests of working people should

¹⁰ Health and Community Services Union, United Voice 2016, *Portable Long Service Leave Scheme for the Tasmanian community services, disability and aged care, contract cleaning and security sectors*, https://issuu.com/hacsutasmania/docs/plsl_discussionpaper_final_issuu

be represented. This includes issues that directly impact on workers such as industrial/workplace relations, skills and training, health and safety and workers compensation.

Union members expect their Government to engage in consultation and decision making with all stakeholders in relation to issues that affect them. Good decision making comes from a diversity of views.

Conclusion

Unions Tasmania thanks the Tasmanian Government for the opportunity to contribute to the Tasmanian Budget 2018. We conclude by making 14 recommendations for consideration on the issues of job security, underemployment, wage growth, public services, casualisation of work, the gender pay gap, paid family and domestic violence leave, ethical supply chains, education, portable long service leave and greater cooperation on issues affecting workers.

We look forward to working with Government, business and other stakeholders to support a fairer and more equal Tasmania that provides opportunity for all.

Recommendations

Recommendation 1 – The Tasmanian Government recognises job security as a critical issue for all Tasmanian working people. We further recommend the Tasmanian Government first take measures to ensure job security in its own workforce and then consider what strategies it can employ to encourage business to engage employees in secure work.

Recommendation 2 – The Tasmanian Government adopts a clear focus on tackling the problem of underemployment across all employment related initiatives.

Recommendation 3 – The Tasmanian Government removes the 2.0% wage cap for the State Service, commits to negotiating in good faith with public sector unions and uses these negotiations as an opportunity to arrest declining wage growth.

Recommendation 4 – The Tasmanian Government allocates funds and increases the number of correctional officer positions to meet increasing demand.

Recommendation 5 – The Tasmanian Government allocate funding and build a new northern prison.

Recommendation 6 – The Tasmanian Government increase funding for rehabilitation and therapeutic services in the Tasmanian Prison Service.

Recommendation 7 – The Tasmanian Government develops a scheme to regulate and track the use of labour hire.

Recommendation 8 – The Tasmanian Government allocates funds and conducts an audit of positions currently held across the State Service, to map gender gaps in pay for comparable work, and gaps in levels of seniority across the service. The results of this audit should inform gender equality policy and initiatives and provide a baseline from which progress can be measured in a transparent way.

Recommendation 9 – The Tasmanian Government supports the union movement’s campaign for ten days of paid Family and Domestic Violence leave in the National Employment Standards and make their support known to the Commonwealth Government.

Recommendation 10 – The Tasmanian Government promotes the social and economic benefits of paid family and domestic violence leave among Tasmanian private sector employers and uses early adopters as role models.

Recommendation 11 – The Tasmanian Government allocate funds and conducts an ethical supply chain audit of all state procurement, to identify where obligations to workers are not being met, and use this to inform future government policy.

Recommendation 12 – The Tasmanian Government allocates resources to build and implement statewide, in partnership with unions and employers, curriculum content about workers’ rights and the roles of employers, government and unions in the world of work.

Recommendation 13 – The Tasmanian Government establishes a Portable Long Service Leave scheme, similar to that in the construction industry, for the community services sector.

Recommendation 14 – The Tasmanian Government commits to collaboratively working with the trade union movement and its members on issues affecting workers including through Government Boards, Committees and other consultation mechanisms.