

**The Union Vision for Work and the Secure Jobs Agenda**

**Address by ACTU President Ged Kearney to the National Community Summit: Creating Secure Jobs and a Better Society  
Old Parliament House, Canberra, 13 March 2013**

**\*\*\* CHECK AGAINST DELIVERY\*\*\***

Thank you to Matilda House for the Welcome to Country.

I acknowledge you the participants at this Summit - a discussion which I hope is the first step in a national debate that seeks to understand and tackle this growing problem of insecure work. Thank you for your leadership on this issue.

Australian society was built on a belief that a civil society is one where individuals who have rights and responsibilities work with a state that provides for a community's health, safety and well being.

A civil society that offers freedoms - of speech, of movement, of representation through and by organisations.

A civil society that should and could provide equality under the law, an egalitarian attitude to life and social protections, for those least well off.

Where we recognise that most people will need help from government at some point in their lives, to deal with illness, ageing, misfortune and that this help should be a matter of rights, not of charity.

Building such a society requires a social compact, where the government provides certain benefits and services in exchange for contributions from community members.

We understand that strong basic health and education systems can be made available to all as an essential part of a civilised and productive society.

Far from damaging our social fabric, the role of government in providing basic needs actually strengthens our commitment to each other.

Exposing citizens to risk, and the dog-eat-dog world of the free market, or pitting people against each other, eats away at social cohesion and makes a mockery of the idea that we are an egalitarian society.

One of the unique things about the Australian system is that we have used workplaces to deliver rights and social equity.

We have done this through high minimum wages and conditions such as paid sick leave and annual leave.

These long-standing principles recognise that employers have a responsibility to contribute to society.

The holiday for Labour Day also reminds us that we were the first nation to recognise the need for a balance between work and the rest of life, and that workers had a right to establish the conditions under which they worked.

Throughout Australian history, unions have been involved both in building and protecting this social compact.

We have taken the lead in extending and updating it as social conditions change.

The original federation compact was the result of a grand political compromise between capital and labour. It comprised protection of industry, regulation of labour, universal social security standards and, less memorably, restrictions on immigration.

This led to the Harvester Judgment and much later, the social wage.

The introduction of Medicare and superannuation are examples of the fundamental role unions play in making sure this model keeps up with changes in society and the workplace.

In the 1980s and 1990s, unions were partners with government in changing Australia's economy to recognise the reality of global competition, while seeking to preserve the fairness of the system.

We still play a role in ensuring that the voice of workers is heard in debates about which direction our society should go.

### **The social compact under threat**

It is obvious that the elements of the original compact have been irrevocably changed or abandoned by opening up our economy and deregulation of labour. No matter how necessary some of these changes were economically, we are now acknowledging that the social compact has been seriously undermined - especially around security of work and income.

On top of this there has been the development of the neo-liberal concept of the "big society", proposed by people whose actual goal is small government.

Both of these changes shift the costs and risks of doing business from government and corporations to those who can least afford it - individuals. From the apprentice who has to pay for their own pre-apprenticeship training to the office cleaner forced to set up a company to clean the same offices they once cleaned as an employee, this transfer of cost and risk - or financialisation as it is called by economists - has intensified over the last 20 years.

Paying for your own health care and education is seen as a virtue - even fortuitous, by the free marketeers and expecting the government to maintain decent services is seen as an impost on society rather than an investment in the future.

Households increasingly feel that to get reliable healthcare or a decent education they must pay for it themselves.

But the social compact is not just under threat from financialisation and the privatisation of public services.

It is under threat from fundamental changes in the workplace.

These changes have undermined many of the rights that workers had won and which are basic to a decent social compact and to social equality.

Of course, some workplace change has been inevitable because society has changed.

Many more women are in the workforce, and that is a good thing.

More and more families have two breadwinners, and a range of work and childcare arrangements that would have been highly unusual a generation ago.

Fewer jobs are 9-5, Monday to Friday. Working from home is a realistic possibility for many.

The man envisaged in the Harvester Judgment, working to support his stay-at-home wife and children in frugal comfort, no longer exists.

But we now recognise that the great changes to our economy in the 80s and 90s supported by the union movement, had significant consequences for the nature and security of work.

And that many of the changes to our workplace have had negative effects on workers and their families.

They may have delivered efficiencies or greater profits, but they have also had a social cost that does not appear on any company balance sheet.

We have not done enough to recognise this.

We have forgotten that the burdens of economic change do not fall equally, that the drive to a more efficient and flexible economy has hurt some people more than others and increased inequality.

The ACTU has spent the last two years investigating and campaigning on the issue of insecure work.

The reason we have done this is simple – there is no issue that touches the lives of more workers in every part of the community.

There is no change that has done more to extend inequality in Australia and undermine the social compact I spoke of earlier.

We have now reached a point where 40 per cent of workers have no access to sick leave or annual leave.

When we look at the massive amount of casualisation in Australia, we have to ask why we are the second only to Chile, having recently passed Spain, as the most casualised workforce in the developed world?

Even America – not normally an example of good workplace rights – has many more workers employed on a permanent basis than Australia.

The reason why is interesting.

Permanent workers in America have so few rights compared to Australia that employers have not had to change workplace arrangements to shift risk on to them.

American workers already bear most of the risk because the minimum wage is so low, unfair dismissal is almost non-existent and they don't have conditions or protections that have been won or negotiated by permanent workers in Australia.

Need I add that this lack of regulation in the name of so called flexibility has delivered the USA a higher unemployment rate than Australia.

## **The changes that have occurred/the rise of uncertainty**

The expectations of both business and workers about work have changed.

These changes have been one-sided and largely undebated, because the power of business has not yet been checked by large scale campaigns with workers interests as part of a 'renegotiated' social compact.

And the space for such debate has been considerably narrowed in a world dominated by a conservative media and counter campaigning by corporate interests.

Business now expects more flexibility, but for far too many workers, so far, this flexibility has been all one way.

When I talk to workers I feel a sense of bewilderment as to how we came to this point.

When did it become okay for your boss to demand you work unpaid overtime, or risk losing your casual job?

Why are mothers expected to be workers, but employers are allowed to ignore the fact that their workers are also mothers?

For most workers juggling multiple jobs, or being on a series of short-term contracts or working an ever-changing combination of casual shifts, are just what they have to deal with to pay bills.

These pressures still hit women more than men because of our assumption that caring is a female responsibility.

Acceptance of the situation does not equate to endorsing it, or wanting it for our children.

For a minority of workers with in-demand skills that can command a high wage, the new workplace may mean the chance to work overseas, to work for a variety of organisations, or to spend some time as a freelancer.

But for most it simply means less certainty about where they will be in a year or two years' time, less financial security and more stress as households juggle two or three jobs as well as a range of childcare arrangements.

Too many families are on a treadmill of temporary work, experiencing periods of under-employment or unemployment which burn through their savings.

The so-called safety net of the Newstart allowance is woefully inadequate, and far lower, compared to average wages, than in the past.

The ever present threat of losing a job magnifies the angst about cost of living pressures and housing affordability.

Just as employers have attempted to shift all the risk back to workers, so too have governments attempted to shift responsibility back to citizens.

## **The new social compact**

I could talk more about the problems that insecure work causes, but I want to spend some time discussing solutions, because that is what this summit is about.

I believe it is time for a new social compact; one that recognises the new era of insecurity.

And I know that we will hear about broad solutions emanating from our social partners and I am excited about the opportunity to discuss these.

But from a union perspective we want a series of new workplace rights that will restore the balance in the social compact.

These rights aim to restore some certainty to the lives of those in insecure work, and allow those people, mainly women, with caring responsibilities to better balance those with work.

Several years ago, there was some interest in Scandinavian models of 'flexicurity'.

Under these models an unemployment entitlement of up to 80% of a worker's previous wage was paid, and meaningful training was provided, in exchange workers forgoing job security and taking on an obligation to engage in that training during periods of unemployment.

While schemes of this type have been successful in other countries, we need to debate whether or not they fit with Australia.

Rather than a welfare payment, there is the idea of a series of portable entitlements that are earned and saved, like superannuation, and can only be used in certain ways, such as to supplement unemployment benefits or pay for training.

This would help to smooth out workers' periods of unemployment and give them an incentive to keep improving their skills.

Brian Howe, in his report for the ACTU, *Lives on Hold*, identified the de-skilling involved in insecure work as one of its main negative effects. Employers do not invest in training for low-paid temporary staff, so their skills stagnate and their foothold in the workforce becomes more tenuous.

We need to encourage and assist workers to continually upgrade their skills through their working lives.

We need to limit the use of casual work.

Workers should be given the chance to become permanent when they are working regular hours for long periods for the same employer.

For workers in situations where casual work is unavoidable we should look at transferable leave schemes, which operate across some industries already.

They need to be expanded to ensure that the worker who works for several employers does not fall between the cracks if they get sick.

The new compact should also include a greater right to family-friendly work arrangements that recognise many workers are also carers – for children, elderly parents – and that the percentage of the workforce with these responsibilities will grow as society ages.

Over the past decade, particularly under the Howard Government, attempts to balance work and family focused solely on what Government could do to support families.

Baby Bonuses, Family Tax Benefits, Childcare rebates were all initiatives that supported families.

But something was missing in this debate.

What was being asked of business? Where was the debate about employers' obligations to their workers?

As a starting point employers must be required to accept reasonable requests for part-time work, not just from mothers returning to work, but from all people who have genuine caring responsibilities.

This must not simply be the right to ask and be knocked back, but the right to take a request to an independent umpire.

My hope is that this reform can spearhead a cultural change that will eventually lead to the majority of workplaces recognising that their staff are people first, and have responsibilities outside work, and that the employers who recognise this first will be able to recruit and retain a high-quality and loyal staff.

### **The wages shortfall**

I am already anticipating the response from the business community to these ideas: "These are very noble goals, but they are simply unaffordable."

Let me explain why I think they are not only affordable but also essential.

For the last decade a mysterious beast called "the wages breakout" has been stalking the Australian economy.

We have consistently been warned of the wages breakout that would emerge if unions were granted a role in negotiations, if WorkChoices was repealed, or if any attempts were made to improve workers' entitlements.

This wages breakout has become the Loch Ness Monster of Australian politics.

A few diehards and cranks still believe it exists, but they've never been able to get the proof.

Research by the ACTU has found the opposite has occurred since 2000 – and that in fact Australian workers have suffered a wages shortfall.

Since that time wages, which rose in line with productivity through the 1980s and 1990s, have now fallen far behind productivity growth.

We have the reverse of the situation in the 1970s, where wages ran ahead of productivity and led to inflation. Instead wages are running behind and workers are not getting their share of the booming economy.

Indeed, wages are under attack – just this week we saw the latest round in the fight to protect penalty rates when a Senate Committee rejected Nick Xenophon's bill to abolish penalties in retail and hospitality.

Penalty rates are incredibly important to low income earners. Not just because they mean extra take-home pay for millions, but also because if you have to work unsocial hours and sacrifice time with your family and friends to keep ahead, you should be duly compensated.

To me, it is apparent that something has gone fundamentally awry in our economy and our society.

Something that has seen ordinary workers locked out of the growth of the economy.

For me a big part of that something is the growth in insecure work that has effectively left our workforce poorer.

If we want to retain the egalitarian society that we inherited, or if we want to achieve real equality for women, then we need to act.

### **A call to action**

But this summit is not just about what I think, or what unions think.

This summit will also hear the perspectives of academics, economists and experts from the community sector.

Let's explore such questions as the role of government, critique the big society and examine the impacts on gender inequality for young people. What are the solutions, where do skills, legislation and regulation fit in? How can we work together as a progressive force?

A broad coalition of people who are prepared to debate and challenge the new order, who understand that workplaces have changed and the consequences of that, and know that we cannot leave our future to the market.

We have spent the last year gathering evidence on this issue. New evidence only just come to light shows that Australians are ready to listen to this debate, they recognise the issues, know they are real, and worry for their children's future.

I believe that what we have built is a strong evidence-based case that insecure work is leading to increasing inequality, and causing damage to Australian society.

The first step towards solving this problem is for business to recognise that it is a problem – and to contribute to the solutions.

Ultimately business is a key player in this debate, but it does not enjoy a monopoly of wisdom, nor is it the case that what suits business is automatically good for Australia or Australians.

Those who argue that insecure work is inevitable, that it is not an issue, or that it is somehow what workers want, are missing the point and are increasingly finding themselves on the wrong side of this debate.

There has been a massive shift in the social balance in this country, leaving many people worse off.

We need a new compact.

I promise you that the union movement will not let it be ignored.

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