



Restoring Real Wages and Full Employment

ACTU submission on the Employment White Paper

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ACTU
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Introduction

About the ACTU

Since its formation in 1927, the ACTU has been the peak trade union body in Australia. There are currently 43 ACTU affiliates who together have nearly 1.8 million members who are engaged across a broad spectrum of industries and occupations in the public and private sector. It has played the leading role in advocating for and winning almost every Commonwealth legislative measure concerning employment conditions and trade union regulation.

Approach to this submission

The ACTU welcomes the Government’s commitment to develop a White Paper and the opportunity to provide input to it. The White Paper can provide a compelling and overarching framework to guide Government economic and social policy to deliver true full employment in the face of the significant challenges Australia faces—a chance for everyone to take on work that is rewarding, secure, well-paid and productive.

This submission outlines at a high level the medium and long-term key policy challenges central to achieving full employment which the White Paper should address. At the macroeconomic level, this includes needing the political will and institutional structures to achieve true full employment; restoring the essential post-war role of active fiscal policy and realigning fiscal strategy accordingly; and ensuring true full employment does not compromise price stability.

More detail on many of the points made in our submission are provided in the ACTU’s Job Summit series: four reports produced in the lead up to the September 2022 Jobs and Skills Summit, specifically “An Economy that Works for People” (on macroeconomic policy), “Skilling the Nation”, “Secure Jobs for a Safer Climate”, and “Delivering Equity for Women at Work”¹, as well as our recent submission to the independent review of the Reserve Bank. We direct the White Paper Taskforce to those documents for further detail. We also look forward to further and

¹ The ACTU’s Job Summit Series papers are at: <https://www.australianunions.org.au/campaigns/jobs-summit/>

deeper engagement with Treasury throughout 2023 as it develops the Full Employment White Paper.

1. Full employment, productivity growth and rising incomes

The case for full employment

Employment is a basic human right. Article 55 of the Charter of the United Nations, ratified in 1945, defines full employment as essential for the stability and well-being of all people, with Article 56 requiring all signatories to deliver full employment and other socio-economic goals. The 1948 Universal Declaration of Human Rights reaffirmed full employment as a fundamental human right. Article 23 asserts:

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
2. Everyone, without discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favourable remuneration, ensuring for himself [themselves] and his [their] family an existence worthy of human dignity and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his [their] interests.

Employment is about more than income; it is also an important—although by no means exclusive—means of participation, connection, and inclusion in society. Employment carries important non- financial and financial benefits alike. Unions have long recognised this in a history of struggle for the right to employment (Quirk 2007a, 2007b). The Curtin Labor Government’s *Full Employment White Paper* was the culmination of a century of struggle by unions to establish the right to jobs, “arguably the Australian union movement’s greatest strategic achievement of the 20th century” alongside the establishment of the minimum wage with the 1907 *Harvester* decision, following successful campaigns for the right to collectively bargain and the eight-hour day in the late 19th century (Quirk 2018).

Since 1975, successive federal governments have deprioritised this goal. While the 1945 *Full Employment White Paper* established a bipartisan framework which delivered low unemployment of two per cent on average for the following three decades, in 1975 this collapsed under the weight of stagflation, with governments abandoning full employment in favour of “full employability” (Mitchell and Muysken 2008) and redefining full employment as the so-called non-accelerating inflation rate of unemployment (NAIRU), effectively defining the issue out of existence.

Macroeconomic priorities

The ACTU stands for workers. Australia needs macroeconomic policy settings that allow people to meet their full potential, meaning secure and well-paid jobs with rising real wages and living standards. In this respect, Australia faces significant challenges. The cost of living has risen dramatically in 2022, compounding a decade of stagnant nominal wage growth into an all-out real wage crisis. Inflation has wiped out a decade's worth of real wage growth, with real wages falling 4.2 per cent in the year-to-September. Productivity growth has been modest over the past decade, and it will take progressive reforms to lift this performance, but the greater problem for workers has been that the gains from productivity growth have not gone to workers in the form of rising real wages. Productivity rose by 10.8 per cent in the last 10 years, while real wages have declined by 1 per cent.

While the headline unemployment figure is at a 48-year low, storm clouds are on the horizon. The 2022 October Budget forecasts unemployment will rise to 4.5 per cent by June 2023. Treasury has substantially downgraded its outlook for Australia's key trading partners, and the latest forecasts for major world economies such as the United States indicate a high risk of a significant downturn in the 2023 calendar year. Australia will not be immune to this deteriorating global environment. It is therefore essential that the White Paper delivers a robust and ambitious roadmap for secure jobs and rising real wages into the long term.

Putting the "Full" Back into the Full Employment White Paper

The White Paper must make true full employment an explicit macroeconomic goal in the form of zero involuntary unemployment, rather than the non-accelerating inflation rate of unemployment (NAIRU), as the ACTU has argued in our submission to the independent review of the Reserve Bank and the first paper in our series on the September Jobs Summit, 'An Economy that Works for People'. We refer the reader to these two documents for further detail.

In an address to the National Press Club on 2 July 2021, Prime Minister Anthony Albanese, then Leader of the Opposition, announced "a Labor Government I lead will commission a Full Employment White Paper", and explicitly referenced the Curtin Government's 1945 Full Employment White Paper. The title of the White Paper has since been changed to the "Employment White Paper", dropping the titular reference to full employment. There is a pervasive view that full employment is no longer a priority, due to the sudden fall in the unemployment rate from 5.3 per cent in October 2021 to 3.4 per cent in July 2022. Yet 1.8 million Australians are still either unemployed or underemployed according to the Australian Bureau of Statistics (ABS)'s extended measure of underutilisation, which includes the hidden unemployed such as those who have given up looking for work. Unemployment at 3.4 per cent in October 2022 is still 1.4 percentage points above the 2 per cent average unemployment rate Australia achieved in the full employment era of 1945 to 1975. Australia still has not achieved full employment as the Curtin White Paper delivered in the post-war era—a White Paper the 2023 White Paper is supposed to emulate.

Worse, headline (non-extended) underutilisation was dreadful and chronically high in the pre-pandemic era, averaging 13.6 per cent in the three decades before the pandemic and averaging 14 per cent between the former Coalition Government's election in 2013 and February 2020. Underutilisation has only dropped because of record fiscal stimulus and two years of flatlining population growth in the COVID era, falling below 10 per cent for the first time since December 1989 in May 2022. It is now threatening to rise again as pandemic-era policy settings and fiscal stimulus are removed, interest rates rise, and the risk of major global economic downturn grows.

To this end, the title of the White Paper must be restored to include Full Employment in its title, not merely "Employment". Moreover, the 2023 White Paper must reflect the spirit and ambition of the original 1945 Full Employment White Paper.

Delivering this while reducing inflation and maintaining price stability therefore poses several challenges. What headline unemployment rate is consistent with true full employment, meaning zero involuntary unemployment? How can fiscal strategy deliver both true full employment and low and stable inflation, to support rising real wages for workers? How can policy support productivity growth while also ensuring the gains from rising productivity translate into rising real incomes for workers? And what are the full social, health, economic, productivity, and fiscal costs of unemployment, and what savings can true full employment deliver in this regard?

To this end, the ACTU urges the Government to adopt the recommendations from our first Job Summit Report 'An Economy that Works for People' as a first step. These include first up, establishing **full employment as the top macroeconomic priority**. While headline unemployment

may be at a 48-year low, fairly unique factors have caused this, including unprecedented fiscal stimulus to deal with the pandemic. Even then, there is still significant underutilisation in the labour market, especially for women with caring responsibilities. Unemployment and underemployment are both predicted to worsen next year, and the decade prior to the pandemic had a stubbornly high underutilisation rate. In short, without a concerted effort to achieve full employment, we never will.

To meet this national goal the ACTU is also calling for institutional arrangements to drive the thinking, coordination and action required. We encourage the Government to adopt the recommendations from our submission to the review of the Reserve Bank, particularly **the establishment of a Macroeconomic Coordination Committee**. The Committee, comprised of the Treasurer, the Minister for Finance and their departmental secretaries, the RBA Governor and Deputy Governor, and the Chair of APRA, could meet monthly to discuss and coordinate fiscal, monetary and macroprudential policy towards the shared goals of full employment, low inflation and financial stability.

Furthermore, the ACTU recommends the Government consider **establishing a Full Employment Commission** as a statutory body tasked with providing analysis and advice on how to reach the goal of full employment. As a part of this consideration, the **Government should conduct a review of the Productivity Commission** (PC) to see if it should be repurposed or replaced. In its nearly 25 years, the PC has frequently promoted an outdated and ineffective economic ideology of privatisation and deregulation. It has stuck with the idea that unemployment is caused by “inflexible” wages and prices (nominal wage rigidities and sticky prices), rather than a chronic deficiency of demand (OECD 1994) and is therefore best remedied by microeconomic reforms to remove those “rigidities”. Together, these policies have failed on their own terms, with Australia facing a long-run declining productivity rate, low economic and real wage growth, increased market concentration and declining levels of economic complexity. New thinking is urgently needed. The Full Employment Commission would recognise that microeconomic reform alone, while important, has failed to deliver full employment.

The ACTU also calls for:

- Requiring the **Reserve Bank to coordinate with other agencies to achieve full employment and price stability** using a wider range of levers;
- Implementing a **fairer inflation-reduction policy** to protect workers’ incomes, prevent price gouging, tackle the underlying sources of inflation (especially in energy and housing), and reduce the cost of key public services such as childcare;
- Using **active fiscal policy**;

- Ensuring **labour market regulation** supports real wages growth and productivity; and
- Where high inflation is a challenge, additionally using **targeted tax measures to reduce aggregate demand**, including a windfall profits tax, tax reforms to encourage productive business investment, and cancelling the planned Stage Three tax cuts.
- Establishing an institutional framework to manage a just transition to a zero-carbon economy.

These recommendations are informed by the view that governments played a central role in helping Australians through the pandemic, and this hands-on approach must continue in future years, especially given the darkening global economic outlook.

2. The future of work: labour market implications of structural change

The pandemic proved that national and global challenges need to be met with leadership, the best thinking, and collective action. The same approach needs to be taken to issues that have profound implications for how our labour markets work, now and into the future. These include the care economy, the transition to a renewable energy superpower, and a global environment that requires resilient supply chains that underpin national sovereign capability.

Building a sustainable care economy in an ageing population

The care economy is projected to be the greatest creator of jobs in the future. Yet no other part of our labour force sees workers leaving it in such large numbers. Underpaid, overworked, working in unsafe conditions, and with little investment in skills and careers, women in the care economy—and it nearly is always women—are being pushed to breaking point. The Full Employment White Paper needs to help chart a course to make the care economy a great place to work. It should provide recommendations for the funding and regulation required to deliver:

- Secure work and fair pay for the workforce
- Skills and support for staff to have rewarding careers
- Investment in enough staff to be able to provide quality care
- Safe workplaces including appropriate PPE, testing, training, and paid pandemic leave
- Accessible and affordable care for users, including free and universal ECEC
- Ensure operators are delivering on these principles by improving standards, transparency, and reporting, overseen by properly resource public regulators

For more information on the challenges facing the care economy and these solutions, see pages 13 and 14 of the ACTU's (2022) *Delivering Equity for Women at Work* Jobs Summit Series – Paper 4.

The energy transition: tackling climate change and achieving net zero

The climate crisis poses a dire and accelerating threat to all Australians. In recent years, bushfires and floods of unprecedented scale and severity have devastated communities across the country, while higher temperatures are increasingly putting a strain on everything from water security to biodiversity. Workers are particularly exposed to the impacts of a warming climate: extreme heat and degraded air quality make both indoor and outdoor work more difficult, while climate disasters have led to workplace closures, job losses, increases in the cost of living, and persistent psychological stress, especially for emergency services, healthcare, and other frontline workers. To protect workers, safeguard the economy, and avert the worst consequences of the climate crisis, Australia must do its part to meet the Paris Agreement goal of keeping global temperature rise well below 2 C above pre-industrial efforts and pursue efforts to limit the temperature increase even further to 1.5 C.

Rising to this challenge presents an enormous opportunity for Australia. With more solar and wind resources per capita than almost any other developed nation on Earth, a disproportionate share of the critical minerals and metals vital to the clean energy supply chain, and a highly skilled workforce, Australia is uniquely positioned to emerge as a renewable energy superpower on the global stage, provided the Government acts now to put in place the long-term policy and investment frameworks that will direct and propel the energy transition. In clean exports alone, we have the potential to create nearly 395,000 good jobs and \$89 billion in revenue by 2040. In order to maximise the benefits and minimise the risks of the energy transition opportunity, the Full Employment White Paper should address, at a minimum, the following three challenges:

1. The energy transition must be a just transition, with no workers or communities left behind. This requires the establishment in stature of an independent Energy Transition Authority with tripartite governance, to ensure the multi-decadal consistency, coordination, and funding that will be required as the Australian economy undergoes a fundamental transformation. The remit of the authority should include:
 - a. Supporting workers in transitioning regions with multi-employer pooled redeployment schemes, early retirement and income replacement packages, individual job transition plans, and relocation assistance where necessary, to ensure there are no forced redundancies.
 - b. Supporting the development of iterative, community-led economic diversification plans for Australia's energy regions that prioritise new clean industries and site rehabilitation and have access to consistent financing from all levels of government as well as employers.
 - c. Collaborating with Jobs and Skills Australia to develop new education and training packages, including TAFE courses, that meet the workforce demands of the new

clean energy economy and the regional economic diversification plans. These new training regimes should prioritise the diversification of the clean energy workforce, with a particular focus on women and ATSI workers.

2. In order to meet and exceed its ambitious goal of 82 per cent renewables in the electricity grid by 2030, and to win the new “space race” on clean energy exports, the Government must act quickly to put in place the policy and investment regimes needed to keep Australia on pace while creating hundreds of thousands of good jobs domestically. Key issues for the White Paper to consider include:
 - a. The need for an ambitious federal renewable energy investment strategy and policy roadmap that works backward from the 82 per cent by 2030 goal.
 - b. The need for an ambitious federal clean exports investment strategy and policy roadmap that seizes key opportunities in emerging industries, including—but not limited to—green hydrogen and ammonia, green steel and aluminum, critical minerals production and processing, and battery manufacture.
 - c. Ensuring all renewable energy and clean export projects receiving public funding or loans abide by fair employment standards, including secure and well-paid jobs, safe working conditions, apprenticeship opportunities, and participation in collective bargaining.
 - d. Improving procurement policies, strengthening local content requirements for government-funded projects, and reforming anti-dumping laws to ensure Australia’s renewable energy industry can compete on a level playing field.
3. The Government must act to protect workers from present and future climate impacts, through both mitigation and adaptation strategies. Key issues to consider include:
 - a. Putting in place policy mechanisms to reduce emissions at the pace agreed to in the Paris Accords, including through a reformed Safeguard Mechanism verifiably capable of driving emissions reductions that make a fair contribution to meet or exceed the government’s 43 per cent by 2030 goal.
 - b. Leading by example to achieve a net-zero emissions public service by 2030, with full engagement of workers and their unions.
 - c. Expanding employee bargaining rights on climate issues, including demands around, for example, paid disaster leave and decarbonising workplaces.
 - d. Building a national disaster response capability tasked with mitigating, preparing for, responding to, and recovering from climate-related natural disasters and driven by a properly resourced, secure, and fairly paid workforce.

Building more resilient supply chains in a changing geopolitical landscape

Despite being the world’s 13th largest economy, Australia ranks just 74th for economic complexity. While our manufacturing as a share of GDP continues to decline, the OECD average

has actually lifted in the past decade. Australia needs to catch up with the rest of the world to build more resilient manufacturing and local supply chains—to drive secure, well-paid and skilled work across the country, lift productivity and innovation, and ensure national sovereign capability. The commitment of the Government to establish the \$15.2 billion National Reconstruction Fund (NRF) to invest in strategic sectors and its 10 point Buy Australia Plan on procurement to support local supply chains are therefore welcome. The Full Employment White Paper should also examine what more should be done to drive effective industry policy, including by reviewing best-practice internationally, especially on the best institutional arrangements, strategies and ambition to underpin this. This should also include the establishment of a strategic fleet taskforce to implement the Government’s policy of securing a strategic fleet of Australian ships, which creates the foundation for strengthening supply chain infrastructure.

3. Job security, fair pay and conditions, including the role of workplace relations.

The ACTU welcomes the significant commitments the Government has made and begun to implement on industrial relations reform both during the election campaign and at the recent Jobs Summit. Those reforms should deliver job security, progress towards gender equity and decent wage growth, among other goals. While the Full Employment White Paper is not the place to discuss those reforms, it can include within its remit consideration of key labour market questions that are key to delivering full employment, and that could also be within the remit of the proposed Full Employment Commission.

On job security

The White Paper should consider how to better measure and understand the drivers and impacts of insecure work on working Australians. The ACTU calculates that about 4.15 million Australians are in forms of work that either have no or limited job security or lack enough hours or certainty over hours. These forms of insecure work put lives on hold: they can stall careers, reduce incomes, increase financial insecurity, and take a toll on the physical and mental health of workers (ACTU April 2022). They also have broader economic impacts in reducing wage growth and productivity.

The disruptions caused by the pandemic and the labour supply issues encountered in its aftermath currently mask the underlying structural precarity in the labour market associated with casualisation and underemployment. This is situation where too many workers are churned through low-paid, precarious jobs and gain relatively few job skills in the process. Analysis prepared by the Attorney-General’s Department shows that around 18 per cent of workers who enter low-paid jobs stay low paid for up to two years, with around 23 per cent of low-paid

employees transitioning not to higher-paid jobs but to unemployment or exiting the labour force entirely. Casual workers are highly represented among the lower paid, and the standard operating model pre-pandemic involved a high degree of both casualisation and underemployment. Medium term, around a quarter of the employees were casual and the underemployment rates and unemployment ratios generally sat between 8.4-8.7 per cent and 8.8 per cent and 9.3 per cent respectively and there was a steady stream of vulnerable workers on student and working holiday visas to fill these positions.

Whilst some industries do need flexibility to respond to fluctuating demand and peaks, it is important to distinguish *functional* from *numerical* flexibility. Functional flexibility involves training and development to enable staff to carry out a range of tasks, whereas numerical flexibility merely involves deploying labour in a contingent manner. In research commissioned by the ACTU, Markey and McIvor (2015) found little evidence that numerical flexibility delivers gains in productivity, potentially because it is associated with a lack of investment in training and development. Conversely, functional flexibility is associated with innovation and productivity.²

In Australia, employers overwhelmingly favour numerical flexibility, with the result that numerous potential productivity gains and the positive workforce and economic effects thereof remain potentially unrealised. For example, Markey & McIvor found casual employees were far less likely than permanent workers to receive workplace training (22 per cent versus 40 per cent) and found that industries with the highest utilisation of casuals also had the highest rates of employee turnover. The employer-centric drive for casualisation was also apparent from the finding that 49 per cent of casual workers worked casually because they were not given a choice.

On wages

Treasury and other Government institutions, including the RBA, have consistently got wage forecasting wrong over the past decade. They have not well understood that wage stagnation has been caused by the decline in the relative bargaining power of workers over this period, including the decline in collective bargaining coverage and the rise of significant levels of underutilisation. Incorrect forecasting can have damaging impacts on Budget projections, and the work of the RBA in setting interest rates, as well as policy settings more broadly to drive fair increases in real

² In addition to these two concepts of flexibility, there is also the flexibility requested by workers to balance their work and their life, especially where they have caring responsibilities. Aside from providing support and fairness, this form of flexibility can also be an important driver of labour force participation and productivity.

wages. The White Paper instead should include consideration of better modelling and institutions to understand the drivers of wage-setting.

4. A more inclusive workforce: gender pay equity and equal opportunities for women

Women working today on average earn less than men, have less job security, and retire with less income. They are more likely to be doing more unpaid care and making sacrifices in their careers to balance family and work. They are also more likely to be subject to sexual harassment, assault and violence, and treated less favourably on the basis of their gender. The COVID-19 pandemic accelerated and exacerbated all of these trends.

The barriers facing women are high, wide and complicated. Many are deeply entrenched in our economy, society and our culture. The Full Employment White Paper must build on the work of the Jobs Summit and recent legislative reform to address these profound inequalities and recommend solutions that match the scale of these structural problems.

Gender pay gap

Progress in reducing Australia's gender pay gap has flatlined over the past five years, and recently regressed. The gender pay gap stands at 14.1 per cent of full-time ordinary time earnings between women and men, or about \$264.30 per week. However, when all the money men and women actually earn (including overtime and bonuses) and hours worked are taken into account, the true gender pay gap is far larger at 29.7 per cent or \$472 per week (ABS May 2022). Australia's ranking in the World Economic Forum's Gender Gap ranking has dropped from 15th in 2006 to 43rd in 2022—well below most other OECD countries (WEF 2022).

There are three broad and overlapping reasons for the gender pay gap. Firstly, there is the historic undervaluation of work done in female-dominated industries and occupations due to gendered and discriminatory assumptions about the skill level and value of work, and the persistently high levels of occupational and industry segregation along gender lines. Industries and occupations dominated by women are characterised by high levels of award dependency, lower wages and fewer protections.

Secondly, women face a lack of access to secure, quality and flexible work, particularly due to a lack of support for caring responsibilities. Expensive and inaccessible early childhood education and care, inadequate and inequitable paid parental leave, unequal parenting of children and no meaningful right to request family-friendly work arrangements all contribute to this barrier. The impact of women's care burden and the resulting work/care collision has been thoroughly

examined over many years, with evidence demonstrating that for women, the effect is “curtailed career aspirations, reduced life-time earnings, and inadequate superannuation.” The propensity of women with care responsibilities to end up in “poorly remunerated and insecure work without training and promotion opportunities, and with continuing clashes between work and care responsibilities” has also been well documented over many years (Chapman 2010).

Thirdly, gender discrimination continues to play a large role, including in treating women less favourably when it comes to hiring, access to training, and pay and promotion decisions. Women also continue to face significant health and safety-related barriers to workforce participation, ranging from sexual harassment and other forms of gendered violence at work, to lack of access to safe and sanitary amenities in male-dominated sectors.

These factors continue to undermine women’s workforce participation, and drive the gender pay gap. Together they place huge financial, emotional and physical strain on women. As women progress through their careers, the gender pay gap turns into an even more extreme retirement income gap, forcing many older women into poverty. Women, on average, retire with superannuation balances 47 per cent lower than men (Hetherington and Smith 2017). 40 per cent of older single women live in poverty in retirement, and women over 55 are the fastest group of people experiencing homelessness.

Insecure work and low pay

The ACTU estimates that 4.15 million, or 1 in 3 workers in Australia are in a form of insecure work (ACTU 2022) and the majority of them are women. Nearly 7 in 10 (68 per cent) part time jobs in Australia are held by women, and most of those jobs tend to be casual – with no guarantee of hours or ongoing work. 53 per cent of casual employees are women.

Workers in insecure work face far higher health and safety risks, have poorer health, are more likely to be the victims of wage theft, have higher levels of stress, feelings of powerlessness and lower levels of control in their lives. They are also more likely to be trapped in work that pays poorly. ACTU research shows that casuals workers earn at least \$350 a week less than permanent employees. Highly feminised sectors and smaller businesses which predominantly employ women are less likely to be covered by an enterprise agreement and therefore lack the capacity to negotiate improved pay and conditions. Further, women in sectors such as community services and education are stuck on rolling fixed-term contracts for years on end, while others in aged care, retail and hospitality are trapped in insecure part-time jobs with very little control over their hours of work.

Finally, women are far more likely to be reliant on an Award to set their pay than men—61 per cent of award-reliant workers are women. The National Minimum Wage and key Award wages are also losing touch with what is commonly regarded as Australia’s poverty line: 60 per cent of median earnings.

Barriers to workforce participation

Despite Australia having the lowest unemployment rate in half a century, with many businesses complaining about labour shortages, tremendous barriers remain for women who want to work. In a recent ABS survey, over 1.8 million people reported wanting to work but were unable to for various reasons (ABS July 2022). The key barriers facing women are unequal caring responsibilities, inadequate and unequal paid parental leave, the inaccessibility and high cost of paid care, and inflexible working arrangements that punish carers.

Over 166,000 workers reported that caring for children or other caring responsibilities were preventing them from working. Of them, nearly 70 per cent were women. It is a key reason why women’s participation in the workforce (62.2 per cent) continues to lag well behind men on 70.8 per cent (ABS July 2022). Even then, these numbers don’t include women already at work, but prevented from working more hours because of caring responsibilities. After the age of 35, women are more than twice as likely to work part-time than men. They are more likely to be underemployed than men, and even where women work full-time, they still do 40 per cent more unpaid work than men.

Paid Parental Leave

Australia’s PPL scheme is the second-worst paid parental scheme in the developed world, being just 18 weeks paid at the national minimum wage, with no compulsory superannuation paid on top. Australia ranked 40th of 41 comparable EU and OCED countries on paid parental leave provided to mothers—providing the full-time equivalent of only eight weeks paid leave—and 27th on the amount of parental leave provided to fathers, providing the full-time equivalent of 0.8 weeks paid leave (UNICEF 2019). Men account for only 6.5 per cent of all primary carer’s leave taken, with the vast majority of paid parental leave undertaken by women (WGEA 2017).

The impact of this is that mothers end up doing the lion’s share of parenting for a newborn, both in terms of the initial leave taken, and then by taking on part-time work to balance care and work responsibilities. While men rarely take more than a couple of weeks to look after a newborn and return to full-time work, women’s careers are often put on hold. It is at this point that the participation and pay gaps between women and men starts to widen the most.

Early Childhood Education and Care

The cost of early childhood care and education often exacerbates the pressures on a young mother not to re-enter the labour force. As a share of family income, the costs of early childhood education and care (ECEC) in Australia are among the highest in the developed world (CPD 2021).

OECD data shows that net ECEC costs in Australia total 14 per cent of the earnings of a minimum wage worker with two children whose partner works full-time at 67 per cent of the average wage; making Australia the 9th most expensive of the 31 OECD countries reviewed. An average working couple with two children aged 2 and 3, where one parent is on the minimum wage and the other parent works full-time at 67 per cent of the average wage, loses 74 per cent of their income to either higher taxes or lower benefits if they use ECEC (OECD 2022). Australia also ranks in the bottom half of OECD countries by share of GDP spent on public funding of ECEC (OECD 2021).

Access to family friendly work arrangements

To re-enter the world of work, workers also need working arrangements that can best complement and accommodate their caring responsibilities. As highlighted in the SDA's Who Cares? report, unless this becomes a right, rostering arrangements will not change even though employers could accommodate such changes (Cortis et al 2021). The current right to request flexible working arrangements in the minimum employment standards can easily be rejected by employers with no right of appeal by an employee. A significant portion of requests are refused, either in whole or part, and there is no way of knowing how many refusals are unreasonable. In addition, a large proportion of the employees who need flexibility do not ask at all, many of whom are men (Murray 2017).

Industry and occupational gender segregation

Women also face significant barriers breaking into male-dominated occupations, that typically pay better than female-dominated ones. In science, technology, engineering and maths (STEM) professions, women only make up 13 per cent of that workforce and earn 19 per cent less than their male counterparts (Australian Government 2022). A survey conducted by Professionals Australia found that one in three women in STEM professions intended to leave in the next three years because of a lack of career advancement, gender discrimination, lack of access to high quality affordable childcare, and the desire for better pay and conditions and a better work/life balance (Professionals Australia 2021).

In male-dominated industries and occupations, sexual harassment of women and a lack of support are also rife. A recent report by the Electrical Trades Union (ETU), 'Nowhere to Go',

highlights the substandard or non-existent toilet facilities for women on worksites in traditionally male-dominated sectors around the country, exposing them to a range of hazards, including greater risks of harassment and violence at work (ETU 2021). The WA Parliament also recently handed down a report containing similar findings of appalling levels of sexual harassment in the mining industry.

Reproductive Health

Many workers are discriminated against in the course of their employment for reasons related to their reproductive health – for example menstruation, menopause and IVF. Reproductive health issues disproportionately affect women and their participation in work, and many workers require changes to working arrangements for reasons relating to their reproductive health including regular debilitating menstrual or menopause symptoms. For example, 20 per cent of women experiencing menopause have severe symptoms that can range from extreme fatigue, recurrent migraines, anxiety, and other physical and mental health concerns which significantly affect them at work. Menopausal workers are generally highly skilled and experienced, but many feel forced to leave work because of menopausal symptoms despite the fact many symptoms can be managed effectively through the making of reasonable adjustments and access to flexible working arrangements. This contributes to lower rates of workforce participation for women.

Women's health and safety at work and home

Violence and harassment against women, especially at work are at crisis levels. Nearly two thirds of women (64 per cent) who responded to the ACTU's Sexual Harassment in Australian Workplaces survey (2018) said they'd experienced sexual harassment at a current or former workplace. The Respect@Work Report highlighted the failure of our current regulatory framework to keep workers safe from gendered violence and harassment, including sexual harassment.

Marginalised groups experience higher rates of discrimination and harassment in the workplace, including First Nations people, young adults, people living with disability, the LGBTQIA+ community, migrants and refugees, and people of colour. This indicates how different forms of discrimination, including discrimination based on attributes such as race, ethnicity, religion, sexuality, gender identity and/or expression and disability, can intersect with and increase vulnerability to discrimination and harassment.

The crisis of harassment at work is unfortunately mirrored by the crisis of sexual, family and domestic violence. One in four women have experienced violence from a partner since the age of 15 and on average one woman a week is killed by her current or former partner. 23 per cent of women aged 18 years and over have experienced sexual assault in their lifetime (ABS 2021).

Family and domestic violence is estimated to cost the national economy \$20 billion per annum or around 1 per cent of GDP.

Benefits of a more inclusive workforce

Apart from the vast and immeasurable individual, collective and societal benefits of providing safe, respectful and equal workplaces for women, overcoming these barriers to women's workforce participation would deliver a huge boost to Australia's national prosperity. Another 893,000 women would be in the workforce if they were able to participate in work at the same rate as men. If we could achieve just half that number then women would earn an extra \$26 billion each year. Similarly, men earn \$472 more each week than women. If that pay gap was cut by half, women would take home an additional \$85 billion. Together that would be an \$111 billion boost to women's economic security and our national income. Viewed this way, we don't have a skills shortage. We have a shortage of action to support women to win well paid and rewarding jobs and careers. There may be no greater measure to boost national productivity and economic growth than delivering respect for women at work.

Reform

Given the complex and multivariate causes of gender inequality and the gender pay and retirement income gaps, solutions also need to be broad. The reforms introduced by the *Fair Work Amendment (Paid Family and Domestic Violence Leave Act 2022 (Cth)*, *Anti-Discrimination and Human Rights Legislation Amendment (Respect@Work) Act 2022 (Cth)*, and the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022 (Cth)* (SJBP Bill) currently before Parliament are hugely significant, long overdue and crucial measures that will go some way to addressing these issues. Similarly, the recent announcement to increase the PPL scheme to 26 weeks by 2026 is an important and welcome first step. The Full Employment White Paper needs to consider and recommend further reforms that will accelerate progress towards gender equality and closing the gender pay and retirement income gaps as a matter of urgency. These recommendations should include the following:

Reforms to provide secure jobs and fair pay for women

- Changes to laws to stop employers turning secure jobs into insecure ones. This includes introducing a proper definition of casual employment, placing limits on the use of fixed-term contracts, addressing sham contracting, providing greater protections to gig workers, and ensuring labour hire workers get at least the same pay as directly employed workers.
- Further reforms to the bargaining system to ensure that it is simple, fair and acceptable to all. Including multi-employer or sector bargaining so women can be included in genuine bargaining processes that can deliver fair outcomes on wages and conditions.

- Implement better rights for workers to secure, stable and meaningful rosters.
- Ensure that minimum and award wages provide at least a living wage.

Reforms to increase women's workforce participation

- Improve the Commonwealth Paid Parental Leave Scheme by phasing the entitlement up to 52 weeks by 2030, with incentives for shared parenting; paying it at the greater of a replacement wage or the full time national minimum wage; and paying super on it.
- Ensure workers can access Parental Leave entitlements, and they are not discriminated against when seeking to return to work.
- Providing free, and universal quality early childhood education and care, delivered by highly skilled, properly paid and securely employed educators.
- Stronger access to family-friendly working arrangements in the National Employment Standards, for example reasonable grounds provisions be replaced with a provision that only allows employers to refuse requests on the grounds of unjustifiable hardship.
- The right to request extended unpaid parental leave is now the only NES entitlement which is unenforceable. This exemption should be removed and workers should have access to a right of review in the FWC.
- Workplace protections for reproductive health, including the ability to request flexible working arrangements, reasonable adjustments and new forms of leave.
- Establishing or improving dedicated programs for women to transition into STEM professions and traditionally male-dominated industries and occupations.

Reforms to further protect women's safety at work and home

- Education and awareness raising programs run in partnership with union and employer organisations to ensure the effective implementation of recent legislative changes.
- Adequate funding for community organisations to address family and domestic violence and support victims.
- Programs to address gendered violence in all workplaces which apply adult education principles.
- Implementation of the Equal Access costs model for anti-discrimination matters, giving people who have experienced discrimination and harassment in the workplace certainty and access to justice.
- Broad prohibition of all forms of workplace discrimination and harassment in the Fair Work Act and giving the FWC powers to deal with these matters through access to stop orders and other remedies.
- Harmonisation of anti-discrimination legislation so that all laws contain strong protections, for example positive duties on employers not to discriminate.

Greater transparency and accountability

- Require all organisations with more than 20 employees to report to WGEA on their gender pay gap, including all levels of government and labour hire companies.
- Expand the reporting to include meaningful targets, all staff, forms of remuneration and all indicators of diversity.
- Publish all company pay gaps to better drive improvements and accountability.
- Provide better resources for WGEA to perform its functions effectively.
- Encourage state and territory governments to publicly report on their gender pay gaps.
- Update Commonwealth Procurement guidelines to require organisations seeking to tender for government work to demonstrate they have taken tangible steps across their organisation to achieve gender equality.
- Implement measures and report on progress in achieving gender equality across the public sector.

For more information, please see *Delivering Equity for Women at Work*, ACTU Paper 4 in the Jobs Summit Series, and the ACTU's submission to the Senate Inquiry into the Secure Jobs, Better Pay Bill 2022.

5. Labour force participation, labour supply and improving employment opportunities

Reducing barriers to work: social security, childcare and employment services

A significant proportion of the Australians who are not currently in the labour force or who have remained unemployed over longer periods of time are in these situations due to structural barriers to their participation in the workforce. The Full Employment White Paper must outline methods to address these barriers to work through reforms to social security payments, childcare and employment services. Reforms considered in the Paper should include:

- An increase to for JobSeeker and other supports to at least \$70 a day, the introduction of a minimum floor for payments and the indexation of payments to the greater index of prices or wages. Consideration should be given to the impact of payment adequacy on job seeker activation.
- Consideration of the importance of housing stability in employment participation and the rationale for a significant (50 per cent) increase in Commonwealth Rent Assistance.
- A fundamental redesign of employment services to move away from punitive structures and towards skills development and employment outcomes for the unemployed. This system should:
 - Ensure workers are provided with support to find alternative employment rather than punished for facing a crisis.

- Abolish labour programs which displace employment, or which undermine workers' rights like Work for the Dole. All workers should be entitled to a legal minimum wage for their labour, regardless of their current employment status.
- Ensure that employment service providers support workers to find jobs suitable for the worker's experience, their circumstances, and their needs, in particular for those with caring obligations, partial capacity to work, or other responsibilities.
- Ensure workers find secure work with fair and stable rosters, suitable to the skills and needs of the unemployed workers

Improving labour market outcomes for disadvantaged groups

Groups such as First Nations People, people with a disability, women and older Australians all have lower rates of workforce outcomes than the general population. This is not due to any failing in those groups but due to failings of our workplaces to adequately provide for those individuals and the failings of existing approaches to improve their workforce outcomes. To ensure that increases in employment achieved through the Full Employment White Paper are appropriately shared across the community, it should consider measures such as:

- Consideration of the impact on the employment of women, older people and people with a disability through the provision of:
 - an enforceable right to the accommodation of care
 - an enforceable right to request flexible work including to manage one's disability
 - a right to return to work from injury, with a duty for employers to find alternative arrangements.
- Abolishing the Community Development Program and replace it with a co-designed employment pathways program and promote First Nations businesses, provide job opportunities on country and economically develop remote and regional communities in line with the aspirations of those communities,.
- Reforming workforce activation programs for workers with a disability to ensure they provide specialised services. These programs should prioritise:
 - Empowerment, education and long-term support: focusing on ensuring workers with a disability are supported, have access to all the information they need, and are empowered in the job search process.
 - Holistic, specialised support for workers with a disability.
 - Decent work and social advancement: a focus on ensuring secure jobs with fair wages and conditions, prioritising decent work.
- Expanded access to the Disability Support Pension and its impact on activation of people with a disability currently receiving other, lower, support payments.
- Ensuring the Supported Wage System does not further contribute to inequality, exploitation and discrimination.

Skills, education and retraining

The skills and training sector will be critical to providing the skilled workers Australia needs to fill existing jobs and build new industries to provide jobs for the future. The Full Employment White Paper must consider the critical role that skills and training plays in job creation as well as in the training of skilled workers. The Paper should consider matters including:

- Ensuring that Jobs and Skills Australia has sufficient resources to:
 - Carry out transparent skills shortage assessments and create a skilled occupation shortage list through rigorous analysis of labour market data and consultation with unions and employers in industry clusters to ensure that skill shortages are genuine
 - Carry out workforce planning, industry planning, apprenticeship and work-based training development, and identify, develop and deploy the jobs and skills required for the transition to net zero.
 - Initiate and conduct inquiries and investigations regarding migration, skills, workforce development needs and the labour market and provide recommendations to Government.
- Rebuilding TAFE as the centre of Australia's VET system by guaranteeing a minimum of 70 per cent of VET public funding for the TAFE system and rebuilding the TAFE workforce.
- Reforming the Skilling Australians Fund (SAF) to become the responsibility of Jobs and Skills Australia. There must be transparency over where funds are spent, alignment between the industry and location the funds were raised and where they are spent, and the SAF must have national coverage.
- Measures to support the uptake of apprentices, keep apprentices in training and on the worksite and to successfully complete their training.

For more information please see *Skilling the Nation*, ACTU Paper 2 in the Jobs Summit Series.

Migration policy: complementing the domestic workforce

Local skills development and the migration system can work together to ensure that we can build a workforce suited for the jobs of the future in Australia. In order for this to occur, changes must be made to our migration system to prevent it undermining job quality and ensuring that people who come to Australia for work are well-treated. The Full Employment White Paper should consider the positive benefits of:

- Abolishing visa conditions that tie workers to a single employer.
 - Sponsorship of migrant workers should be industry-based, not employer-based. Preventing single employers from sponsoring visa workers, and instead introducing industry sponsorship, would remove a key driver of exploitation by allowing workers mobility between employers.

- All visas should provide a clear, accessible, affordable, and self-nominated option to obtain permanent residency and access to Australia’s social safety net, including Medicare and Centrelink.
- Requiring employers to co-invest in domestic skills development by taking on at least one local trainee, cadet or apprentice.
- Tackling migrant worker exploitation by ensuring all migrant workers receive an on-arrival induction from a representative of the relevant unions and/or peak union body to provide them with information about their workplace rights and give them the opportunity to join the union.
- Increasing the Temporary Skilled Migration Income Threshold (TSMIT)—the salary floor for temporary skilled migrants—to Average Full Time Weekly Earnings (approximately \$90,916.80 at November 2021) to be indexed annually by wage price index (WPI), with unions and Fair Work Ombudsman to have a role in monitoring and independent verification of salary levels of temporary migrant workers.
- Providing migrant workers with visa security by introducing whistleblower protections for workers reporting exploitation, and ensure workers reporting exploitation can apply for new visas in the future without penalty.
- Cracking down on employers who exploit migrant workers, including through prohibiting employers who have underpaid or exploited a migrant worker from engaging other temporary migrant workers, and introducing penalties for companies and company directors who exploit migrant workers, and penalties for companies failing to report or take action on modern slavery in their operations and supply chains.
- Ensuring migrant workers have the same workplace rights as local workers, including access to the Fair Entitlements Guarantee scheme, and introduce an easy, cost-effective and simple way to resolve wage theft.
- Reviewing all visa classes to ensure visa conditions are fit for purpose, including ensuring the international student and Working Holiday Maker visas have adequate safeguards to protect the visa holders from workplace exploitation. Immediately abolishing the 88-day work requirement for Working Holiday Maker visas by abolishing second- and third-year visas.

For more information, please see *Skilling the Nation*, ACTU Paper 2 in the Jobs Summit Series.

6. Place-based approaches: the role of partnerships between government, industry, unions, civil society and communities

The ACTU strongly believes that the best decisions get made when everyone affected by those decisions has a seat at the table. There are many issues where unions do not agree with employer organisations, but we accept they have a legitimate voice. Indeed, for example,

collective bargaining is about employers and employees coming together to find common interests and striking a fair compromise. Yet this approach is in stark contrast to the previous Government which chose to shut out unions, most of civil society, and other key communities from key decisions. As this submission has touched on, the result has been poor policy outcomes across a wide range of issues, from skills to gender equity, migration, the energy transition, and fairness at work.

Where possible, key institutions that touch on the world of work, especially those touched on in this submission, should be tripartite. They should also enable local communities to have a genuine voice. A good example is energy transition, where many local communities have advanced ideas on what is needed to support them to transition to a net zero emissions economy, but require coordination, regulation and funding from the federal Government. Without that local voice, national-level initiatives are far less likely to succeed locally.

The Government should actively support tripartite decision making by:

1. Ensuring that unions and industry have an equal voice in all key decision-making structures, where necessary by legislative change, and
2. Restoring and improving social partner funding to ensure effective participation in such tripartite processes, especially for unions.

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