



**ACTU**

australian council of trade unions



# JOBS YOU CAN COUNT ON

Authorised by S. McManus, ACTU Secretary, 365 Queen St, Melbourne 3000. ACTU D No. 66/2018

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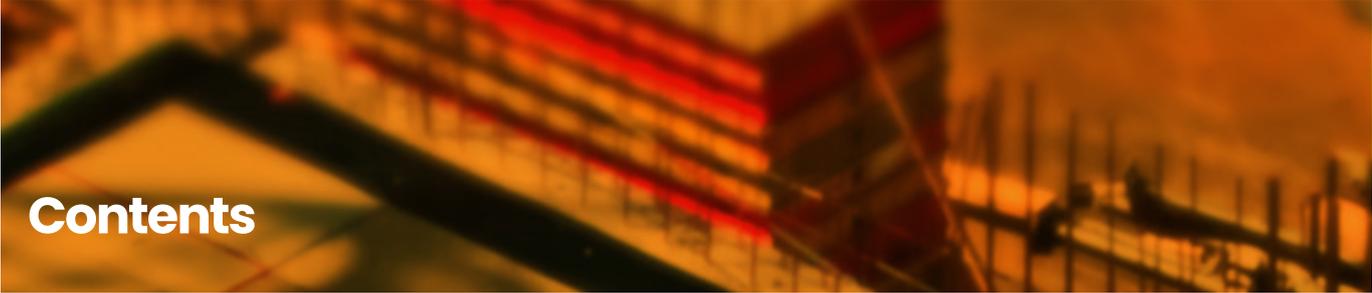
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## EXECUTIVE SUMMARY

Australians expect their government to build an economy that works for everyone, not just the few: one that delivers decent living standards, opportunities and quality of life for all of us.

The rights of working people have been eroded as the government has failed to ensure industrial laws keep pace to protect workers. Gaps in regulation have been exploited by employers using strategies to avoid their employment obligations.

In the face of persistent joblessness, stagnating incomes and growing frustration, the Coalition Government can think of no other response than to double down on long discredited trickle-down policies and cut the wages of those that can least afford it.

According to this Government, taxes on corporations and wealthy individuals must be cut even further; free trade agreements must be signed even faster; labour, social, and environmental regulations must be dismantled even more aggressively; and unions standing up for working people must be attacked.

Only then, we are told, will the wonders of business-led, trickle-down growth finally be realised.

**But the reality is, while the 'trickle-down' approach has benefited a few, it hasn't worked for the majority of ordinary working people.**

Inequality in Australia is at a 70 year high.

Millions of people in Australia either can't find enough work or find a job at all. Underemployment remains stubbornly high and too many of our young people looking for work can't find it, with national youth unemployment at 12.2% and significantly higher in regional areas.<sup>1</sup>

More and more Australians are in insecure work, juggling multiple freelance, contract, casual, and temporary jobs. Forty percent of workers in Australia experience at least one dimension of precarity in their work.

Employers are increasingly using non-standard forms of employment such as "sham" independent contracts and labour-hire to avoid their obligations to employees.

We are seeing unprecedented systematic exploitation of vulnerable temporary overseas workers – exploitation that not only has a negative impact on temporary migrants, but also undercuts local wages, local job opportunities, and local education and training.

Systemic failures in the labour market, and the Government's failure to act, are contributing to the decimation of education. In the past 5 years, the number of apprentices and trainees has dropped precipitously. For trades and technicians, the decrease is almost 20 percent.

Employers are increasingly seeking to unilaterally terminate enterprise agreements to undermine effective negotiations, and reduce employee wages and conditions.

Systematic discrimination, inequality and marginalisation means that millions of Australians have not shared in the prosperity that comes with decent work. The national gender pay gap has remained at between 15 and 19 percent for decades<sup>2</sup>.

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1 ABS (Cat 6202.0) February 2018.

2 ABS (Cat 6302.0)

Wage growth is at record lows, while at the same time corporate profits continue to grow. Worse yet, in some sections of the workforce underpayment and wage theft has become commonplace.

This has not happened by accident. It is the direct result of 'trickle-down' economic policies aimed at creating 'flexibility' for business at the expense of working people.

**Workers' voices must be restored in order to return balance. Australian workers need more than ever to be part of a union. That is the only way we are going to reverse these damaging trends and stop wages falling further behind.**

Instead of addressing these serious issues, the Coalition Government is obsessed with attacking unions and the workers they represent. Without unions fighting for working people we are not going to see wages revived or working conditions improved, but the government is going in the opposite direction. Every day they think up new ways to hurt working people and weaken their rights while handing corporations \$65 billion in tax cuts. These are no more than a continuation of the same 'trickle-down' policies that have failed us in the past.

The problems we face today are a direct result of weakening of labour institutions such as trade unions, along with the diminished role of the independent umpire in determining wages and the rapid expansion of precarious forms of work. Globalisation is also a major factor, as it did nothing for blue collar workers in advanced economies trying to make a living by working in a factory or in a occupation that could be readily transferred to a country without effective trade unions, collective bargaining and labour rights.

If the Government continues to try to destroy unions, and with them working people's rights at work, Australia will become a fully Americanised society of high inequality and dead-end jobs, with long working hours, no holidays, zero job security and poverty pay levels.

Policies which improve so-called labour market 'flexibility' for business, at the expense of the wages and conditions of workers, are not acceptable. This approach only exacerbates inequality and does nothing to create more good or better jobs. We need new policies that support local industry and improve wages and conditions for working people in Australia.

## Changing the rules: Our plan for Jobs You Can Count On

Our plan for Jobs You Can Count On aims to stabilise and restore job quality, at the same time as dramatically expanding the quantity of work available. We specifically aim to support local business through effective industry policy to create more high quality, secure local jobs.

Combined with the strengthening of employment regulations and standards through sensible reforms to workplace and industrial relations policy, we will drive a broad improvement in job quality – enhancing the security and stability of work for millions of Australians.

To create more and better, secure jobs we must focus on three key challenges:

- x Move to a more even playing field by fixing the broken laws and regulations that are failing to protect workers in Australia, through overhauling our workplace laws and our industrial relations frameworks;**
- x Encouraging the growth and development of local industries that provide good, secure jobs through good industry policy;**
- x Address gender inequality, discrimination and marginalization.**

Our plan is a comprehensive, consistent strategy to improve both the quantity and quality of work: creating new jobs, lifting pay, enhancing the security and conditions of employment, and ensuring access to decent work for all Australians.

### Part I: Moving to a more even playing field

Australia is getting wealthier but big corporations and the very rich have used their power to rewrite the rules to take more of the gains while Australia experiences greater inequality and many are being left behind.

Australia's industrial laws have radically changed 5 times in 25 years.<sup>3</sup> The Fair Work Act was designed to get rid of WorkChoices. It served its purpose at the time, but it isn't purpose-built for the new economy.

Corporations are now deliberately organising both their capital and their workforce to avoid the legal protections that do exist.

Industrial laws have always existed with one primary purpose, that is to address the inherent power imbalance that exists between employers and workers. That imbalance has never been greater. Our laws need to change.

The attack on basic protections for workers has gone too far. We have to restore basic worker rights that have been lost. We need policies that help move our workplaces towards a more even playing field and achieve basic rights for workers in the workplace again.

We must reverse the cuts to penalty rates, raise the minimum wage, change our industrial relations laws and look at ways we can help support trade unions.

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3 Keating 1993, Howard 1996, Howard 2005, Rudd 2008, Turnbull 2017.

The priority areas for our industrial relations framework are:

1. Creating more secure jobs.
2. Improving workers' rights and living standards.
3. Creating a strong, fair and independent umpire.
4. Make bargaining fair so workers can get a pay rise.

## **Part 2: Creating good jobs by promoting and encouraging local industry**

In order to create more and better jobs, we need to promote, support and encourage local industry.

Decades of the dominant 'trickle-down' neo-liberal economic ideology have delivered policy settings that favour large corporations and wealthy individuals on the basis that market forces alone will eventually see the benefits of growth filter down to the rest of society.

The reality is much different. Some of the most successful countries and industries are those where governments have worked in collaboration with industry to provide support. We need to support Australian industry to create local jobs.

To create good jobs and support local industry we must:

- x Support local jobs and industry through targeted assistance. Support should be given to those industries that provide wider benefit to Australia and its people;**
- x Ensure our trade agreements benefit local industry and workers. The purpose of international trade agreements signed by Australia should be to maximise the economic benefit to Australians through trade. Unfortunately, the Government has lost sight of this objective. We must ensure that Australia benefits from trade agreements going forward;**
- x Support local jobs and industry through government procurement. The focus on lowest cost procurement, regardless of other wider economic benefits, needs to stop. Government procurement rules should explicitly encourage local suppliers, manufacturers and service providers;**
- x Foster demand by improving wages, government investment and supporting exports. Good job creation requires fostering demand for the locally produced goods and services that workers produce. We must encourage household spending by raising wages, boost government investment and infrastructure, and encourage demand for Australian exports;**
- x Create skills for the future by improving education, training and apprenticeships. The purpose of education is not simply to develop narrow skills benefiting specific individual employers and workplaces, but to equip people with the general skills that benefit the economy and workers more broadly;**
- x Ensure a just transition for industries and sectors undergoing transformation, creating industry plans for innovation and technological change which includes measures to assist workers to transition to jobs in emerging industries. Innovation is crucial to our future prosperity, but we must ensure that everyone benefits from new technology, not just the few;**
- x Have strong public and private infrastructure investment. Strong capital investment in both the private and public sectors of the economy is crucial to job-creation and economic performance;**

- x **Create good, secure jobs in the private services sector. Private sector service jobs have been the largest source of new employment in Australia in recent decades, but all too often are dominated by low-wage, insecure jobs. We must support the creation of good, secure jobs in all industries;**
- x **Protect and create good, secure jobs in public services. Trying to reduce fiscal deficits through privatisation and large cuts in social programs and services does not support the economy or improve the public service. New jobs in education, health care, and other caring and human services have played a crucial role in supporting overall employment and incomes;**
- x **Create good jobs in clean energy and environmental industries. Scientists and economists alike agree that a transition toward a less polluting, more sustainable economy is essential. We need policies and investments to support the growth of sustainable industries that have so much job-creating potential.**

### **Part 3: Policies to fight gender inequality, marginalisation and discrimination**

Attaining more equity in employment outcomes, with consequent benefits for family, community and individual wellbeing, is essential to an inclusive and fair Australia.

Systematic discrimination, inequality, and marginalisation mean that millions of Australians have not shared in the prosperity that comes with decent work. Pro-active measures must be taken to help systematically disadvantaged and rural and remote communities overcome economic and social barriers, and gain full access to their fair share of the decent work resulting from this plan.

Measures to accomplish this include:

- x **Addressing the widening gender pay gap and women’s continued depressed labour force participation through measures including the provision of accessible, affordable, quality child care, improvements to paid parental leave, enforceable rights to family friendly work arrangements and paid domestic violence leave, stronger pay equity reporting and support for girls and young women at all levels of the education system to enter non-traditional careers.**
- x **Increasing the Newstart allowance substantially, abolishing the liquid assets waiting period and ending work-for-the-dole schemes to ensure dignity and decent income support for unemployed workers to enable them to look for and obtain employment.**
- x **Supporting the genuine integration of workers with disabilities into quality paid work, including providing genuine support for training, job search and employment support and strengthening the Disability Support Pension.**
- x **Addressing persistently high youth unemployment rates with targeted measures to support young workers’ job search, including targeted programs for hiring young people in non-profit services and agencies and paid placement opportunities for young people in government departments and agencies. In all cases these initiatives must fully respect the minimum wage and other employment standards.**
- x **Providing expanded employability support services for adult workers who have been unemployed for over one year, including basic skills training (in literacy and numeracy), job search and retention skills, referrals for Vocational Education and Training (VET) and other training opportunities, and paid work experience opportunities.**

- x **Aboriginal and Torres Strait Islander workers must be engaged in fulfilling employment, with the same conditions and wages afforded to other Australian workers. The Community Development Program (CDP) should be abolished and replaced by fully funded programs focusing on community self-determination, lifting incomes and labour standards, and developing hybrid economies consistent with genuine community development.**
- x **Developing a system of Community Benefit Agreements, through which sponsors of major publicly supported infrastructure investments must negotiate contractually binding employment and economic benefit commitments with affected local and regional communities (including Indigenous communities) and target hiring from disadvantaged or marginalised communities for work on those projects.**



## INTRODUCTION: THE SYSTEM IS BROKEN

**The vision of decent work and a “fair go for all” is central to Australians’ cultural identity. Yet reality diverges further and further from this narrative.**

The Coalition’s ‘trickle-down’ economic policies have created an economy that concentrates power in large corporations and wealth in the hands of a few rather than building prosperity for all. We urgently need to change course. We can make more of our economic potential, lift our living standards and raise enough revenue to pay for essential public services that build a fair and prosperous nation, but only if we make different choices about our economic policies. And only if we change the rules.

The trickle-down neoliberal approach is now widely recognised as a failure, with organisations such as the IMF, World Bank and OECD advocating decent jobs and living standards as critical to economic growth.<sup>4</sup> One of the strongest indicators of the failure of trickle-down economics is the continued malaise in Australia’s labour market, and in particular the inability of millions of Australian workers to find and keep decent, secure work.

The past decades of policies to increase labour market ‘flexibility’ have resulted in rising employment precarity and undermined Australian wages and working conditions. Problems in our labour market have not only occurred through direct deregulation, but also through the expansion and exploitation of gaps within regulations and a lack of monitoring, enforcement and inadequate penalties for those who breach regulations.

These policies are aimed at benefiting business profits in the short-run, they have not resulted in improvements for a large number of workers, or the economy and society as a whole. Rather, they have contributed directly to rising inequality and undermining social cohesion, and ultimately, the long-term strength of our economy.

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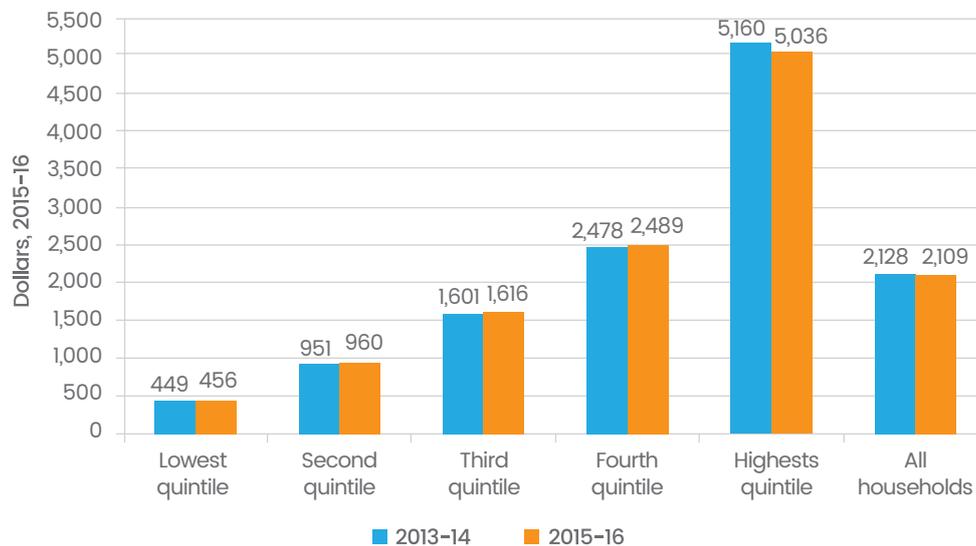
4 Dunsmuir, L. ‘IMF calls for fiscal policies that tackle rising inequality’, Reuters, October 2017.

## Inequality is at a 70 year high

Income inequalities are at a 70 year high<sup>5</sup>, and for the vast majority of people, living standards have declined and job security has disappeared.<sup>6</sup> The facts are indisputable that income distribution has become more unequal and inequality in Australia has been worsening since the 1980s. The share of income held by the richest 1% of the population has been steadily rising since neoliberal 'trickle down' approaches began to dominate economic policy in the 1980's.

Currently in Australia, the top fifth of households get more than four times the disposable income that equivalent households in the bottom fifth<sup>7</sup> and a quarter of households have debt which is three times their income with no end in sight. Weekly disposable household income has not improved in real terms between 2013-14 and 2015-16, meaning that most people are no better off than two years before, and some are worse off, including those on low incomes.<sup>8</sup>

### Real equivalised household income, quintiles, 2013-14 and 2015-16



(Source ABS Cat 65230.0)

5 Measures of inequality being total income going to the top 1 per cent of Australians has nearly doubled since the early 1980s and at its highest since the 1950s.

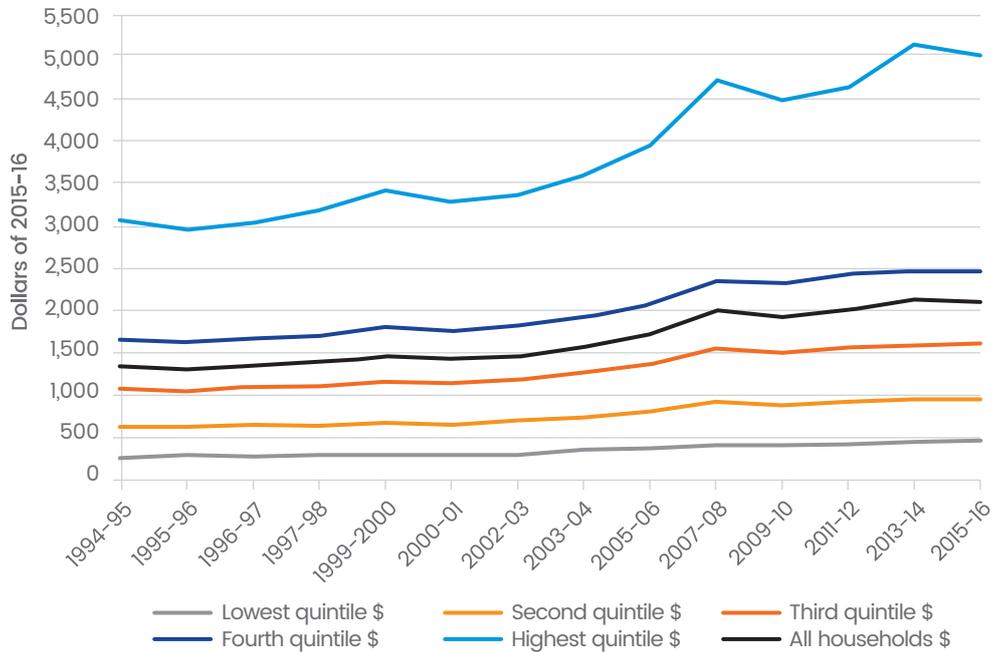
6 World Wealth and Income Database, <http://wid.world/country/australia/>.

7 ABS Cat 6523.0 - Household Income and Wealth, Australia, 2015-16. September 2017.

8 ABS Household Income and Wealth 2015-2016.

The following chart shows the household income for households in each quintile (fifth) of households ranked from the bottom to the top of incomes.

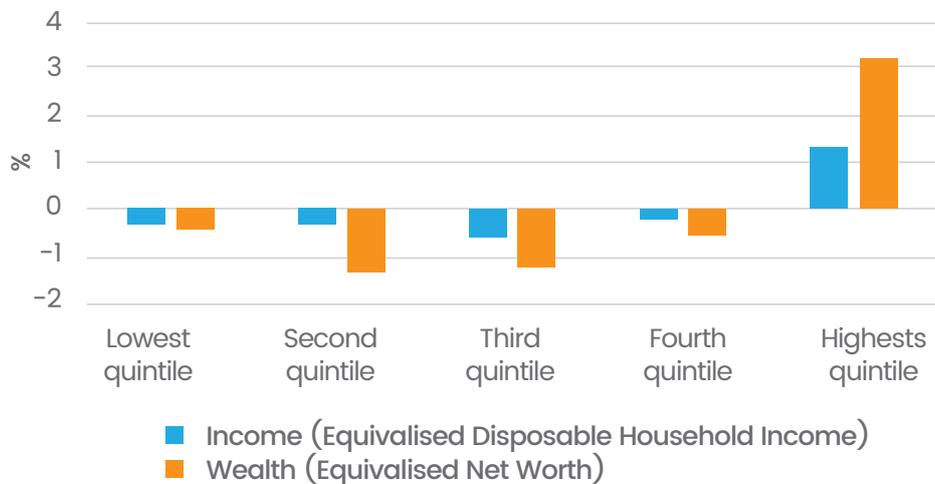
**Real equivalised household income for each fifth of households by income, 1994-95 to 2015-16**



(Source: ABS 5230, midpoint household incomes of each household quintile. Equivalised means adjusted to take account of different household characteristics.)

In terms of both income inequality and wealth inequality, over the past 12 years, the share of both income and wealth going to the richest fifth of households has increased, not only at the expense of the poor, but at the expense at the bottom four out of five households.

**Distribution of Income and Wealth (change in % share 2003/04 to 2015/16)**



(Source ABS Cat 6523)

The evidence is clear that ‘trickle-down’ is really ‘trickle up’.

Such false neo-liberal economic policies have created an economy that concentrates power in large corporations and wealth in a few hands rather than building prosperity for all. We urgently need to change course. We can make more of our economic potential, lift our living standards and build a fair and prosperous nation. But only if we make different choices about our economic policies. We need to build a future that works effectively for people and communities.

## Unemployment and underemployment

Almost three million people in Australia are unemployed or want more work, but are unable to find enough work, find a job at all, or have given up looking.

The evidence is overwhelming that Australia’s labour market is failing to provide workers with sufficient opportunity to support themselves and their families and contribute to the economy.

The latest official data at the time of writing<sup>9</sup> showed 723,800 unemployed or 5.5% of the labour force.<sup>10</sup> To put that in proper context, current unemployment levels are not much below the height at the GFC eight years ago of 5.9% at May 2009. This is fundamentally an unacceptably high number and in the total absence of positive action from the government there are no signs of things getting any better for ordinary workers.

Though this is the figure primarily used by the Coalition Government it vastly underestimates the problem. Under official statistics, to be considered ‘employed’ a person is only required to work a single hour in a week. This figure misses all of those workers who want and need more work but are unable to find it. Nearly 1.1 million working people in Australia cannot find enough hours to work. Of those employed, almost 1 in 11 workers in Australia cannot find enough hours.<sup>11</sup>

The number is even higher when considering those who have become so disenfranchised they have given up looking for work altogether. Over 100,000 people in Australia have become so discouraged they have stopped looking, even though available for work. Almost a million (985,100) wanted to work and were available to start work in the next 4 weeks but could not start that week.<sup>12</sup>

The extended labour force underutilisation rate is 15.4 percent.<sup>13</sup> Almost 3 million people in Australia (1 in 7 who would like to work) want more work but they can neither find enough work, nor find a job at all or have given up entirely. It is even worse for our young people and those outside of the major capital city regions (such as outer city regions which have experienced industrial decline, or in remote communities) and for traditionally disadvantaged groups who do not have an equal chance to find decent work.

This represents an enormous wasted opportunity to provide Australians with fulfilling and rewarding work, to grow our economy and strengthen our society.

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9 ABS Seasonally Adjusted August 2017.

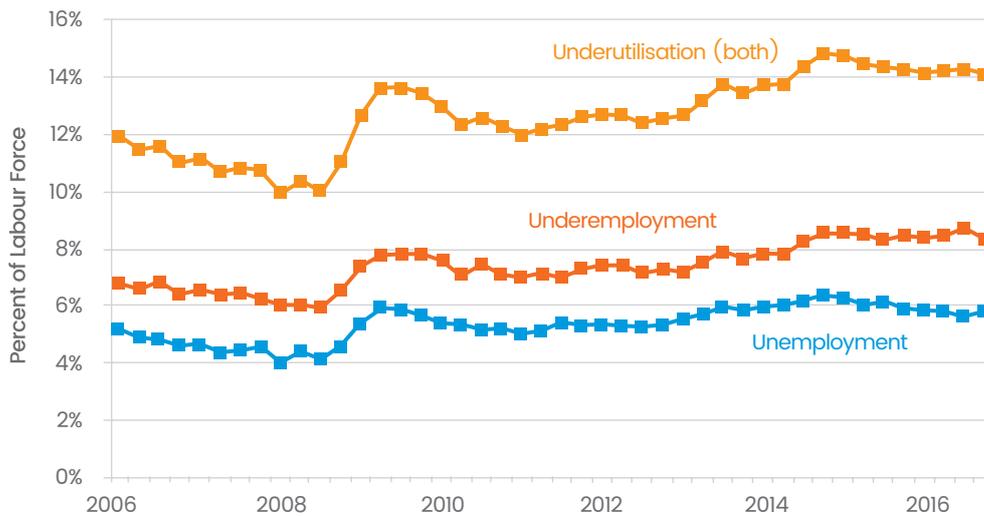
10 ABS 6202 January 2018, seasonally adjusted

11 ABS Cat 6202, January 2018

12 ABS Cat 6226, February 2017.

13 ABS Cat 6226, February 2017. The ABS extended labour force underutilization rate includes two groups of people with marginal attachment to the labour force: discouraged jobseekers and those who are actively seeking work and could start within four week but are not available in the reference week.

## Unemployment and underemployment (% of labour force)



(Source: ABS Cat 6202, Table 22)

## Key indicators of unemployment and underemployment at January 2018 or most recent data

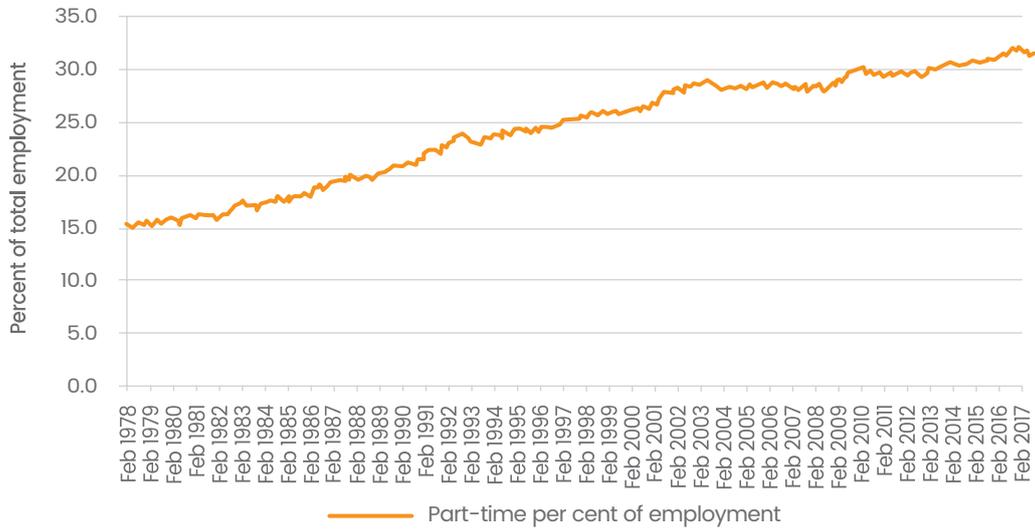
	Number of people	Percent of labour force
A. Official unemployment	732,000	5.5%
B. Underemployment	1.1 million	8.3%
C. Total underutilisation (A+B)	1.8 million	13.2%
D. Want and available to work, but outside labour force (marginal)	1,048,000	
E. Total unutilized labour	2.8 million	19.8% (b)
Other indicators of labour market underutilisation:		
Employed part time	3.9 million	32.1%
Owner managers of enterprises without employees	1.3 million	11.5%
'Casual' employees = without leave entitlements	2.6 million	25.4%

Source: Most recent comparable data. ABS Cats 6202 January 2018 Unemployment Table 1 (December), Underemployment and underutilization Table 22 (November), ABS 6226 February 2017 for line D. b per cent of labour force adjusted to include line D, at nearest to Feb 2017. ABS 6202 January 2018 for part time. ABS 6291.0.55.003 Table 13 for the other Other indicators, November 2017 Casual employees as a per cent of paid employees.

## Australia has the third-highest proportion of part-time workers in the OECD.<sup>14</sup>

The true picture for our national workforce gets more serious the closer one looks, with nearly one third of the Australian workforce in part time work.<sup>15</sup> The number of part-time workers in Australia is 3.9 million, more than double the share in 1980.<sup>16</sup>

### Part time share of total employment (% of labour force)



(Source ABS 6202001)

ABS data indicates that nearly 30 percent of part time workers would rather be working more hours, if they had the opportunity.<sup>17</sup> According to the Members Equity Bank's annual Household Financial Comfort Report indicated that 20 percent of part-time workers wanted full time work.<sup>18</sup>

This involuntary part-time data disproves the claim of employers that the rising incidence of part-time work reflects the "choices" of workers. The vigorous and sustained opposition from employers to efforts by unions to improve the rights of employees with caring responsibilities to work part-time demonstrates how disingenuous this 'choice and flexibility' argument is.

In fact, it reflects chronic inadequacy in overall labour demand, and the deliberate efforts of employers to maximise profits at the expense of working people's quality of life. It is in practice very difficult for casual and part time workers to ask for more hours because the reality is the hours that are available are already being worked.

14 OECD Employment Outlook 2017 <https://data.oecd.org/emp/part-time-employment-rate.htm> accessed 13 Feb 2018

15 32.1% ABS Seasonally Adjusted January 2018.

16 ABS Cat 6202, seasonally adjusted, and ACTU calculations

17 ABS 6202

18 ME Bank 2018 Household Financial Comfort Report. February, p.23

## Precarious and insecure work

In addition to the chronic shortfall in the quantity of work, Australians are also confronting a painful and damaging decline in the quality of work.<sup>19</sup>

More and more Australians are juggling multiple jobs and are doing so not because we prefer to, but because we have no choice. Australia has the third highest part-time employment in the OECD<sup>20</sup>, many of them insecure jobs with unpredictable working hours and pay and without access to leave and other basic entitlements.

Our industrial system has not kept pace with modern global business structures. Wages and conditions have been attacked, labour protections have been weakened, and gaps in the law have been exploited so that employers can avoid their obligations to employees. So-called “flexibility” has primarily meant flexibility for employers to hire and fire at will, control working hours, contract out and casualise work: delivering perpetual insecurity and fewer benefits to working people.

### **Forty percent of workers in Australia are in insecure or precarious work.**

Research indicates that 40 percent or more of Australian workers experience at least one dimension of precarity in their work. Examples of insecure work include workers on casual contracts, short-term contracts, in labour hire, or working as so-called ‘independent contractors’ on sham contracts.

Since August 2012, the number of casual workers and independent contractors has risen by 110,000 and 51,300 respectively. This has coincided with 113,000 fewer workers getting full leave entitlements and around 763,000 Australians were holding a second job – a 9 percent jump in the six years to June 2016.<sup>21</sup>

Precarious and insecure work means workers have little to no economic security with unpredictable pay and hours. The impacts on workers and their families of chronic instability and insecurity are devastating.<sup>22</sup>

But precarious work also threatens the wellbeing of the rest of the population, who are increasingly fearful for their own jobs, as employers undercut their job security by tapping into the ever-growing pool of vulnerable workers.

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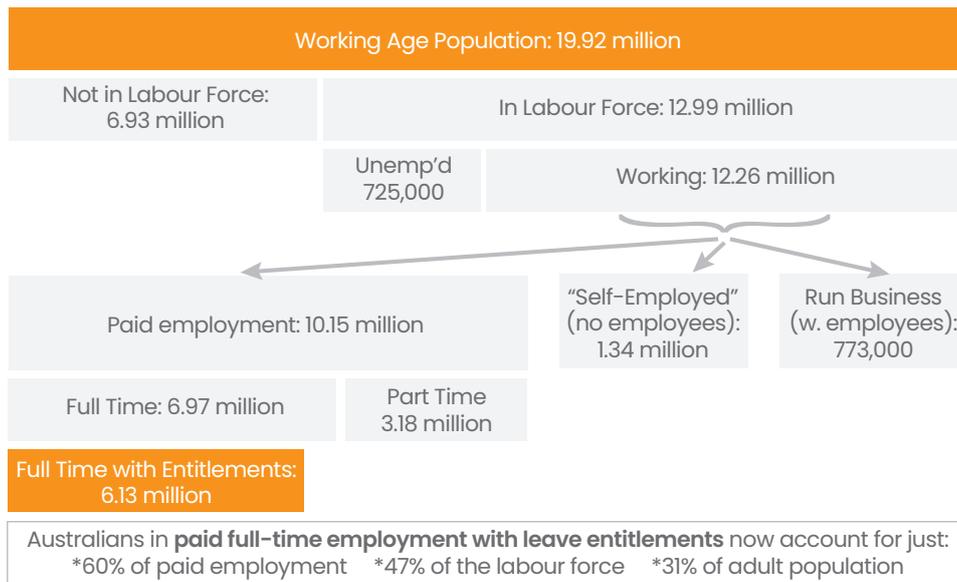
19 See CFMEU Tough Jobs: The Rise of an Australian Working Underclass, CFMEU Research Paper, September 2016

20 <https://data.oecd.org/emp/part-time-employment-rate.htm>

21 ABS 6150.0.55.001 Labour Account Australia, July 2017.

22 ACTU Independent Inquiry into Insecure Work, and its final report, Lives on Hold

## The Prevalence of Insecure Work (4-quarter average 2017)



(Source: CFW from ABS Catalogue 6291.0.55.003 Tables 24a & EQ04. Some totals do not add due to rounding. Self-employed incl. unpaid family workers.)

Over 1 in 4 employees in Australia are employed on casual contracts with no entitlements to annual leave or sick leave.<sup>23</sup>

Over 2.5 million employees in Australia can be considered "casual" in that they are working without leave entitlements.<sup>24</sup> This is an increase of over 220,000 people over the previous three years with casual workers now representing over 25 percent of total employees.

Insecure work has grown in tandem with the weakening of employment protections, resulting in inferior rights and entitlements, including limited or no access to paid leave, lack of employment security and lack of influence and control over working arrangements.

As casual workers generally have no guaranteed hours of work, they face job insecurity in that they do not know whether they will have a job from week to week. They cannot even be certain they will get enough hours to cover their basic living costs each week.

A recent ruling by the Fair Work Commission<sup>25</sup> to put a casual conversion clause in modern awards enabling casual employees engaged in regular patterns of work to request permanent positions after 12 months is a welcome step in the right direction. But it is only a small step, much more is urgently needed.

Women are particularly affected by the issue of precarious and insecure work. Women are more likely to work part-time than men, they are more likely to work casually than men and women are more likely than men to be employed in industries where insecure work is on the rise. While we must ensure that all workers are protected from insecure work, we must acknowledge that women, who already experience other disadvantages in the labour market, are disproportionately affected by this issue.

23 ABS 63330. February 2018

24 ABS 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Table 13

25 FairWork Commission Decision [2017] FWCFB 3541. 5 July 2017.

## Sham contracts and labour-hire

### **“Sham contracts” are increasingly being used by employers to avoid paying entitlements to workers who should have been hired as employees**

There has been an expansion in temporary, contract and various forms of precarious “self-employment”. Almost 1 million Australians work as independent contractors<sup>26</sup>, squeezed in supply chains with little or no bargaining power and shouldering all the risk of illness, superannuation, workers compensation and insurance.

There is now a substantial number of owner operators of enterprises who have no other employees other than the proprietor who mostly operate out of the proprietor’s own home. In 2016, there were 1.3 million owner-managers of enterprises without employees, up one-third from 20 years ago, with almost all of the increase accounted for by unincorporated enterprises.<sup>27</sup>

Many of these people work in “sham” contracting arrangements, where employers illegally attempt to disguise what is a relationship between an employer and an employee as one between a client and independent contractor, in order to avoid paying employee entitlements. These workers are in effect still working for an employer, but have lost the normal protections and security that come with a formal paid position. In some industries, the illegal use of sham contracting is rife. In the construction industry the Construction Forestry Mining Maritime and Energy Union (CFMMEU) estimates that between 26 and 46 percent of independent contractors are on sham contracts.<sup>28</sup>

These employment arrangements reflect a trend by major employers to shift financial and business risks to workers, by “contracting out” work to nominally independent contractors who are, in turn, responsible for providing for their own basic entitlements (such as leave, insurance and superannuation). Often these contractors are part of a complex supply chain with little or no bargaining power to negotiate decent pay, hours of work or safe work practices. The growth of “gig”-type jobs, facilitated by the expansion of online platforms in many service industries, further reinforces this form of precarious work.

### **Labour-hire arrangements are being used by companies to avoid the obligations of direct employment relationships.**

Labour-hire arrangements are a triangular relationship where workers are hired as an employee or independent contractor by a labour hire agency and are then on-hired to a host employer for a fee.

Though statistics surrounding the number of workers hired through labour-hire are limited, the Australian Bureau of Statistics (ABS) estimates that approximately 134,000 people working in Australia are paid by a labour-hire firm or employment agency.<sup>29</sup> The ABS’ methodology, however, likely underestimates the number of labour-hire workers. It is estimated that between 2 and 4 percent of all workers in Australia are labour-hire workers.<sup>30</sup>

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26 ABS 63330. February 2018.

27 ABS Cat 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Table 13, ABS 6333

28 CFMEU, Race to the Bottom, CFMEU Research Paper, 2011

29 ABS 6333, Characteristics of Employment

30 ACTU Independent Inquiry into Insecure Work, and its final report, Lives on Hold

Advocates of labour-hire argue that it allows employers to better match the peaks and troughs of the business cycle and offers greater flexibility to workers. The reality is that it is often used by business as a way to reduce their labour expenses by pushing costs onto workers, particularly as many labour-hire employees are hired on either casual or independent contracts.

Research has shown that workers predominately enter into labour-hire arrangements due to a lack of alternative secure employment opportunities, that they face much more insecure work and receive lower hourly rates of pay compared to direct employees.<sup>17</sup>

Labour-hire operators have also been found to be engaging in sham-contracting arrangements, particularly in industries such as cleaning.

## **Exploitation of temporary overseas visas & workers**

We are seeing the unprecedented exploitation of vulnerable migrant workers, with many employers systematically evading their legal obligations including 7-Eleven, Caltex and Pizza Hut.

There are currently<sup>31</sup> over 1.3 million workers with temporary visa working rights in the country. Australia's Temporary Skill Shortage (TSS) visa allows employers to bring in foreign workers for either 2 or 4 years (depending on the visa type) for over 450 occupations. These occupations include nurses, engineers, electricians, plumbers, carpenters, bricklayers, tilers, mechanics, hairdressers and chefs. Failure to implement effective labour market testing has resulted in local Australians missing out on job and training opportunities.

We are seeing unprecedented exploitation of vulnerable migrant workers, with many employers (including large chains) systematically evading their legal obligations. Research has shown that workers holding temporary visa working rights, including students, working holiday makers and temporary skilled visa holders have been experiencing rampant and systematic exploitation. Surveys have found that the majority of international students in some areas of Australia are earning below the minimum wage or entitlement, with one being paid as little as 47 cents an hour.<sup>32</sup>

The exploitation of temporary overseas workers is not only negatively impacting on those workers, but it is also undercutting the wages and opportunities for local workers as well as undermining employers incentive to invest in training our young people.

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31 At time of writing.

32 CFMEU Tough Jobs: The Rise of an Australian Working Underclass, CFMEU Research Paper, September 2016

## The decimation of apprenticeships and vocational education

**In the past 5 years, the number of apprentices and trainees has dropped precipitously, falling 15 per cent overall.<sup>33</sup> For some trades and technicians, the decrease is almost 20 percent.<sup>34</sup>**

If we look at apprenticeships alone, the picture becomes even more dire. When the Coalition was elected in 2013 there were 413,000 apprentices in training in Australia, by June 2017 those numbers dropped to 268,600 apprentices – a 35 percent reduction.<sup>35</sup>

Australia's Technical and Further Education (TAFE) and apprenticeships systems are in decline because the system has focused more on the profits of private for-profit training providers and business ahead of our young people and skills for the future.<sup>36</sup>

A lack of adequate training opportunities for young people in Australia to learn trade skills will result in skills shortages in the future, a reliance on overseas labour and fewer local jobs.

The decline in apprenticeships can be explained by a range in factors, including increasing privatisation of vocational education and training and changes in the labour market, particularly in the trades. This includes the increased prevalence of insecure work including independent and sham contracts; the exploitation of temporary overseas workers and a focus on 'low cost' government procurement.

The shift towards outsourcing and using workers on independent contracts and subcontracts makes it increasingly difficult for qualified tradespeople to engage apprentices as continuity of work becomes more uncertain.

The prevalence of workers being engaged and paid as "apprentices" only to find out later they have never actually been formally registered or provided recognized training is increasing. Meanwhile, apprentices who are indentured are all too often having their employer cancel their training contracts for flimsy reasons despite the oversight of apprenticeship regulators. Added to these challenges is the increasing frequency of employers demanding apprentices complete their TAFE modules in their own time and at their own expense.

Employers are failing dismally with their obligations towards apprentices, with a recent audit finding that 46% of businesses were non-compliant in providing the minimum legislated requirements. Astonishingly, 1 in 4 apprentices was found to be paid incorrectly.<sup>37</sup>

Apprentices are increasingly afraid to speak up in the workplace about their employment or safety conditions, due to fear of reprisal. Apprentices know that opportunities are becoming fewer and that if they question unsafe work practices or underpayment concerns, they will be cast aside.

The increased ease of engaging overseas workers on temporary skilled work visas has undermined the incentive for employers to invest in training young people in Australia.

Government's focus on lowest cost in procurement, rather than assessing the overall economic benefits, means that suppliers who do not invest time and money into training apprentices are able to undercut the prices of those who do.

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33 ABS Education and Work, 6227.0, May 2017

34 Ibid

35 <https://www.ncver.edu.au/data/data/all-data/apprentices-and-trainees-2017-june-quarter-state-and-territory-data-tables>

36 CFMEU A Perfect Storm: The Decimation of Australia's Apprenticeships System, CFMEU Research Paper, July 2017.

37 <https://www.fairwork.gov.au/reports/national-apprenticeship-campaign-report/findings/national-findings>

## Termination of industrial agreements

There is a rapidly increasing practice of employers seeking to unilaterally terminate enterprise agreements that have passed their expiry date in order to obtain more leverage in negotiations for a replacement agreement with the express intention of significantly reducing employee wages and conditions.

Once an agreement is terminated all previous agreement conditions are cancelled and workers drop to the relevant legal minimum industry award, which is far below the normal industry standard. This further diminishes employees' ability to negotiate and puts them into a position where they are more likely to accept terms and conditions that may be better than the legal minimum but are vastly inferior to those they worked under previously.

Terminating an agreement while the parties are negotiating or preparing to negotiate its replacement can produce a seismic shift in the bargaining outcome by taking away any leverage employees might have had and allowing employers to maximise this advantage.

This practice is entirely inconsistent with a fair system of collective bargaining and is symptomatic of the core problems that make our current industrial relations system unfit for purpose.

Our industrial laws should not allow employers to terminate an industrial agreement that would result in workers being worse off as a result of the termination.

## Australia needs a pay rise: stalling wage growth and wage theft

**The lack of strong, enforceable labour protections has contributed to the unprecedented slowdown in wage growth, and to the consequent widening of earnings inequality.**

Australian wage growth remains stuck at record lows. In the past 10 years, wage growth has more than halved from approximately 4 percent in 2007 to a record low of just 1.9 percent<sup>38</sup> in 2017 and has barely increased since.

The decline in wage growth has been caused by factors including the rise of precarious and insecure work, globalisation and technological change, undervaluing wages in some industries and government regulations attacking unions rather than improving the living standards of working people.

Unbelievably, Australian household incomes have 'grown by less than the price of a coffee' a year since 2008 with little prospect of improvement in the foreseeable future.<sup>39</sup>

Half of Australians have no spare cash at the end of each month<sup>40</sup> and the majority of households (68%) have not been able to increase their income over the last 12 months.<sup>41</sup>

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38 Australian Bureau of Statistics, Wage Price Index, Australia, ABS 6345.0, June 2017, December 2017.

39 <http://www.smh.com.au/business/the-economy/a-coffee-a-year-how-much-australian-incomes-have-grown-since-2008-20170919-gyk983.html>

40 51% spend all their income or more.

41 ME Household Financial Comfort Report, June 2017.

The system is broken when ordinary working people are working longer and harder than ever, but still going backwards. Working Australians are struggling to keep up with the soaring cost of living with pay packets are shrinking in real terms and households in 2017 having less disposable income than they did almost a decade ago.<sup>42</sup>

At the same time, corporate profits are rising at the expense of ordinary working people's wages.

Worse yet, in some sections of the workforce underpayment and wage theft has become routine. Though much work is regulated, gaps in legislation are being exploited and more and more people are being left behind. For many working people in Australia, there is no minimum wage or conditions. For workers on so-called independent contracts, minimum wage rules and other employment entitlements simply don't apply. Alternative structures of 'employment' are being exploited by employers to avoid paying workers their legal entitlements.

In 2016 a survey of 1,028 young workers found 1 in 5 young workers are not paid the basic minimum wage they are entitled to, with victims of wage theft are losing an average of \$3.12 per hour and \$59.02 per week, and 3 in 4 young workers worked unsociable hours such as nights, weekends and evening, but less than half of those workers were paid penalty rates for their work<sup>43</sup>.

A National Temporary Migrant work survey conducted in 2017 found a substantial proportion of international students, backpackers and other temporary migrants were paid around half the legal minimum wage in Australia. Almost a third (30%) of survey participants earned \$12 per hour or less and almost half (46%) of participants earned \$15 per hour or less (excluding 457 visa-holders). This is more than \$3 per hour below the national minimum wage. Underpayment was widespread across numerous industries but was especially prevalent in food services, and especially severe in fruit and vegetable picking<sup>44</sup>.

Finally, an audit of fast food sites in 2015 found 84% of fast food stores are responsible for some type of underpayment<sup>45</sup>. 39% were paying incorrect base rates of pay and 44% were not paying penalties or loadings. The Fair Work Ombudsman undertook a wages audit in the hospitality sector and found that 46% of restaurants, cafes and catering businesses had at least one wage payment contravention<sup>46</sup> and 47% of takeaway food businesses were paying their employees incorrectly<sup>47</sup> and 31% of accommodation, taverns and bar businesses were found to be in contravening workplace laws.

Other unscrupulous employers are clearly exploiting and stealing from workers. High profile public exposés of worker exploitation, such as 7-Eleven, Caltex and Pizza Hut, have uncovered a flourishing culture of illegally low wages and abusive behavior towards workers. Many of these workers are in a vulnerable position and are unable to stand up and fight against bad employers. They are forced to simply 'accept' wages well below legal minima.

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42 Ibid.

43 Young Workers Snapshot: The Great Wage Rip Off, Young Workers Centre, May 2017, p 7-8

44 Wage theft in Australia: Findings of the National Temporary Migrant Work Survey, Laurie Berg & Bassina Farbenblum, November 2017, p. 5-7

45 Fast Food Industry Audit Report, ER Strategies, January 2016, p. 5-6

46 National Hospitality Industry Campaign 2012-15, Restaurants, Cafes and Catering (Wave 2), June 2015, p.6

47 National Hospitality Industry Campaign 2012-15 Takeaway Foods (Wave 3) Report March 2016, Fair Work Ombudsman, p. 7

Wages growth is at historic lows in both the public and private sector, but more so in the private sector where union membership and industrial agreement coverage is lower.

**Growth in public and private sector WPI, year on year, 1998 to December 2017**



(Source: ABS 634509b and ACTU calculations)

These figures are concerning enough but it is made worse by the fact that this ABS data includes salaries paid to executives and senior managers. The true drop in the share attributable to ordinary workers is in all likelihood even worse.

Flat wages are not only unfair, they also impede economic growth. Reducing wages reduces consumer spending, which in turn reduces tax revenue – be it from the goods and services tax or income tax. This equates to decreasing public spending and investment, further reductions in consumer spending, slowing employment and falling productivity in the longer term.<sup>48</sup>

This is a damning indictment on the government’s ‘trickle down’ wealth, employment and jobs policies.

## Gender inequality, discrimination and marginalization

**Systematic discrimination, inequality, and marginalisation mean that millions of Australians have not shared in the prosperity that comes with decent work. Pro-active measures must be taken to tackle discrimination and marginalization to ensure fair access to good jobs.**

Gender inequality has persisted for too long. Over the past 20 years, the gender pay gap has remain entrenched at between 15 and 19 percent. In 2017, the national gender pay gap was 15.3 percent<sup>49</sup>. Women have found to be earning less across their life. Graduating women begin their careers earning less than their male counterparts. In pregnancy and throughout motherhood women juggle multiple responsibilities, greatly reducing their pay. In retirement, women have significantly less savings in superannuation than men. The average superannuation balance for women at retirement is around \$150,000 less than the average man<sup>50</sup> Girls have even been found to get less pocket money than boys.

Indigenous Australian and Torres Strait Islander people are severely disadvantaged in terms of their access to decent jobs as well as essential services such as health and education. A large proportion of Aboriginal and Torres Strait Islander people face unfair barriers to employment because of a lack of skills, a lack of access to education and because of discrimination. As a result, Indigenous Australians are less likely to have a job and if they do, many are paid far less than non-Indigenous workers and have lower job security. The workforce participation rate among the Indigenous population is 58%, compared to around 65% for the entire population. The unemployment rate for Indigenous Australians is 20.6%, almost four times the national rate.<sup>51</sup> Indigenous workers are among the most vulnerable in the workforce. Many are employed casually or part-time in jobs that have little security or stability.

Our young people are being disadvantaged, nearly 1 in 3 people under 25 are underutilized in that they either unable to find a job or unable to find enough hours to work.<sup>52</sup>

Attaining more equality and employment outcomes for these groups and others, with consequent benefits for individual, family, and community wellbeing, is essential to an inclusive and fair Australia. It is essential that our effort to create large numbers of new jobs be supplemented by deliberate efforts to ensure that access to that new work is fairly shared across all communities.



49 ABS (Cat 6302.0)

50 The Association of Superannuation Funds of Australia (2017).

51 ABS Cat 4714.0 – National Aboriginal and Torres Strait Islander Social Survey, 2014-15. March 2017.

52 ABS Cat 6302.0.

## OUR PLAN FOR JOBS YOU CAN COUNT ON

**The profound multidimensional weaknesses in Australia's labour market have not happened by chance. They are the direct result of 'trickle-down' economic policies aimed at creating 'flexibility' for business at the expense of working people.**

There is a growing acceptance that the system is broken and the conservative policies of the past are no longer adequate. Inequality and job insecurity will not be solved merely by indiscriminately improving conditions for big business and the rich, whether through further increasing labour market flexibility or tax cuts to large multinationals. Industry policy needs to be better targeted to benefit workers and regulations surrounding working conditions should be strengthened rather than dismantled; laws that protect workers from exploitation should be enforced rather than weakened.

What is needed is a new consensus, one that recognises that when wealth is primarily concentrated at the top, economic growth is negatively impacted. Policies which improve labour market flexibility for business, while at the same time undermining the wages and conditions of workers, only contribute to inequality and do nothing to create more good jobs.

Australia can, and must, abandon its current course and make decent jobs the centre of our vision for economic, social, and cultural progress.

Having a good job – one that is meaningful, safe, secure, and fairly paid – allows Australians to earn a living, support their families and contribute to the economy and society.

Our collective right to decent work must be the centrepiece of any progressive economic and social vision for Australia. When jobs are abundant, well-paid and secure, families are stronger, living standards rise and both household and government budgets improve.

Our plan for Jobs You Can Count On aims to stabilise and restore job quality, at the same time as dramatically expanding the quantity of work available. We specifically aim to support local business through effective industry policy to create more quality, secure local jobs.

Combined with the strengthening of employment regulations and standards through sensible reforms to workplace and industrial relations policy, we will drive a broad improvement in job quality – enhancing the security and stability of work for millions of Australians.

**Australia must re-commit to adopting full employment as a central macroeconomic objective. As a nation we must ensure that as many workers as possible can access the dignity and prosperity that comes with decent, secure work.**

The maintenance of full employment was once a fundamental aim for Australia. It needs to be again.

Full employment means the absence of involuntary unemployment, where there is work for all persons who are willing to work. This includes always having more vacant jobs than unemployed people where jobs are paid at fair wages and the lag between losing one job and finding another is short.

It should be the responsibility of Governments at all levels to provide the general framework of a full employment economy. We need to as much as possible remove the fear and reality of unemployment.

**To reaffirm the centrality of jobs to Australian economic and social policy, the ACTU and its affiliates propose this plan for Jobs You Can Count On.**

To improve jobs we must focus on three key challenges:

- x fixing the broken laws and regulations that are failing to protect workers in Australia, through overhauling our workplace laws and our industrial relations frameworks;**
- x encouraging the growth and development of local industries that provide good secure jobs through good industry policy; and**
- x fighting against gender inequality, marginalisation and discrimination.**

In focusing on these key ideas, our plan comprises three primary components: 1) a pathway for repairing our workplace and industrial relations regulations; 2) an inclusive plan to create good jobs by supporting local industry; 3) a set of priorities to stand up against inequality and marginalisation.

Together, it is a comprehensive, consistent strategy to improve both the quantity and quality of work: creating new jobs, lifting pay, enhancing the security and conditions of employment, and ensuring access to decent work for all Australians.

We propose this plan to challenge government, business leaders, and all other constituencies to place good jobs and a meaningful plan for achieving them at the centre of their future policies and priorities.



## PART 1: MOVING TO A MORE EVEN PLAYING FIELD

Once the promise of living in Australia was that each generation would pass on something better to the next. Better healthcare. Better education. Fairer pay.

The cornerstone to all this was a belief that working people should get a fair go, and that we would all share the wealth we helped create.

The fair go is based on two things: having a job you can count on, and fair pay.

Successive coalition governments have tried to dismantle this idea and the society it creates by implementing policies of untrammelled, oppressive neo-liberalism and pursuing a failed trickle-down economic agenda.

The attack on the basic protections for workers has gone too far. Australian workers are governed by laws which have destroyed job security and left them struggling to pay the bills even when they are fortunate enough to be in full time employment.

We need policies that help move our workplaces towards a more even playing field.

We need to reverse the cuts to penalty rates, raise the minimum wage, change our industrial relations laws and support workers to organise collectively.

The priority areas for our industrial relations framework are:

1. Creating more secure jobs,
2. Improving workers' rights and living standards,
3. Creating a strong, fair and independent umpire,
4. Make bargaining fair so workers can get a pay rise.

Industrial laws have always existed with one primary purpose, that is to address the inherent power imbalance that exists between capital and labour. That imbalance has never been greater. Our laws need to change. Unions are the essential element to keeping inequality in check. It will not be enough to strengthen the support for individual workers if we do not also strengthen the support for their collective power—unions.

Decades of neo-liberal policies centered on attacking workers have been central to rising inequality in Australia. Instead of moving further down the path that the USA has travelled we need to turn around and move in the direction of countries which combine rising living standards, fair wages, strong labour market institutions and decent societies.

The workforce of today is vastly different to the workforce of ten years ago. Corporations have used their power to undermine and avoid workplace rights, with a consequence of converting once secure jobs into insecure work while cutting and suppressing wages.

It is clear that Australia's workplace laws from over 10 years ago are now not strong enough to balance the power of big business. Workers' rights have stayed still whilst the power of big business has got greater and their models to make profit have adapted and expanded in ways not ever contemplated under the existing framework.

Enterprise bargaining is broken Nearly one-quarter of working people are now dependent on substandard safety net awards, up eight per cent in eight years<sup>53</sup>.

That means our workplace laws must be changed to restore the fair go. These are the steps needed to level the playing field:

### **Australians must have more job security**

Other countries limit the duration of temporary, non-standard employment and the circumstances in which it can be used. In the UK, temporary agency employees must receive the same rights as permanent employees after twelve weeks.<sup>54</sup> Yet in Australia casual and labour hire work with inferior rights and protections can continue indefinitely. This must change. Australian workers need a permanent fix for the problems associated with casual work.

### **Casual work should be limited and properly defined**

Our current laws do not properly define casual work and as a result, workers can remain casual for years. The average tenure of a casual in Australia is around 3 years<sup>55</sup>, not because all those people want casual work, but because they are given no other option. Workers deserve the right to convert to permanent work if they want and to negotiate for job security protections.

### **All working people should have equal rights**

In the modern Australian labour force, two distinct classes of workers have emerged - those with access to rights and those without them. Sham contracting and the so-called "gig economy" are taking away basic protections and entitlements such as the minimum wage, sick leave, public holidays, health and safety protections and more. This is taking workers rights back 100 years.

We require a significant restructure of the whole labour hire regime. Labour hire business model is simply to rent out workers, usually at lower pay and with no job security. They operate with few checks. Australia is now near the top of OECD country rankings for use of labour hire or agency work.<sup>56</sup> Labour hire companies have been involved in a litany of exploitative, illegal practices that include wage theft, coercion and placing workers in substandard living conditions. This has to be stopped.

### **Awards must be fit for purpose**

Awards need to play their role lifting wages and they need to be kept up to date for the modern economy. When we moved to an enterprise bargaining system, we imagined that the vast majority of Australian workers would be covered by enterprise agreements, Awards would only be a safety-net for a small number of workers.

As a result, our award system has been stripped back to the bare minimum. But, enterprise bargaining is failing and more and more people are depending on hollowed out awards.<sup>57</sup> Awards must meet the needs of working people and do the job of protecting their living standards. This will also ensure business can compete fairly and those employers who have agreements with their workforces are not unfairly undercut by those who do not.

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53 Fair Work Commission, "Statistical Report - Annual Wage Review 2017-18", at Table 7.1

54 <http://www.acas.org.uk/index.aspx?articleid=4378>

55 Markey, R., Mclvor, J., O'Brien, M., "Supplementary Report: Casual and Part Time Employment in Australia", Macquarie University Centre for Workforce Futures, 2015.

56 Senate Education and Employment References Committee (2017), "Corporate Avoidance of the Fair Work Act", At Ch 5.

57 Fair Work Commission, "Statistical Report - Annual Wage Review 2017-18", at Table 7.1.

## **We need to restore the living wage**

The living wage is the concept that no worker or their family should live in poverty, and Australia was the first country in the world to win a living wage policy over 110 years ago.

Over the years this concept has been eroded by successive conservative governments. Now our minimum wage is so low it leaves people in poverty. The minimum wage has risen only 3.5% in real terms over the last decade.<sup>58</sup>

The ACTU has put an argument forward for a substantial pay increase of \$50 per week for people on the minimum wage, as part of a long-term strategy to restore a living wage by setting minimum wage at up to 60 percent of the median wage.<sup>59</sup>

## **Modernising the Industrial Relations Framework**

Our economy has been changing and industrial bargaining has not kept up.

Enterprise bargaining is restrictive and excessively regulated and is no longer fit for purpose. Tellingly, it is smothering wage growth. The economy cannot grow unless wages grow. Working people must have greater freedom to negotiate and our laws must assist them even up the power imbalance so they can negotiate fair pay increases.

Our bargaining system must allow working people to negotiate with whoever the real decision maker is, that is, whoever has the power to set the price of labour. Workers need the ability to bargaining with whoever has the power to say 'yes'. We need a bargaining system where working people have the freedom to bargain across a sector or industry should they choose to do so.

We need to get rid of the complex web of rules and regulations that give far too much power to employers in bargaining. Workers should be free to bargain collectively and reach a negotiated agreement with employers without undue restrictions.

## **Australia must comply with International Labor Organisation standards**

Australia has some of the harshest and most unfair laws when it comes to basic human rights of working people in the developed world.

There is now a long history of International Labour Organisation (ILO) criticisms of our industrial laws for being inconsistent with ILO conventions Australia is a signatory to. In fact, we are now ranked alongside the Republic of Congo and our rights to bargain collectively are way out of step with the rest of the developed world.<sup>60</sup>

As a country we need to comply with the ILO standards that we have signed so that they are fully ratified and classified as 'in force' domestically.

## **Working people must be able to enforce their rights**

Under our current system, the few tools – the very few tools – workers have to fight for fairness have been stolen or excessively curtailed, restricted and regulated.

Right now workers have a very limited capacity to negotiate agreements to protect job security, to seek jobs for young people or for effective protections against outsourcing.

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58 [2017] FWCFB 3500 at 480.

59 <https://www.actu.org.au/actu-media/media-releases/2018/there-s-never-been-a-better-time-for-a-big-pay-rise>

60 <https://www.ituc-csi.org/IMG/pdf/ituc-violationmap-2017-en.pdf>

In contrast, employers can cancel agreements cutting pay during negotiations, lock-out workers indefinitely, and manipulate the complex legal system to their advantage.

CEOs are free to bargain for whatever they want, multinationals are free to bargain complex and enforceable rights for themselves in free trade agreements, yet workers have no right to bargain for a whole range of issues that matter to them – like their own job security. This is inherently and manifestly unfair.

Working people should be able to access a fair system to get back stolen wages and stolen superannuation. When an employer breaks an agreement or an award right or acts unfairly, we need an umpire who can enforce the rules.

It should be quick, easy and affordable for working people to enforce their rights.

The industrial umpire's independence must be restored and be given the power to stop exploitative and unscrupulous employers who rip off or treat their workers unfairly.

Wage theft is rampant because workers' representatives have very limited rights to inspect pay records or access workers who are vulnerable to being ripped off. This has removed thousands of worker representatives whose job was to stop wage theft from doing their job.

There are some employers breaking our industrial laws simply because they know they can get away with it. This is not just affecting working people, but it is hurting all the good employers who are following the law.

Now, more than ever, we need an effective and fair independent umpire to hold the power of big business in check.

### **Government must support working people**

Government must support people joining and participating in their unions.

Working people being able to band together to increase their bargaining power is essential to combatting inequality. We will not be able to tackle inequality without Governments supporting workers to band together to balance out the power of big business.

## **PART 2: CREATING GOOD JOBS BY PROMOTING AND ENCOURAGING LOCAL INDUSTRY**

**In order to create more and better jobs, we need to promote, support and encourage local industry. In this document, we outline the 10 key elements of our policy to achieve this objective.**

**It comprises a comprehensive and consistent set of policy recommendations to politicians, bureaucrats and the Australian people, showing that a future of decent work and shared prosperity is possible.**

To support strong job-creation, economic policies must be consistent and ambitious in stimulating demand for the goods and services that new workers produce, and in providing the assistance needed to help develop local industries that will be capable to meet that demand. Put simply, good jobs are created when local industries are supported.

We should not be afraid of supporting Australian industry to create local jobs.

An alternative is needed. We cannot compete on the basis of wage and cost minimisation with countries that do not adhere to the same standards as Australia. Nor should we want to. We can also no longer continue to be an economy that relies solely on the export of raw materials. We need to be more strategic in our trade and industry policies.

Smart countries rely on skills, technology, innovation and science to build and support competitive industries whilst providing high incomes and good jobs. They realise that their future prosperity depends on their actions today, on the investments they make in new technology, their industrial base and most importantly their people. Like these smart countries, Australia needs to compete on quality, novelty and service.

The fact is Australia is entering a period of economic transition. The realities of an increasingly globalised world bring both great opportunities and great challenges.

Whether we like it or not, growth relies on our economy becoming increasingly diversified, particularly as the global resource boom comes to an end and advanced economies shift to being more creative, innovative and service-oriented.

We need to have an open and transparent debate about what we want our economy - and our society - to look like. A failure to plan when it comes to the economic future of our country is nothing more than a plan to fail. Only strategic thinking and subsequent action will ensure we have the capacity and the capability to meet the challenges of tomorrow.

This section of our comprehensive jobs policy focuses on one of two key challenges outlined in our plan: encouraging the growth and development of local industries that provide good secure jobs through good industry policy.

It makes up the second part of our plan for Jobs You Can Count On.

# 1. Supporting local jobs and industry through targeted assistance

To support economic growth and job creation we need to fully exploit Australia's comparative advantages. We also need to recognise that our advantages are not dictated or fixed, but rather influenced through investment, industry support, innovation, skills formation (including across the supply chain) and smart strategy formation and implementation.

Government has a role to support new areas of comparative advantage and add value to existing areas.

Identifying new industries and planning to capitalise on existing advantages is crucial. The advantages we have, for example in natural resources (mining, energy, agriculture and forestry), deserve to be better utilised to provide value along the supply chain.

The notion that all industry and foreign direct investment is good investment and should receive assistance is misplaced. Businesses that exploit Australian resources with little compensation to Australia's people, pay very little if any tax, and create few job opportunities are not those that should be assisted. Where Government is providing tax incentives and other assistance to industry including assistance in gaining finance, it needs to ensure that this assistance is returned in multiples.

There is an opportunity cost to unsophisticated exports which includes the lost opportunity to add value to raw materials thereby forgoing what should be a comparative advantage.

Government support will be most effective if we are able to target those industries that provide good jobs and generate skills and technologies that flow on to other sectors. Industry assistance should not be given across the board, particularly to those industries that are not sustainable or provide fewer benefits in terms of jobs, useful infrastructure or technology spill-over benefits.

Assistance should be given to those industries that provide a wider benefit to Australia and its people. These are industries such as:

- x Advanced manufacturing, transport and logistics, engineering, education, care, and other public and social services, that have substantial links to the wider economy and provide benefits more broadly than just to the firms and workers within the industry.**
- x Those that provide economic growth through investment, positive externalities through wider social benefits and the development of new technologies, and benefits to both upstream and downstream industries. They also provide good jobs to larger numbers of workers, contributing to wage growth.**
- x Industries, where value is derived from their strategic importance to Australia, such as shipbuilding, rail manufacturing, aerospace, robotics, education and research. These industries provide the skills, capabilities, knowledge and services that Australia will continue to rely on into the future.**
- x Industries, which individually and collectively form a critical mass of economic activity, an industrial base which if lost will represent a tipping point with much larger ramifications than direct jobs losses and direct economic activity foregone.**

All of these industries cannot grow to provide optimal benefits to workers and the Australian economy, and society, without government policies supported by public institutions to implement them effectively.

The nature of recent technological change means that many new industries hire fewer workers than others. Our free trade commitments mean many of the workers that are used, can be brought in from overseas. Technological innovation is also meaning less opportunity for the development of downstream or upstream industries. We cannot expect everyone to become an entrepreneur.

In providing industry assistance, the Government needs to ensure support is well targeted to those industries that provide benefits to Australian working people in the form of good jobs, and the creation of new industries, not just larger profits to a few.

To better target and support local industry we must:

- a. Systematically assess where Australian comparative advantages lie, recognising that our advantage is not fixed, but is influenced by investment and assistance. We must conduct detailed technology and foresighting exercises to identify opportunities. These must be conducted on a regular basis.
- b. Develop tripartite industry plans. Industry specific policies and plans must be developed on an individual industry basis. A tripartite approach must be undertaken in developing plans to ensure industry plans are effective, sustainable and that the benefits flow widely to workers and the broader economy. Such plans should include:
  - x **assessment of the industry's viability and vulnerability.**
  - x **a review of the current and future skills needs.**
  - x **incentives for research and development.**
  - x **measures to prepare the industry for industry 4.0 if applicable.**
  - x **measures to support related industry throughout the supply-chain including opportunities for collaboration through cluster type arrangements.**
  - x **identification of opportunities to meet the needs of current, emerging and future domestic and international markets (including via trade policy settings).**
  - x **identification of measures to support local industry through government procurement.**
  - x **identification of public investment needs. For example, identifying infrastructure requirements.**
- c. Ensure businesses get the financial support they need. One of the major barriers to growth faced by innovating sectors (such as advanced manufacturing, small and medium enterprises, and export orientated industries) has been the inability to muster the financial support to invest. The banking sector has increasingly relied on property finance to increase profits rather than investing in new projects or existing businesses attempting to expand capacity to enter new markets that provide potential growth opportunities for Australia. The Government must work in co-operation with industry and private investors to provide support when this failure in finance markets occurs. Private investment can be facilitated by Government through low interest loans, loan guarantees and direct investment. A multi-industry agency should be established to help support investment in strategic industries where private investment has failed.

- d. Strategically develop a sound national energy policy that supports local industry. Australia is lucky to have large amounts of natural resources (including fossil fuel, solar, wind and water) that can provide comparative advantages to local industry through low cost energy. Unfortunately, this comparative advantage is being wasted through ineffective energy policy. Energy prices are skyrocketing as domestic users compete with exports to overseas industries, simply to generate higher profits for energy providers. We need policy settings that encourage investments to enhance the capacity of local suppliers of solar, wind, biomass and other renewable energy. This will have the added benefit of helping to lower the costs of transition to low carbon energy system, as well as maximising the benefits for workers in the transition. A national interest test is also needed to ensure domestic producers have access to the energy they need. An energy policy which delivers for Australians is one which creates good quality jobs in the creation and establishment of energy infrastructure and the development of related industries, while also providing competitive power pricing to wider industry (and consumers).
- e. Recognise that most of our future growth and job creation will come through small and medium enterprises (SMEs) rather than through start-ups or large multinational corporations. Measures to boost the quality and capacity of SMEs, such as improved access to finance and support for research and development (R&D), should be implemented. The establishment of high performance workplaces where workers are encouraged to innovate and collaborate should be prioritised. Procurement policies, consistent with our international trade obligations should encourage local SMEs and not disadvantage them.
- f. Ensure Australia maintains a critical mass of local skills along supply chains. Skills losses within supply chains leave Australia's industries vulnerable.
- g. Australia holds comparative advantages in its relatively strong ethical, environmental and sustainability standards in many industries. We must make full use of these advantages in our domestic and export markets, including increased industry support.

## 2. Ensuring our trade agreements benefit local industry and workers

The purpose of international trade agreements is to maximise the economic benefit to Australians through trade. Unfortunately, the Government has lost sight of this objective and instead appears to be negotiating agreements for their own sake, while trading away Australia's sovereignty.

The last few decades' ideology of trade liberalisation at any cost is no longer effective. Globalisation and liberalisation have the potential to provide benefits and increase living standards by utilising countries' comparative advantages. However, it has become clear that these benefits are not always shared - while some people have done very well, many others have been left substantially worse off.

Many of these agreements have been entered into without thorough, if any at all, analysis of the overall benefits to Australia's economy and its workers. In fact, there is little evidence that these agreements have provided any benefit at all.<sup>61</sup>

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61 See Productivity Commission (2010), *Bilateral and Regional Trade Agreements*, Productivity Commission Research Report and Armstrong (2015), *The economic impact of the Australia-United States free trade agreements*, AJRC Working Paper 01/2015, Australian National University, Canberra.

In recent agreements, in return for little economic benefit, Australia has traded away its ability to:

- x Ensure local workers are offered local jobs first through the removal of mandatory labour market testing requirements;**
- x Ensure overseas workers are able to work safely and with the right skills through the removal of mandatory skills assessments in many trades;**
- x Implement regulation in the national interest that cannot be overturned by Investor–State Dispute Settlement (ISDS) clauses;**
- x Preference local business and industry when spending taxpayer money; and**
- x Provide Government support for local industry.**

While liberalisation and tariff reduction in the 1980s and 1990s was accompanied by industry plans and industry assistance to lessen the negative impact on those made worse off as a result of free trade, supporting those who lose from free trade seems to have gone out of fashion. Entire industries, workers, families and communities have effectively been left behind.

An ideology that divorces trade policy from industry policy and pursues free trade with little or no benefit to Australia betrays our national interest.

As an alternative, and as a minimum, to ensure that Australia benefits from trade agreements going forward, we must:

- a. ensure all future negotiations are conducted with transparency, and in consultation with industry (both employers and unions) and community groups, to facilitate increased accountability by Government.
- b. require all future trade agreement negotiations to undertake a process of thorough and independent assessment of the economic, social and environmental costs and benefits of the agreement. These assessments must be made publicly available prior to signing.
- c. mandate full parliamentary debate and vote on the full text of agreements, not just implementing legislation.
- d. ensure existing agreements do not undermine Australia’s domestic labour laws or place restrictions on Australia’s ability to conduct mandatory labour market testing.
- e. restore mandatory skills assessments for overseas workers and ensure that they are not removed in any agreements going forward.
- f. ensure free trade agreements include strong and enforceable labour chapters.
- g. remove ISDS clauses from all future trade agreements.
- h. include strong processes for the elimination of non-tariff barriers to trade unfairly erected to hinder Australian exports, whilst ensuring legitimate regulations to defend Australians, the Australian environment and Australian industries (for instance strong quarantine and safety measures).

- i. educate exporters on opportunities in international markets created as a result of trade agreements and local industry of their rights to defense from the unfair trade practices of international competitors.<sup>62</sup>
- j. ensure anti-dumping regulations are sufficiently strong and comparable to similar countries, such as the United States, Canada, and countries within the European Union (EU). These regulations must also be better monitored and enforced to ensure Australian businesses are able to compete on a level playing field and unfair international trade is prevented.
- k. ensure the administration of Australia's Safeguard system is conducted by an agency suitable for such a function, such as the Anti-Dumping Commission (as opposed to the Productivity Commission as per the current arrangements).
- l. ensure alongside every trade agreement is a detailed set of policies to provide assistance to industries or workers who are made worse off as a result of the agreement.
- m. develop industry policy and provide structural assistance to sectors of the economy adversely impacted by recent and future agreements.

### **3. Supporting local jobs and industries through government procurement**

Australia produces some of the best quality goods and services in the world. Each year, the Commonwealth Government spends almost \$450 billion on goods and services including contractual arrangements with the private sector<sup>63</sup>.

When spent locally, this supports local industry and creates local jobs. Unfortunately, governments have increasingly put in place rules and frameworks that have disadvantaged Australian business.

The current focus of the government procurement procedures is on cheapest price rather than the broader economic benefits of procurement. Government procurement should be used to achieve broader economic and workforce goals and to ensure that taxpayer dollars only go to companies that are providing good, secure jobs to their workers.

Such approaches should not be limited to government procurement, but also extended to cover other contractual arrangements between government and the private sector, such as government funded projects and grants.

As many overseas suppliers are not bound by the same standards that Australian producers adhere to (e.g. safety standards, environmental standards, minimum wage requirements), Australian suppliers are put at a direct price disadvantage.

Though free trade advocates argue that Australia's international trade obligations prevent government agencies from preferencing local business in its procurement decisions, there are numerous exemptions in these agreements that Australia is failing to make use of.

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62 The 2015 Australian International Business Activity survey found that from 1237 Australian companies who have used FTAs that: From 43 to 52 percent of respondents across the FTAs did not know whether the relevant FTA applied to them, and from 9 to 13 percent did not know the FTA existed. Seventeen to 20 percent knew of the FTA but chose not to use it. Likewise the complexity of Australia's anti-dumping system is often cited as a barrier to use by SMEs.

63 <http://budget.gov.au/2016-17/content/glossies/overview/html/overview-13.htm>

For example, many of our agreements include carve-outs that allow government to preference local small and medium enterprises or for defense procurement. The failure to utilise these exemptions is putting Australia at a disadvantage as compared with many of our trading partners who make full use of exemptions to preference their local suppliers.

Actions to best support local industry and jobs through government procurement, include:

- a. Rewriting the Commonwealth Procurement Rules (CPR) to explicitly require government entities and procurement officers to preference local Australia suppliers, manufacturers and service providers.
- b. Alter the CPR such that government is required to take into account other factors in choosing a supplier such as the proportion of ATSI employees in a business, its OH&S and industrial compliance record, its corporate tax record, length and transparency or supply chains, the gender pay gap and a minimum number of apprentices.
- c. Requiring the CPR to be applied consistently and correctly to ensure that the overall economic benefits from tenders are considered in assessing value for money, rather than just an assessment of cheapest cost.
- d. Refinancing of the Australian Industry Participation Agency and increased focus on Australian Industry Participation Policies that encourage local participation in major projects and their supply chains through the provision of full, fair and reasonable access to domestic markets. These policies must be made mandatory for all tenders.
- e. Ensuring Australia takes full advantage of exemptions in trade agreements to preference local Australian suppliers, manufacturers and service suppliers, particularly SMEs, in government procurement decisions.
- f. Guaranteeing that Australia does not enter into any additional trade agreements that further restrict governments' ability to preference local Australian suppliers, manufacturers and service providers or remove existing exemptions.
- g. Focusing on ethical and responsible procurement, including clear government mandated obligations on suppliers to commit to environmental, social and governance (ESG) to ensure that Australian producers and providers who do the right thing are not disadvantaged against international or local competitors that do not.
- h. Given its strategic and economic importance, developing a focused and coordinated effort to maximise the employment and technological spill-overs from defence procurement is especially important. The strategy must include specific mandated targets and timelines for domestic content in input purchases and final assembly.
- i. Rescinding the Code for the Tendering and Performance of Building Work 2016.

## 4. Fostering demand by improving wages, government investment and supporting exports

Good job creation requires fostering demand for the locally produced goods and services that new workers would produce. Demand can be simulated through improved household spending, government programs and investment, increased exports and improved business investment.

In Australia today, none of these four sectors have been performing well. Business investment spending has been falling steadily for over four years, led by a steep contraction in mining and resource investments<sup>64</sup>. The value of Australia's exports of goods and services has been sluggish, too, and we spend far more on purchases from the rest of the world than we sell to them. The public sector has been constrained by austerity measures and inconsistent spending on infrastructure.

The only component of spending power that has remained consistently on a positive (albeit slowing) track is consumer spending, which has continued to grow (after adjusting for inflation) by approximately 2 to 3 percent per year. Consumer spending by households accounts for a significant proportion of total national GDP. Without the resilience of Australian consumers, the national economy would already be in recession.

Yet the only way households have maintained this spending – despite a weak labour market, record-low wage increases, and shrinking real earnings – is through continued household borrowing. Australian household debt is now at around 100 percent of national GDP.<sup>65</sup> That is several times higher than public debt (belying the common claim of austerity-minded Treasurers that governments must be as prudent as households are), and Australians now rank among the most indebted consumers in the world.

Policies to lift family incomes through job creation, improved wages, and better workplace conditions and security benefit all working people – but they also boost spending power and hence job-creation.

In addition to consumer spending, government investment in critical infrastructure not only directly stimulates employment opportunities (in the construction and operation of those facilities), but also facilitates improved efficiency, productivity, and investment in the private sector that relies on this infrastructure for its own activity.

Similarly, government funding of quality health, education, skills, research and community services sustains millions of direct and indirect jobs, as well as providing the foundations of a strong society well equipped to make the most of the challenges and opportunities ahead.

The dominant economic rationalist ideology of recent decades argues that government should be minimised, the market should be deregulated and public services should be privatised. It is now clear, that deregulation and privatisation has failed.

Government spending, particularly on well targeted industry assistance, infrastructure investment, and measures to achieve more equality in employment outcomes, will drive economic growth and stimulate the economy. By contrast, continued austerity will only hold back growth.

Foreign demand for Australian-made goods and services underpins job creation in export-oriented sectors, as well as supporting indirect upstream and downstream jobs through the supply chain and other parts of the economy.

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64 <https://www.rba.gov.au/speeches/2017/sp-dg-2017-11-13.html>

65 IMF, Global Financial Stability Report 2017.

Australia needs a broad and healthy portfolio of export sectors, including both goods (agricultural, resource, and manufactured products) and services (like business and financial services, health, education, and tourism). International experience shows that high-value export sectors don't just "appear" thanks to the magic of private markets and free trade: rather, they have to be actively nurtured and supported.

We need to identify advanced sectors with high export potential and growth trajectories, and then support them to expand their presence (and their payrolls) in Australia. We need a trade policy framework which actively promotes our exports (rather than assuming that exports will automatically grow under "free trade") and ensures that trade flows are balanced and mutually beneficial.

Actions to encourage increased consumer, government and export demand include:

- a. Policies to boost wages and empower workers to win a fair share of the output they produce are essential to maintaining economic momentum. The minimum wage should be lifted, national employment standards should apply for all working people regardless of their particular form of work and our industrial system should be recalibrated to ensure a fair distribution of national income to working people.
- b. Government investment in large scale projects, industry assistance, strategic infrastructure development, public sector jobs, education, health and the social safety should be used to help stimulate economic growth and employment opportunities.
- c. Detailed identification and assessment of high-potential export sectors, recognising that opportunities are not fixed, but influenced through investment and industry assistance. Once identified, specific strategies to grow investment, production and exports for these key sectors needs to be conducted as part of broader industry development plans.
- d. Networks, industry clusters, and industrial "ecosystems", need to be fostered to better link businesses, research facilities, education and training institutions and public agencies in an integrated effort to stimulate innovation, investment, and exports in key sectors.
- e. The Export Finance and Insurance Corporation (EFIC) should be provided with a broadened mandate to enhance financial support for exporters (including targeted support for exporting SMEs).

## **5. Creating skills for the future through education and apprenticeships**

While underemployment and youth underutilization is at record highs, the Government tells our unemployed and young people to get more training. At the same time, it is harder than ever to find an apprenticeship or to get a job after completing university.

There is an enormous gap between the government rhetoric's and the reality of the policies the Coalition government has actually adopted. While emphasising the importance of skills for the future workforce, under this government, school education funding has been cut; the scandal plagued private VET system has remained unchecked; apprenticeships have been decimated; TAFE continues to be drastically underfunded; support for university research, teaching and funding has been cut; and the Government has tried to open the door to \$100,000 university degrees.

The continued policies aimed at privatising the education and training sector have resulted in the rise of dodgy for-profit training providers offering low quality courses at the expense of our young people and Australia's future skills base.

The rise of insecure work and a government focused on cheapest cost infrastructure has contributed to making it increasingly difficult for employers to take on apprentices.

The ease at which employers can access temporary visa workers has meant that for many employers it is cheaper and quicker to bring in overseas workers than to invest in training a young apprentice. Those who invest in training our future workforce are often put at a cost disadvantage to those who do not.

Our policy recognises that the purpose of education is not simply to develop narrow skills benefiting specific individual employers and workplaces, but equipping people with the general skills that benefit the economy and workers more broadly.

Appropriate accreditation systems are needed to ensure industry can be confident of the quality and capacity of workers' occupational skills. Systems of licensing and in particular trade licensing, high risk licensing and occupational certification must be maintained and, in certain areas, strengthened.

A democratic education and training system must equip Australians to think critically, respond to change, develop new ways of doing things, and live a full life as a citizen (not only as a worker). A very narrow curriculum focused on specific skills currently demanded by employers cannot prepare people for a world in which many of those jobs will no longer exist.

It will require a comprehensive effort to repair Australia's education and training system, including:

- a. Restoring Commonwealth funding for primary and secondary education.
- b. Increasing public funding for higher education, including base funding for universities.
- c. Require the introduction of minimum apprentice ratios for all government projects.
- d. Reviewing the privatisation of TAFE and VET programs, stabilising core funding for TAFEs (including a role for employer contributions), capping the share of total VET funding contestable by private providers, and re-establishing tripartite structures for governance of the VET system.
- e. Improving regulation of private VET providers to protect students (including stronger licensing and national standards; minimum requirements for duration and content of learning; and genuinely reforming the VET loan system to prevent abuse by for-profit providers).
- f. Strengthening the national traineeship and apprenticeship systems and reversing the decline in participation in apprenticeships through a nationally consistent system of trade papers; a national custodian to oversee and harmonise apprentice rules; apprentice ratios and quotas in public infrastructure projects and improved terms and conditions for apprentices.
- g. Addressing the systematic problems in Australia's labour market that contribute to declining apprentice numbers, such as the rise of sham contracting and insecure work, the exploitation of temporary overseas workers, and the increasing focus of government on cheapest cost in investment rather than the broader whole of life benefits.

- h. Restoring sector-specific tripartite bodies (working closely with the Advanced Sector Institutes) to formulate sector-specific strategies to identify and address skills needs and shortages. This includes appropriately resourced Industry Skills Councils and ensuring training package development is returned to an emphasis on transferability and portability of occupational skills.

## **6. A Just Transition: Industry plans for innovation and technological change**

Technological innovation will greatly shape the composition of industries and jobs going forward. Emerging technologies based on digitalization, robotics and artificial intelligence are likely to cause substantial disruption for workers. This change is gathering momentum.

Innovation is crucial to our future prosperity. It allows us to produce a wider range of quality goods and services, and it enhances our capacity to sell more of those products into global markets. But we must conceive of innovation in a broader, more practical sense than the government has done – with its narrow focus on entrepreneurs and private start-ups. In fact, most of our new jobs and growth will come not through start-ups or large multinationals, but through small and medium enterprises.

Australian SMEs make up a majority of all Australian businesses and account most of the employment in the economy. It is these businesses that have the highest potential for economic growth and job creation.

We have strong and sustainable comparative advantages in low-medium technology areas – we are innovators in these industries. How we compete in these industries matters far more for policy than whether we are just strong in ‘high technology’ industries.

We must acknowledge that most innovation in these kinds of industries happens on the shop-floor and coal face. Workers are the people with the most experience and first-hand knowledge to know what works and what does not, and to be innovative and improve productivity.

In the Australian context this opportunity for competitive advantage lies in practical problem solving. For the opportunity in terms of productivity dividends to be realised, communication channels need to be clear for workers to provide feedback on operations.

We need to focus on building a culture of continuous innovation that includes collaboration between workers and business. Unfortunately, the current Australian work environment is not well suited to this. In Germany and the Nordic countries, convention and culture requires managers to be open to feedback from workers, to seek out worker input and to maintain respectful and open relations with their workforces. Regardless of whether companies are formally organised, German workers have the legal right (in any companies with 50 or more employees) to elect Worker’s Councils at the workplace level, with the councils providing a formal worker voice to management and even representation on company boards.

New technology has the potential to provide huge benefits to the economy, but it is important these benefits flow to everybody. We must ensure all Australians, no matter what barriers and difficult economic circumstances they are facing are supported to find decent work.

It is crucial that we have individual industry plans to help smooth transition for workers, particularly through retraining. However, while much of the debate focuses around how specific industries and occupations will change, what is often missed is whether the wider economic and social systems that currently exist are still relevant in a changing world.

In past decades, technological change has been largely skills-biased, favouring specific high-skilled workers while displacing other workers in often less skilled routine occupations. However, it is likely that new technological change will be more capital-biased, where – rather than changing the required skills sets and changing tasks – many workers will be replaced entirely with automated alternatives.

The problem has been that the primarily beneficiaries of technological change have been company profits not working people. This is not pre-determined or inevitable.

To ensure we all benefit from technological change we not only need to create plans to ensure workers have the skills to meet changing demands for labour and that the transition between jobs is fair, we also need to ensure the spoils of technological advance are shared. We must ensure the efficiency gains are not distributed solely in the form of company profits, but also to everyday working Australians – particularly where taxpayers have contributed to the development of new technologies, through support such as research and development tax breaks.

Actions to foster innovation and provide a fair transition include:

- a. Worker representatives on company boards and the development of worker-management consultative committees to ensure workers are able to communicate innovative ideas and that management adequately consults with workers.
- b. A new national partnership for Smarter Workplaces to recognise that productivity gains are ultimately realised in workplaces and firms. This should involve a sustained commitment from employers and employer groups, unions and government to build the managerial and workforce skills and practices – and the innovation culture – that high performance workplaces demand.
- c. Stabilising funding and enshrining independence for research organisations such as the CSIRO to conduct research activity on basis of scientific value (free from political or business interference).
- d. Recognising that new jobs and growth is likely to come more from growth in small and medium enterprises (SMEs). Policies to support SMEs should be implemented including greater access to finance, provision of specialist advice on improving productivity, support for adoption of innovative processes and management practices, supporting investment and commercialising new innovation, including support for proof of concept activities and accessing private commercialisation funding.
- e. Better targeting Research and Development (R&D) tax incentives to reduce expensive assistance to large companies. Re-allocate savings to expand direct R&D assistance and co- investments in strategic innovation and commercialisation efforts.
- f. Utilising Global Framework Agreements where possible to engage in technology-sharing between companies and unions, and make them enforceable;
- g. Entering into job protection agreements to ensure that technology is introduced without laying waste to numbers and types of employment;

- h. A tripartite approach to developing specific ‘strategic industry’ plans to ensure business and workers are best positioned to respond to change.
- i. Providing targeted resources for training and labour force development in emerging key sectors (such as aged and disability care work, ICT and programming, renewable energy, and others).
- j. Implementing a national Science, Technology, Engineering, Science and the Arts (STEAM) skills strategy to enhance new graduates’ capacities
- k. A comprehensive labour market information system, through collaborative work across the Department of Employment, the ABS, employer organisations, schools, universities and the TAFE system, tasked with developing high-quality information on future occupational needs of industry that can be better communicated to educational institutions, students and job-seekers.
- l. Skills assessments and skills recognition pathways of workers transitioning to other sectors in the economy and a result of structural adjustment.
- m. Targeted transition, re-training, and support programs for workers in sectors and regions affected by especially rapid change and dislocation in coming years, as well as broader economy-wide retraining options.
- n. The establishment of a national Energy Transition Authority to oversee the orderly and equitable transition of the energy sector.
- o. Enhanced funding for community job search and counselling services, including the introduction of non-profit local and regional “employment brokerage” services.
- p. Strategies for enhancing the portability of entitlements, such as through a national portable long service leave scheme, to facilitate greater mobility of workers between jobs, and attain greater productivity and wellbeing from fairer access to leave.
- q. A comprehensive review of social security and tax systems to ensure that technological change provides benefits for everyone.

## **7. Strong public and private investment**

Strong capital investment in both the private and public sectors of the economy is crucial to job-creation and economic performance for several reasons.

Investment spending injects immediate purchasing power and supports employment in the short-term, through construction projects, machinery and equipment purchases and research and innovation activities. Public assets, such as universities, have been shown to be indispensable and have wide-ranging economic and jobs growth benefits to local economies, particularly in regional areas. Universities are key to the research, development and innovation process.

Public investment in physical, social and human services infrastructure plays a key strategic role: first-rate transportation networks, utilities, education and health care facilities, and other public capital assets all enhance the efficiency of work and production throughout the whole economy – and hence reinforce the momentum of private investment, too.

Indeed, investment spending is more closely correlated with GDP growth and job-creation than any other component of purchasing power. In the long-term, strong capital spending is also essential for boosting productivity, implementing new technologies, and enhancing the competitiveness of Australian-made goods and services. Strong investment is thus positively linked to exports, productivity, and incomes.

Key actions to boost investment spending include:

- a. The Commonwealth government making a sustained commitment to economic expansion and job creation through a comprehensive jobs plan which enhances business confidence in future market conditions, and thus accelerates investment projects that have been “on hold” due to concerns over future growth.
- b. Expanding the commonwealth pool of capital available for new investments by establishing a new development finance corporation (similar to public development banks operating in many other countries) to make long-run equity and debt co-investments in key sectors, in partnership with private funds.
- c. Kick starting growth by bringing forward and increasing investments in infrastructure projects to stimulate demand coupled with appropriate local content and Australian Industry Participation provisions to support projects with a high need for Australian produced goods and serviced.
- d. Expanding and stabilising the commonwealth commitment to long term infrastructure investments, with a predictable 20-year timeline reducing the “start-and-stop” uncertainty of recent infrastructure programs and allowing partners (including state and municipal governments) to make matching long-run commitments. Public capital spending should increase by at least 1.5 percent of GDP to meet historical benchmarks. These investments can be funded through many channels, including long-run capital bonds and private placements (such as from super funds).
- e. Using government procurement of goods and services from private suppliers to leverage more and better Australian jobs. The job-creating potential of public procurement must be maximised through adoption of a Buy Australia policy (as proposed by the ACTU and being implemented by a number of governments at a state level), supplemented by measures like stronger Australian Industry Participation rules, better reporting of domestic content in public contracts for both services and infrastructure and long-run supply and purchasing planning (coordinated where relevant with state and municipal governments) to nurture Australian suppliers for more public purchases.
- f. Expanding targeted public investments in key areas – such as public transit, renewable energy, utility upgrades, and others – to reinforce the expansion of capital spending and accelerate the transition to a higher technology and lower-carbon economy.
- g. Facilitating increased engagement by super funds in strategic infrastructure investment through new methods and models.

## 8. Creating good jobs in the private services sector

Private sector service jobs have been one of the largest sources of new employment in Australia in recent decades. This reflects several economic, social, and technological realities. In the private sector, services jobs are all-too-often associated with insecure, low-wage work. But it doesn't have to be that way. Private sector service occupations, should offer valued career paths, supported with training, apprenticeships, credentials and strong quality standards as they are in many other countries.

Jobs in private-sector service industries will continue to constitute a substantial proportion of new jobs under our ambitious jobs strategy. We need to ensure those service jobs are good jobs. Here are some of the key tools to make that happen:

- a. High-value services industries can be leaders of growth, innovation, and exports. Therefore we must include a strong portfolio of strategic service industries (including transportation and logistics, scientific, finance and professional services; information and communications; arts and entertainment; tourism; social and community services and others) in the sector strategies developed under the Advanced Sector Initiatives (described above).
- b. Traineeship and apprenticeship opportunities, and high-quality, portable credentials are essential tools in lifting the quality of services work and enhancing incomes and security for service workers. Our proposals for a better-funded, coordinated vocation training system, along with expanded apprenticeships and better coordination between employers and training institutions (learning, for example, from Germany's successful tri-partite approach) will supply a steady flow of top-quality skilled workers for services industries. Those workers, in turn, will be better positioned to enjoy stable, decent incomes and job security.
- c. Employment standards and labour regulations are especially critical tools in supporting job quality in private services industries, countering the race-to-the-bottom in compensation and conditions that can otherwise drag down working conditions across private sector services. Consistent and pro-active enforcement of minimum wages, penalty rates, national employment standards, award conditions and collective bargaining rights is essential to press service-sector employers to treat their workers as valuable assets – not throw-away inputs.
- d. Our proposals to support small and medium-sized enterprises (SMEs) through greater access to capital, management training and supports, will help smaller firms in services industries develop higher-value offerings, and utilise more technology and innovation – thus creating a stronger economic base for good, lasting jobs.

## 9. Creating good jobs in public services

One of the most irrational and self-defeating aspects of the conservative economic agenda has been the austerity it has imposed on the public sector. Trying to reduce fiscal deficits through privatisation and large cuts in public employment, programs and services undermines spending power and confidence throughout the economy – not to mention damaging the quality of life in our families and communities due to the elimination of vital services.

Employment in the public sector is itself an important source of strength in the labour market. New jobs in education, health care, public administration, and other caring and human services have played a crucial role in supporting overall employment and incomes, even as some private-sector industries stumbled.

Our collective need for those kinds of services can only grow in coming years, thanks to demographic changes (such as the ageing population), and our recognition of the importance of quality public service and care in so many areas of life. Publicly funded services like early childhood, aged and disability care, public transportation, energy, education, and emergency services and environmental protection are increasingly important to our communities and are the fastest growing employment sectors.

The public service is characterised by large employment multipliers, meaning that an increase in expenditure in the public sector will induce a large amount of employment in other industries; conversely, a reduction of public expenditure will result in relatively large job losses in other industries. This can be demonstrated through the 'upstream' effect of inputs to the public sector in the form of raw materials and services from the private sector, and the 'downstream' effect of public servants spending their wages to stimulate other sectors of the economy. Employment multipliers for public services are about 50 percent higher than for the average of all industries, and therefore public investment in public services generates around 30 full-time equivalent jobs for every \$1 million.<sup>66</sup>

The Coalition Government's billions in spending cuts to public services (like education and health), and its elimination of more than 18,000 direct public servant jobs, have contributed significantly to Australia's recent weak employment performance. They have even damaged the ability of government to perform basic functions, as evidenced by the recent 2016 census and automated debt recovery debacles. We have also seen large reductions of the state public service. New South Wales has 8000 fewer public servants than they did in 2012.<sup>67</sup> This figure includes the increases to staffing for the state's health, teaching and policing services as part of 2011 and 2015 election commitments. If these increases were not included in the figures, the public sector has been cut by over 18,000 people while the population of New South Wales has grown by over half million.<sup>68</sup> Over the last decade in West Australia over successive governments, there have been 13,000 less state public service jobs lost.<sup>69</sup> This negatively impacts the state economy and only serves to add to unemployment figures after the end of the mining boom and a decline in service quality for the people of Western Australia.

The public service has traditionally been a bastion of permanent, secure work. Insecure work is becoming more common in the public service, however; in particular the misuse of fixed-term contracts, which can see workers on 'rolling' short term contracts for years at a time. This is a source of insecurity and stress for the individual worker and is problematic for the public service and community as a whole.

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66 Spoehr J. (2006) *Assessing the Likely Impact of the Proposed Public Sector Employment, Reductions in South Australia*, Australian Institute for Social Research, University of Adelaide.

67 NSW Public Service Commission. *Workforce Profile Report 2017*, NSW Government, NSW.

68 ABS 3101.0. *Australian Demographic Statistics*, June 2017.

69 Centre for Policy Development. *Death by a thousand cuts: how governments undermine their own productivity. 2013 and 6500 officially announced jobs losses by WA State Governments between 2013 and 2017.*

It is a foundation of our democratic system to have a permanent, independent public service which can provide 'frank and fearless' advice to the government of the day. Insecure work undermines these principles, as workers in tenuous employment may feel limited in their ability to provide robust advice. Additionally, the loss of knowledge and skills from the sector when workers' contracts expire, or they seek stable work elsewhere, has a detrimental effect on the capability of the public service as a whole.<sup>70</sup> A permanent workforce is essential for ensuring that the public sector is able to best serve the community through giving quality advice to the government of the day, and having the capacity and capability to deliver quality public services.

Instead of seeing the public sector as a "drain" on the economy, we see it as an essential source of growth resulting in higher living standards and opportunity in its own right. Policy measures which will maximise the potential of our public sector to create and sustain good jobs include:

- a. Restoring government funding for key public services and the good jobs they support: including education, Medicare and health services, public administration, child care, universities, vocational education, training and TAFE programs, Aboriginal and Torres Strait Islander services and agencies, and other social and environmental programs. Efficiency dividends' and similar measures are a blunt instrument imposed by governments to make arbitrary cuts to public services and jobs and should not be used. Instead, spending decisions should be the result of an evidence-based evaluation of the need to provide quality services to our community.
- b. Reversing the cuts to public sector jobs and ending the privatisation of public services.
- c. Ending the use of labour hire and outsourcing in all levels of government: workers should be employed directly by government and enjoy the same rights and entitlements as other government workers;
- d. Ending insecure work in the public sector, in particular the illegitimate use of fixed-term contracts. Fixed term contracts should only be used to cover one-off periods of relief, such as long service leave or parental leave, or project work that is finite or seasonal in nature. Permanency should be the norm in order for public servants to be secure to give the government of the day quality advice and have the capability to provide the public with quality services.
- e. Ending the imposition of 'wage caps' and 'wage freezes', which in many cases have limited public sector workers to pay rises that do not keep up with the rising cost of living. The capping of public sector wages also has a chilling effect on wages in the private sector.
- f. Ensuring that employers (whether public, non-profit or private) that provide government funded services ascribe to best-practice employment standards (including wages, adequacy and stability of hours and basic entitlements), so that jobs for workers providing these services are decent and secure.

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See the Centre for Policy Development report Grand Alibis: how declining public sector capability affects services for the disadvantaged <https://cpd.org.au/2015/12/grand-alibis-how-declining-public-sector-capability-affects-services-for-the-disadvantaged-report-december-2015/>

- g. Government support for social and community services, including early childhood education and care, the National Disability Insurance Scheme and aged care, must be adequate to ensure fair incomes and security of employment for workers providing these services, which reflects the values, skills and public importance of these jobs.
- h. Expansion in the size of the public sector through Government employing more people directly, particularly in regional areas as part of a strategy of inclusive growth to push the Australian economy to full employment. This should include government directly engaging employees in the delivery of large infrastructure projects.

## **10. Creating good jobs in renewable and sustainable industries**

Scientists and economists alike agree that a transition toward a less polluting, more sustainable economy is essential. This includes responding to the acute challenge of global climate change, along with other pressing environmental problems. Of course, this economic transition poses many challenges and uncertainties. But it also promises great economic opportunities – including in the creation of good jobs in environmental and sustainable industries. If it is well-planned, well-resourced and well-regulated, the inevitable transition to a sustainable, cleaner economy will also drive significant employment opportunities. Australia can use its abundant renewable resources, and its engineering and production prowess, to become a world leader in clean energy technologies.

To take maximum advantage of the potential for new jobs in the sustainable industries of the future, we must begin by ensuring unequivocally that Australia will play a full, responsible and fair role in global efforts to tackle climate change. This must include adopting targets that are proportional with our environmental footprint, and consistent with our obligations under the Paris Climate Agreement. This would send a strong signal to investors, firms and trading partners that Australia recognises low-carbon industries are not only a necessary part of any climate change solution, but also represent a huge economic opportunity. In contrast, the negative and mixed signals that have defined the Coalition's approach to climate policy have clearly undermined investor confidence and deferred valuable investment opportunities.

We need policies and investments to support the growth of sustainable industries that have so much job-creating potential. At the same time as enhancing job opportunities in environmental industries, we also need a meaningful and concrete "Just Transition" plan to ensure that workers and communities in industries affected by climate policy are protected and supported (including through strong labour adjustment policies, job networking and assistance, retraining, financial support and travel and relocation assistance, in order to support displaced workers into new secure and decent jobs).

The International Trade Union Confederation's Just Transition framework seeks to lessen the impact on workers by ensuring that governments put in place policies that invest in new green technologies and skills, which can be used both to clean up existing industries and to open up opportunities in new industries. Another key aspect of a Just Transition is the importance of fairly distributing the associated costs, and ensuring that low-income households are not impacted too greatly as a result of avoiding action on climate becoming a hand brake on consumer confidence and therefore growth.

Policies to help maximise the job-creating potential of environmental and sustainable industries would include:

- a. Setting greenhouse gas reduction targets for the decades between 2020 and 2050 that are consistent with our obligations under the Paris Climate Agreement and scientific advice, supported by an effective carbon reduction, carbon abatement and carbon avoidance policies.
- b. Providing management consulting and start-up financial support for cooperative and non-profit community renewable energy ventures, to allow their full participation in feed-in tariff, renewable and energy storage systems.
- c. Enhancing the capacity of Australian suppliers of energy storage, solar, wind, biomass and other renewable energy equipment and services to meet the growing global market for these products, including through the formation of an Advanced Sector Institute and a Cooperative Research Centre for renewable energy; the formation of an Indigenous Clean Energy Project to enhance participation by Indigenous communities and businesses in renewable electricity opportunities; and targeted efforts by Austrade and EFIC to support export opportunities in Australian renewable and energy storage equipment and technology. Other mechanisms such as the creation of a Cooperative Development Agency and the creation of publicly-owned clean energy projects should be considered.
- d. Providing local manufacturers and suppliers of renewable energy products such as solar panels and energy storage with a level playing field and full, fair and reasonable participation in domestic and government markets including through procurement rules, utilising of trade remedies and by assessing whether the proposed Environmental Goods Agreement is consistent with the strategy of Just Transition and Australian industry policy.
- e. Accepting evidence-based advice on the need to reform the National Energy Market that takes into account not only the need to ensure a reliable and affordable energy mix, but also Australia's commitments under the Paris Climate Agreement. Public investment such as subsidies should be directed towards developing solutions that manage the intermittency of renewable generation, for example through direct public ownership of renewables and large scale energy storage.
- f. Making environmental and energy- conservation innovation a major cross- cutting target of innovation and science policies, including through the Advanced Sector Institutes, CSIRO, and other public research and commercialisation initiatives.
- g. Increasing Commonwealth support for sustainable infrastructure investments at state and local levels, including public transit, electric utilities, batteries and transmission networks and power management systems.
- h. Providing tax incentives for energy conservation retrofits for lighting, insulation and other conservation initiatives in commercial and large-scale residential buildings.
- i. Assistance for emissions intensive trade exposed industries.

- j. Creating an Energy Transition Authority responsible for navigating Australia’s transition to a clean-energy economy, which includes the orderly management of power station transitions and closures in order to avoid the severity surrounding structural adjustment on workers their families and communities. This Authority would be responsible for overseeing an industry- wide multi-employer pooling and retrenchment scheme that enables retrenched workers to transfer to roles in remaining fossil fuel, renewable or low emissions generators and other industries alongside a strong labour adjustment package and developing plans for regional communities that support economic diversification and encourage new investments in alternative industries. The Authority would also implement a broader “Just Transition” initiative to identify jobs and industries likely to be affected by future climate change policies and other environmental initiatives, develop a timetable of labour market impacts, and implement a long term strategy, working with State and Local Governments to coordinate assistance packages for businesses and workers that focus on creating new, secure jobs and the skills required to access these jobs.



## PART 3: POLICIES TO FIGHT GENDER INEQUALITY, DISCRIMINATION AND MARGINALISATION

Systematic discrimination, inequality, and marginalisation mean that millions of Australians have not shared in the prosperity that comes with decent work. Pro-active measures must be taken to help systematically disadvantaged and rural and remote communities overcome economic and social barriers and gain full access to their fair share of the decent work resulting from this plan.

Attaining more equality in employment outcomes for these groups and others, with consequent benefits for individual, family, and community wellbeing, is essential to an inclusive and fair Australia.

Therefore, it is essential that our effort to create large numbers of new jobs be supplemented by deliberate efforts to ensure that access to that new work is fairly shared across all communities.

Measures to accomplish that goal would include:

- a. Addressing the widening gender pay gap and women's continued depressed labour force participation. Measures include the provision of accessible, affordable, quality child care; improvements to Paid Parental Leave (which should be codified as a NES entitlement at 26 weeks at or the above minimum wage with the capacity to be topped up to the actual wage rate by agreement between employees and employers); enforceable better rights to family friendly work arrangements and leave and paid domestic violence leave (backed up with rights to appeal and arbitration at the Fair Work Commission); stronger pay equity reporting and support for girls and young women at all levels of the education system to enter non-traditional careers.
- b. Increasing the Newstart allowance, abolishing the liquid assets waiting period and ending work-for-the-dole schemes to ensure dignity and decent income support for unemployed workers to be able to look for and obtain employment.
- c. Supporting the genuine integration of workers with disabilities into quality paid work, including providing genuine job search and employment support and strengthening the Disability Support Pension.
- d. Addressing persistently high youth unemployment rates with targeted measures to support young workers' job search, including targeted programs for hiring young people in non-profit services and agencies, paid placement opportunities for young people in Commonwealth departments and agencies. In all cases these initiatives must fully respect the minimum wage and other employment standards.
- e. Providing expanded employability support services for adult workers who have been unemployed for over one year, including basic skills training (in literacy and numeracy), job search and retention skills, referrals for VET and other training opportunities, and paid work experience opportunities.
- f. Aboriginal and Torres Strait Islander workers must be engaged in fulfilling employment, with the same conditions and wages afforded to other Australian workers. The Community Development Program should be abolished in remote communities and replaced by funded programs focusing on community self-determination, lifting incomes and labour standards, and developing hybrid economies consistent with genuine community development.

- g. Developing a system of Community Benefit Agreements, through which sponsors of major publicly supported infrastructure investments must negotiate contractually binding employment and economic benefit commitments with affected local and regional communities (including Indigenous communities) and target hiring from disadvantaged or marginalised communities for work on those projects.
- h. Improving Commonwealth and state anti-discrimination legislation to ensure consistent application and to protect complainants facing workplace discrimination or harassment.
- i. Developing education programs and a stronger compliance regime to protect temporary overseas workers and foreign students, ensuring they receive the same legal and employment rights as other workers in Australia.

All Australians have a right to participate in meaningful and decent employment. Paid employment in a fair and safe workplace can improve self-esteem, physical and mental health.

A fair and equitable minimum wage allows workers to become financially independent, meet cost of living pressures, and be an active participant in society and community events. An active labour market also benefits the national economy. To ensure that workers are able to participate fully in the labour market, they need access to flexible working arrangements and protection from discrimination.

## **Labour market gender inequality**

Australian workplaces are highly gender segregated compared with other comparable countries. Men have most of the high status jobs, and there is often a concentration of men and women in separate industries. There is also a large gap in employment status with women doing more part-time and casual work<sup>71</sup>. Women's lifetime earnings are further undermined by career interruptions associated with family responsibilities.

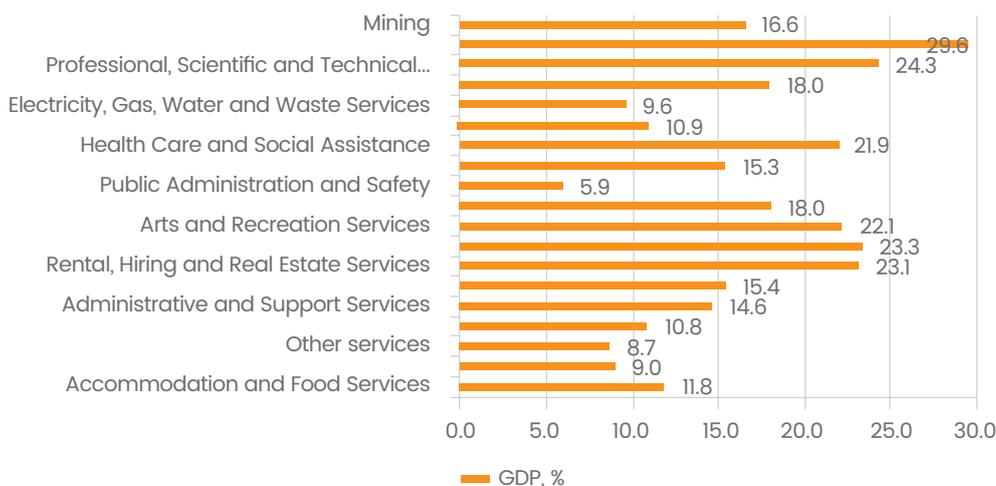
The impacts of underlying problems in the labour market, like underemployment, often impact a particular part of the labour market demographic far more than other parts.

In general, the higher the industry earnings are, the wider the gender pay gap. Accordingly, the gender pay gap is lower in lower paid industries, such as accommodation and food services and Retail trade. The exception is the traditionally public sector industries, where the gender pay gap tends to be lower even in relatively highly paid industry sectors, such as electricity, gas, water and waste services along with education and training.

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71 Rawstron, K. (2012) 'Diverging Paths: Occupational Sex Segregation, Australia, and the OECD', The Australian Sociological Association Annual Conference 2012: Emerging and Enduring Equalities. Australia

**Gender pay gap, Average Weekly Ordinary Time Earnings, female earnings per cent less than male, May 2017 (most recent), ranked by male AWOTE**



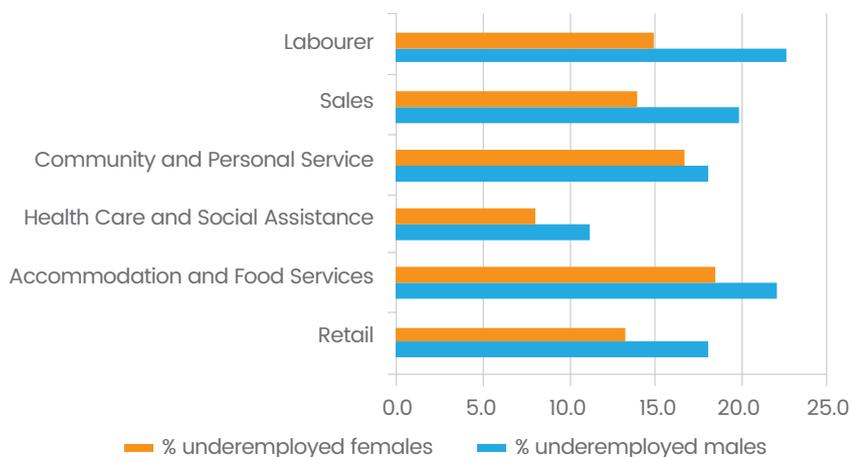
(Source: ABS 6302010a, 6302010b)

Underemployment has been concentrated in the industries that have been able to post recent employment growth and there is a huge imbalance in gender representation and opportunity.

In the retail sector 123,000 females (18.3%) of females in retail are underemployed, compared with 74,300 males (13.4%). In the accommodation and food services sector 109,800 (22.4%) of females are underemployed compared to 73,300 (18.8%) of males, while in health care and social assistance there are 144,700 (11.3%) underemployed females compared with 30,600 (8.1%).<sup>72</sup>

This is also reflected in occupational underemployment with the community and personal service sector having 170,500 (18.3%) underemployed female workers compared with 67,600 (17.0%) of males. The sales sector has female underemployment of 135,600 (20.1%) of workers compared to 62,200 (14.2%) males and finally, in the male dominated labourer category there are 93,900 (22.9%) underemployed females compared to 116,200 (15.1%) underemployed males.<sup>73</sup>

**Percentage of underemployment in males and females by sector**



72 ABS Cat. 6291004 September 2017.

73 Ibid.

Policies that will start to address this include:

- a. Addressing the widening gender pay gap and women's continued depressed labour force participation. Measures include the provision of accessible, affordable, quality child care; improvements to Paid Parental Leave (which should be codified as a National Employment Standard (NES) entitlement at 26 weeks at or the above minimum wage with the capacity to be topped up to the actual wage rate by agreement between employees and employers); removing barriers to parents being able to undertake an equal share of care giving; enforceable better rights to family friendly work arrangements and leave.
- b. 10 days paid domestic violence leave in the NES;
- c. Stronger pay equity reporting and support for girls and young women at all levels of the education system to enter non-traditional careers.
- d. Government providing adequate funding to ensure universal access to quality, affordable and varied childcare arrangements which suit a range of occupations and industries taking into account workers who may not work full day shifts and are unable to pay for a full day of care on the limited wage they receive.
- e. Recognising unpaid parental leave (and any paid parental leave) as active service, for the purposes of accruing entitlements related to annual salary increments, superannuation, personal/carers leave and long service leave<sup>74</sup>.

## Aboriginal and Torres Strait Islanders

The current Coalition Government is overseeing some of the worst attacks on Aboriginal and Torres Strait Islander workers and community organisations in a generation.

The Community Development Program (CDP) undermines the industrial rights of 37,000 workers of which 31,000 are Aboriginal and Torres Strait Islander workers. The CDP forces workers into 25 hours of labour, provides no federal occupational health and safety or workers' compensation protection, provides no superannuation, no workplace employment standards and could be exploited by employers as a free source of labour.

The CDP mandates that Aboriginal and Torres Strait people in remote communities work longer hours than people in metropolitan areas for the same welfare payments, or risk months cut off from government support. This program is government sanctioned discrimination, fundamentally racist, and should be abolished immediately.

We need an alternative jobs vision where Aboriginal and Torres Strait Islander people are the architects of their place in Australia and are equal partners in the development and implementation of policies that effect their way of life.

This can start to be achieved by:

- a. Ensuring Aboriginal and Torres Strait Islander workers have equal opportunity to be engaged in fulfilling employment, with the same conditions and wages afforded to other Australian workers.

- b. Abolishing the Community Development Program and implementing funded programs focusing on community self-determination, lifting incomes and labour standards, and developing local economies consistent with genuine community development.

## **The disability sector**

It is fundamental to our view of an equitable society that we work to remove barriers that prevent people with disability from exercising those rights and participating fully in society. All workers, including those with a disability, should be able to benefit socially and economically from meaningful and secure employment.

Australia has one of the lowest workforce participation rates within the OECD for people with disability. People with disability face particular challenges in gaining access to meaningful paid employment. Where possible, people with disability should be encouraged and enabled to seek jobs in open employment so that they can share in the benefits of decent work and the Australian workforce reflects the diversity of Australian communities.

Initiatives and policies that will drive this include:

- a. Ensuring all workers with disability, including those in both open and supported employment, have their wages assessed based on their productivity, rather than on arbitrary 'competency' standards that don't apply to workers without disability.
- b. Supporting the genuine integration of workers with disabilities into quality paid work, including providing genuine job search and employment support and strengthening the Disability Support Pension.
- c. Ensuring a disability sector workforce and sector engagement strategy that improves sector capacity and ensures quality standards are maintained and enhanced.
- d. Strengthening skill levels and continuing professional development of the sector workforce by ensuring access to quality and relevant training.
- e. Maximising representation of people with lived experience of disability in the delivery and implementation of the National Disability Insurance Scheme (NDIS) by creating opportunities for more workers with disability to be employed.
- f. Ensuring that NDIS funding allows for proper industry standard wages and conditions, including the provision of future wage increases that ensure equal gender pay.
- g. Development of a regulatory framework for minimum standards for workers and providers to ensure quality, sustainable outcomes for people with disabilities.

The NDIS is intended to facilitate increased participation by people with disability in all facets of society and life, including the workforce, and to significantly improve their access to support and care.

The NDIS should not be used by governments to privatise by stealth and abrogate their duty of care to persons with disabilities. By government retaining a role in the direct delivery of disability services, people with disabilities will have more choice of providers to meet their needs.

## Social safety net

We know the gap between rich and poor in Australia is at historic highs and that Australia must face up to the challenge of rising inequality.

With unemployment at high levels and working people struggling to maintain adequate living standards, it is more important than ever for the Government to step in and provide a strong social safety net.

Public goods and services, such as universal healthcare, pensions and superannuation and public education at all levels, all form part of the social wage – that is, they are paid for by income earners through income taxation and redistribution. Workers, as a group, have a right to decide how their wages should best be distributed in order to redress rising inequality and provide an adequate safety net for all members of society.

All Australians must have access to a decent welfare safety net, affordable services, and equal opportunity to be included in society and to participate in the labour market through access to decent work.

Australians who are actively seeking employment should be supported in their efforts through the provision of affordable, quality community services and a decent social security safety net. We need fiscal policies that will actually assist with job creation and to ensure that the jobs are available.

It is of extreme concern that social security payments in Australia have not increased in real terms in two decades. Moreover, the system for claiming benefits is overly complex, with taper rates that do not provide adequate or sufficient incentive to find and keep work.

We need to ensure that the social safety net in Australia is fit for purpose and reflects the society that we seek to be. Policies that will help assist in achieving this goal include:

- a. Substantially increasing the Newstart allowance, abolishing the liquid assets waiting period and ending work-for-the-dole schemes to ensure dignity and decent income support for unemployed workers to be able to look for and obtain employment.
- b. Ensuring indexation rates for all social security payments should be aligned so that the widening gap between pensions and allowances may be closed.
- c. Gearing incentives towards placing jobseekers into long term, meaningful employment rather than churning them through multiple casual engagements.

## Unpaid work for the unemployed and young job seekers

The Coalition Government's policies for unpaid work schemes, such as Work for the Dole and Youth Jobs PaTH program (PaTH), are a dismal failure.

Unpaid internships are becoming commonplace for young workers seeking to gain the experience required to obtain an entry level job. Unpaid internships are affecting an increasingly large number of industries, from media and the creative arts to law and not-for-profits.

Unpaid internships are problematic because they are increasingly viewed as a necessary qualification for young people to get their foot in the door of their chosen career. The work and efforts of all young people should be recognised, valued, and remunerated at a fair level.

The Government's Youth Jobs PaTH program, which turns unpaid internships into government employment policy, is a significant, negative development in the concerning trend towards unpaid internships becoming the 'new normal'.

The PaTH program is funded through the \$855 million Youth Employment Package, announced in the 2015-16 Budget, and aims to place 120,000 young jobs seekers into a PaTH internship.<sup>75</sup> Under the program young job seekers aged between 17 – 24 years of age who have been on unemployment support for more than six months can participate in a 4 to 12 week Internship Programme with approved employers, for which they receive an additional \$200 per fortnight to supplement their income support payments. Businesses receive an upfront payment of \$1000 as well as 'intern insurance' which is paid by the Government through the Department of Employment.<sup>76</sup> If the intern gets a job, the employer will receive a further payment of \$6500 or \$10,000.

In September 2017 the then Employment Minister who was responsible for the program's administration and delivery confirmed that 1,300 young people were denied their unemployment benefits for not taking part in the PaTH scheme.<sup>77</sup>

Under this program vast amounts of taxpayer funds are being distributed to businesses with little or no benefit to program participants and is actually having the effect of displacing genuine jobs in the labour market.

Unsurprisingly, the private sector as followed the lead set by the Coalition Government, and we have seen a proliferation of the practice of jobseekers undertaking unpaid work placements in for-profit businesses.

Forcing the unemployed to undertake unpaid work distorts the labour market by displacing actual paid jobs, and there is no evidence that it leads to ongoing employment. Moreover, it restricts jobseekers from attending other job search activities such as interviews or training.

We recommend that:

- a. The PaTH program be terminated.
- b. Where jobseekers are performing productive work for an enterprise, the worker must be paid at least the minimum wage for their work.

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75 <https://ministers.jobs.gov.au/smorrisson/youth-jobs-path-getting-more-young-people-work>

76 <https://www.jobs.gov.au/youth-jobs-path>

77 <https://probonoaustralia.com.au/news/2017/09/government-suspends-payments-1300-young-job-seekers-not-path-program/>

## CONCLUSION

Australia can, and must, abandon its current course and make decent jobs the centre of our vision for economic, social, and cultural progress.

Having a good job – one that is meaningful, safe, secure, and fairly paid – allows Australians to earn a living, support their families and contribute to the economy and society. Our collective right to decent work must be the centrepiece of any progressive economic and social vision for Australia. When jobs are abundant, well-paid and secure, stronger wellbeing and esteem improves, living standards rise and both household and government budgets improve.

In our plan to create Jobs You Can Count On we have set out a clear and comprehensive pathway to plot a course away from increased casualised, insecure, lower paid work to decent, secure jobs that workers and their families can count on and provide the foundation for a booming national economy.

Our recommendations will create more high quality, secure local jobs and when combined with the strengthening of employment regulations through reforms to workplace and industrial relations policy, we will drive a broad improvement in job quality – enhancing the security and stability of work for millions of Australians.

We challenge government and industry to embrace our plan for Jobs You Can Count On and move towards more decent, secure and equitable employment.

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