



**Submission to the
Productivity Commission
Review of our Workplace
Relations Framework**

March 2015

Unions Tasmania
379 Elizabeth Street, North Hobart TAS 7000
PO Box 128, North Hobart, TAS 7002

Secretary: Steve Walsh

Introduction

Unions Tasmania is the peak organisation for trade unions in Tasmania. It is an incorporated body and is also known as the state branch of the ACTU, though Unions in Tasmania are separately affiliated.

In Tasmania there are 25 unions affiliated representing over 50,000 members.

Organised labour in Tasmania is represented in both the public and private sectors and across all industries.

Apart from Crown Employees the workplaces are regulated by the Fair Work Act.

This submission will only address those issues which are of immediate concern to Unions Tasmania and is intended to cover some of the questions set out in the issues papers produced by the Productivity Commission in January 2015.

In the issues paper there are a number of themes that cause concern to the trade union movement such as;

- Labour costs, including penalty rates,
- Productivity,
- Protections for employees and
- The workplace relations system.

It is not the intention of Unions Tasmania to address all these themes. This submission is made in addition to the ACTU submission, which we support.

Minimum Wage

In a Tasmanian context it is vitally important that an adequate minimum wage is maintained to ensure that workers are not disadvantaged because of the extra pressures Tasmanians experience.

Those pressures include such things as;

- Isolation,
- Regional demographics,
- Greater cost pressures resulting from key industries being 'controlled' by either mainland or global companies and
- Limited transferability of skills where workers in specialised industries are made redundant.

Should the minimum wage be abolished or even cut those workers on the minimum wage will have their purchasing power reduced.

According to ABS figures from November 2014 the average weekly wage in Tasmania was \$1,261.40.

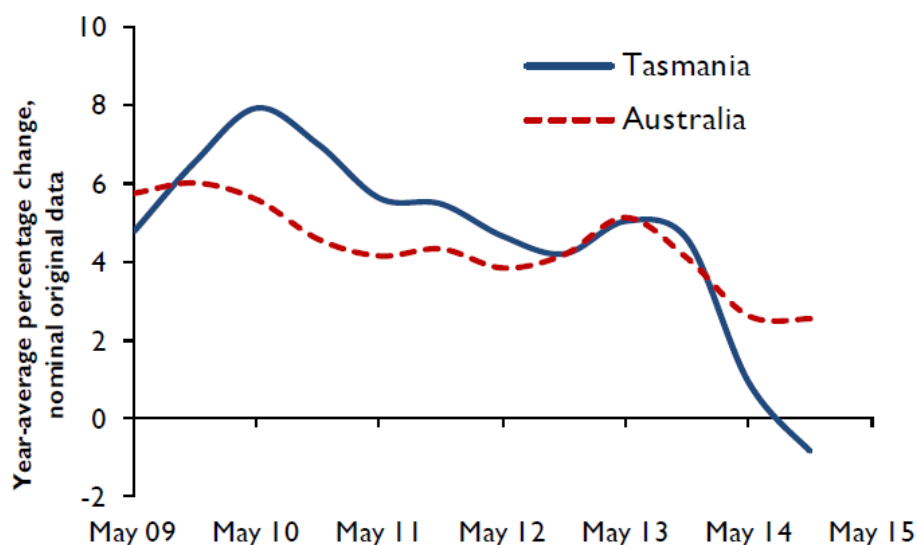
This remains the lowest of all jurisdictions and was 85.4 % of the national average weekly wage.

Wages are already low in Tasmania compared to other regions and any reduction in the minimum wage will place workers in this state at a further disadvantage.

According to the ABS the estimated growth rate of Tasmanian earnings, measured through AWOTE and average weekly total earnings, decreased from late 2010 and has decreased significantly more recently, measured in nominal year-average original terms.

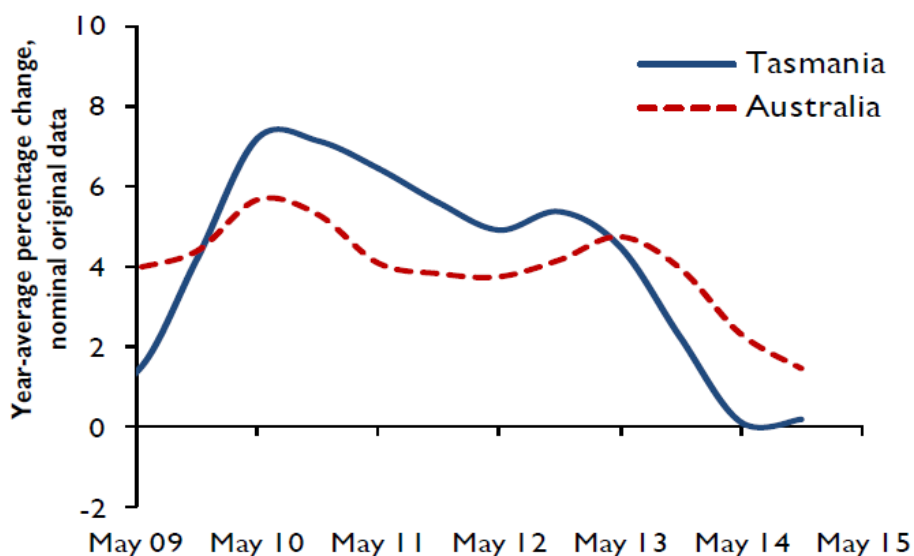
This is demonstrated in the below charts produced by the Tasmanian Department of Treasury and Finance from ABS data.

Chart 1: Full-time AWOTE, Tasmania and Australia, year-average percentage change, nominal original data



SOURCE: AVERAGE WEEKLY EARNINGS, ABS CAT NO 6302.0: TABLES 1, 11F

Chart 2: Average weekly total earnings, Tasmania and Australia, year-average percentage change, nominal original data



SOURCE: AVERAGE WEEKLY EARNINGS, ABS CAT NO 6302.0: TABLES 1, 11F

The vast bulk of the international evidence regarding minimum wages reveals that modest rises in the minimum wage don't cost jobs. The Fair Work Commission agrees with this, finding in its 2014 decision that "The Panel's view continues to be that modest minimum wage adjustments lead to a small, or zero, effect on employment".

Penalty Rates

Penalty rates are an intrinsic part of the Australian wage landscape. The removal of these penalties has also been the subject of many cases before the Fair Work Commission and its predecessor organisations.

Working on weekends, shift work and working unsociable hours means missing out on many activities that people who work Monday to Friday take for granted. Family activities usually occur at weekends as do major activities including key sporting events. Many families, particularly those with school aged children, feel the brunt of partners being required to work unsociable hours.

Failure to compensate these workers for bearing this burden erodes the distinction between work time and leisure time.

Opponents of penalty rates do not talk about the massive amount of unpaid work that is done by workers. Unpaid work in the Tasmanian Public Service alone is estimated to be 1.5 million hours (The Mercury Newspaper - Nov 22, 2014). According to Beyond Blue, depression caused by job stress costs Australian businesses \$12.3 billion every year through reduced productivity and staff turnover.

Australian Bureau of Statistics figures show that over 56,000 Tasmanian employees are totally reliant on Awards to determine their wages and conditions of employment, including penalty rates.

Half of all Fair Work Award employees are employed in accommodation and food services (21%), retail (15%) and health and social assistance (14%). These are all industries where work is performed during unsociable hours.

It is estimated that should these penalty rates be reduced or removed a significant number of those workers would stop working those unsociable hours.

The Labour Costs Analysis published by the ABS show that labour costs decreased to 102.30 index points in the fourth quarter of 2014 from 102.50 in the third quarter. Penalty rates are not, based on these figures, driving up labour costs.

Collective bargaining

The right to collective bargaining and the right to organise are basic human rights as per Article 87 of the ILO Conventions.

In the issues paper of the Productivity Commission it appears to be implied that unions have lost their pre-eminent role as employees' representatives due to the rate of unionisation falling.

Any decline in union membership should not be used as a further excuse to attack the right of workers to organise and join unions or the system under which bargaining occurs. These are basic rights stated in the articles of the ILO.

Figures show that unionised workplaces have wage levels 10% higher than non-unionised workplaces. Unionised workplaces also have greater access to leave and superannuation.

Tasmania has a full time workforce of 154, 400 and a part time workforce of 87, 200 out of a population of 514, 978 (ABS Sep Qtr 2014).

According to a recent report 41.4% of workers are covered by Collective Agreements Australia wide, 18.1% are covered by Awards only and 36.6% fall under individual arrangements.

Fair Work Ombudsman

Unions Tasmania is aware of a number of instances where workers have contacted the FWO for advice and assistance around apparent Award breaches. The results have been somewhat mixed with some workers expressing dissatisfaction at the outcome of those discussions, while there have been high profile examples where workers have been shown to be underpaid.

Unions Tasmania is of the view that if the functions and scope of the Fair Work Ombudsman are to remain then it needs to be adequately resourced and personnel trained to ensure that the advice given is accurate, timely and well considered.

ENDS