



United Voice Tasmania submission to:

The Legislative Council Select Committee inquiry
Growing Tasmania's Economy

Authorised by Jannette Armstrong, Secretary

United Voice
165-167 Davey St
Hobart TAS 7004

For questions regarding this submission please contact

Jannette Armstrong
03 6220 3226

Jannette.armstrong@unitedvoice.org.au

About United Voice

United Voice is a union of workers organising to win better jobs, stronger communities, a fairer society and a sustainable future. Members work in a diverse range of industries including cleaning, early childhood education and care, hospitality, security, custodial services and manufacturing.

United Voice members are the backbone of our community working around the clock to ensure people are safe, cared for, educated, fed and entertained.

While providing important services many United Voice members are often low paid and undervalued for the work they perform. Many United Voice members are in insecure work arrangements and a large proportion rely on penalty rates to make ends meet and to compensate them for missing time off with family and friends on weekends, evening and holidays.

Introduction

While this inquiry has a broad remit to look at all aspects of Tasmania's economy it is clear that one of these aspects, particularly in the sectors mentioned in the terms of reference, will be to examine the impact of penalty rates on Tasmanian business.

Given the importance of penalty rates to United Voice members this submission will focus on the need to maintain a strong penalty rate system. This submission contains comments from United Voice members reflecting the vital role penalty rates play in their lives and the difficulty that would be faced without them.

Penalty Rates

I want my workplace to be a fair place for me to help provide for my young family. I workand study part time online at Uni. Life for me is busy and that is not to mention my wife and kids that really need me out there working hard for them to keep them well fed, educated and entertained. I don't want to lose my penalty rates, public holidays and good hours of work that work for my family.

- David, Education

Many United Voice members work in insecure jobs without guaranteed hours of work. Not knowing how much income they will receive from one week to the next greatly increases the stress people find themselves living under and makes planning and budgeting extremely difficult.

Any proposals to cut penalty rate and weaken the existing safety net will greatly exacerbate the financial and emotional stress experienced by United Voice members.

Penalty rates are an integral and essential part of our industrial relations system and have been so for close to 100 years.

They play an important role in determining accepted patterns of work and delineating social and unsocial work hours. There is a long standing agreement in Australia that weekends and time with family, friends and community is valuable and those who miss out due to work should be compensated.

Its damn hard working weekends when the rest of your family is off somewhere else without you. The money we earn is not much now, if we get lower wages how are we meant to survive? We all have bills to pay. Its not right.

- Ann, Cleaning

Weekends matter

Despite arguments about a 24/7 economy, weekends still matter. Working weekends, evening and public holidays means regularly missing out on time with partners, children, family and friends. It means often being absent for family celebrations, important milestones, social activities and community events.

Placing a premium on work at certain times is necessary and important in order to preserve the distinction between leisure and work. A purely economic analysis of the hours of work over simplifies the significance of these issues and avoids the long held public consensus surrounding these matters.

Do you think people who are required to work outside of normal hours – like night shifts, weekends or public holidays- should receive a higher rate of hourly pay?¹

	total
Yes	81%
No	13%
Don't know	6%

Job security is important so people can plan their lives into the future with certainty. Penalty rates are needed to compensate workers for missing out on time with family and friends.

- Robert, cleaning

¹ Essential Vision : 13 January 2015

Penalty rates pay the bills

Penalty rates make up a large proportion of the take home pay of many Australian workers. For many United Voice members penalty rates comprise more than 30% of their wages and compensate for low hourly rates in undervalued industries.

More and more people are being made casual and working part time. We need the penalty rates to make ends meet.

- John, Security

The wages in Tasmania are so low, and the state government keeps increasing charges to 'bring pricing in line with the rest of Australia'. Without penalty rates we wouldn't be able to reside and raise our families.

- Darren, Brewery industry

I have chosen to give up weekends, Christmas and every other major holiday with my family, work night shifts, work long hours and in possibly dangerous conditions. I do this for an attractive salary that can help support my family, buy our first home and pay our way. Any change to this would dramatically change everything for my family and I in a negative way. So please, let us work hard and earn our wage. Don't let us make sacrifices for time for money just to have that taken away

- Josh

I will lose my house. I have a budget and it's the wage I get now that i live on. I'd like to see you live on what I get.

- Wendy, Cleaning

Some of the most vulnerable employees rely on penalty rates, including the low paid, women and those in regional and rural areas. Close to 40% of the Award dependent workforce are employed in the accommodation and food services and retail sectors. An often overlooked fact is that even mid/senior level employees under these awards have

rates of pay that would mean they would still earn less than Full Time Average Weekly Total Earnings even if they worked full time at double time.²

Penalty rates are important

Removing penalty rates removes the sanctity of the Aussie weekend. Weekends are especially important in our regional areas as they are a time for community and volunteer engagement in sporting clubs and other such organisations. Being able to participate in these sporting clubs and community organisations is an important part of maintaining sound mental health for many people in regional areas, particularly young men who we know are sadly more susceptible to suicide.

There is ample evidence that people who work weekends and unsociable hours are negatively impacted on a whole range of measures including, lower levels of positive mental health³, negative health impacts, worse work-life interference,⁴ and a reduction in time spent with family (that is not able to be made up at other times of the week).

Security office, 12 hour shifts, rotating roster, unsociable hours. My family pays the cost of me not being there for them.

- Andrew, Security

Removing penalty rates from already low paid workers will reduce their spending capacity hence worsening the economy. People will not spend money if they don't have it.

Cutting penalty rates and job security is a false economy.

- Douglas, Cleaning

Many industries where people rely on penalty rates already struggle to attract and retain staff. These industries will find it even harder to find staff to work unsociable hours if they

² ACTU. Submission to the Productivity Commission Inquiry into the Workplace Relations Framework. At http://www.pc.gov.au/data/assets/pdf_file/0007/188287/sub0167-workplace-relations.pdf

³ Skinner, Natalie, Pocock, Barbara. The Persistent challenge: living working and caring in Australia in 2014. The Australian work and life index. Centre for work and life, University of South Australia, pg 7

⁴ Ibid pg 28

are not compensated for doing so. A United Voice commissioned survey found on average 70% of people would not continue to work weekends or public holidays if penalty rates were cut.

Penalty rates keep me working in the hospitality industry.

- *Damon Hospitality*

I work an average of 20 hours per week, for the minimum wage, half of those hours are on the weekend and attract penalty rates. I work this way instead of the 9 to 5 Monday to Friday employment I used to have (at a higher hourly rate) because I have a foster child with medical issues and a widowed mother with 97% hearing loss. If you would like me to send the foster child back and leave my mother to rely on social services while I work more hours to make up for the loss of penalty rates, go for it....

- *Carol, Cleaning*

The Evidence

Despite the rhetoric from some employer groups there is no evidence that removing penalty rates and cutting rates of pay, either increases employment or has other positive economic effects.

During the Modern Award process in 2010 many employers argued business would fail due, in part, to the increase in some penalty rates. Yet during the five year transition to these modern awards, employment in these industries grew as did the proportion of profits to total income.⁵

⁵ ACTU. Submission to the Productivity Commission Inquiry into the Workplace Relations Framework. At http://www.pc.gov.au/_data/assets/pdf_file/0007/188287/sub0167-workplace-relations.pdf

In hospitality specifically, spending at restaurants and cafes has increased 36% over the past five years compared with only 18% in other retail spending. Reducing the wages of those who work in this and other industries relying on penalty rates could significantly reduce this spending growth.

By and large restaurants do not fail because of wages costs but because of a range of other issues such as poor management, inadequate cash flow, poor financial control and, under capitalisation.⁶

Conclusion

Making an argument that reducing or removing penalty rates will be good for business and the economy does not stack up and is in fact contrary to the evidence available.

Penalty rates are however of vital importance to the workers who keep our economy moving and growing whether they are paramedics, cleaners or hospitality workers. Removing or reducing penalty rates will only serve to harm not help the economy.

My mum is a nurse and many of my friends who work in hospitality often need to take up shifts that have penalty rates just to keep their head above water. Its really tough on them missing out on family and other important events but its understandable because they need the money. If penalty rates were taken away we wouldn't see them and they would lose a significant proportion of their pay. They shouldn't have to do this.

- Celeste

⁶ ASIC. Insolvency statistics: External administrators' reports (July 2013 to June 2014). Report 412. September 2014