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#### Submission to the Welfare Review Reference Group

On the

**Interim Report. *A new System for Better Employment and Social outcomes***

**July 2014**

This submission has been prepared by United Voice National Office on behalf of United Voice members across Australia.

**Authorised by David O’Byrne, Acting National Secretary**

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**Introduction to United Voice**

United Voice is a union of over 120,000 Australian workers. We represent members in a range of industries, including aged and disability care, child care, cleaning, hotels, healthcare, restaurants, security, clubs and manufacturing. Many members work part time or casually at minimum wages. Members working casually or part time face ongoing insecurity in their working hours and wages.

**Introduction**

United Voice has become concerned that for growing numbers of our members work, often insecure and low paid, no longer provides the level of income needed to pay for basic goods and services. Members are increasingly experiencing low pay and wage suppression, eroding working conditions, greater workplace precarity, difficulties in maintaining cost of living, greater financial insecurity, lack of access to affordable housing and decreasing access to affordable quality government provided services (including health, education and aged care).

These are all symptoms of the transfer of risk, in the form of financial, social and economic costs, from business and government to workers and households. Individuals and households are increasingly expected to navigate personal risks, and its social consequences without social safety nets and service provision.

Risk taken on by households includes, for some, a constant cycling between insecure paid work and social security, a balancing act of some work, some social security merely to get by. For these people the current structure of the social security payments system does not work. It is a system that was designed to support people unable to work at all due to disability or age, or people between full time work. What we now see is a growing group who fit in neither of these categories, a group of people who are working but in such insecure jobs that work alone can not hope to support them and who need to rely on social security as well.

This interim report suggests conferring more risk on people by assuming job search is solely an individual responsibility while failing to recognise the reality of Australia’s labour market. A labour market which increasingly forces people into and traps people in insecure low paid work.

This submission sets out to provide a context to our current labour market and to dispute the thrust of the interim report that any job is a good job.

***“a lot of working people are living on the breadline, casual, part-time, zero hour contracts”. Sean, Manufacturing***

**Job search in the context of Australia’s labour market**

The nature of the Australian labour market has changed dramatically since the various payments comprising our social security system were designed and introduced. This is especially so for unemployment payments which were designed as temporary support between full time work. As Australia has an increasing number of workers in insecure, casual, part-time and low paid work arrangements this is no longer the reality for many unemployed and low paid insecure workers. Despite some minor changes to the system over the years, it remains out of touch with the reality of the current nature of work for many Australian workers.

Full time permanent jobs are increasingly becoming a thing of the past as more and more people are employed in casual, contract and labour hire arrangements. Almost one quarter of all employees in Australia currently are employed casually[[1]](#footnote-1) Casual work provides very little certainty and protection. Casual workers have no leave entitlements, no certainty about the number of hours worked and often are on low wages. Casual and other types of insecure work are growing in Australia.

***“Basically I cant afford to get sick. I literally cant afford it… id basically pretty much lose my house if that happened and i don’t have the money to pay for insurance to prevent that happening…..if I were to break a leg somehow or couldnt go to work or if my kids got sick and I had to stay at home, then that affects my income as well . So its pretty hard.” Nick, Security***

A recent inquiry into insecure work in Australia defined it as follows;

*“We defined insecure work as poor quality work that provides workers with little economic security and little control over their working lives. The characteristics of these jobs can include unpredictable and fluctuating pay; inferior rights and entitlements; limited or no access to paid leave; irregular and unpredictable working hours; a lack of security and /or uncertainty over the length of the job; and a lack of any say at work over wages, conditions and work organisation.”[[2]](#footnote-2)*

***“We are swamped by bills and payments for everything. Jobs are hard to come by and they offer no security especially when you are on contract, casual, etc” Lisa, Teacher Aide***

There is a common misperception that entry into the workforce in these types of insecure jobs will lead to ‘better’ jobs, permanent jobs and those that provide adequate conditions and wages to meet basic living costs. This is not the case, insecure work is not a pathway to permanent secure work, “*jobs without paid leave entitlements in Australia are just as likely* *to play the role of conveyor belt out of the labour market as they are to be an escalator up to better and brighter jobs*”[[3]](#footnote-3)

A 2010 study found that 43% of minimum wage workers are still working at minimum wage the following year, 33% remained at minimum wage after two years and 25% after 3 years[[4]](#footnote-4). These figures show that insecure work is not a stepping stone but rather a trap.

***“Ive been in one job for 24 years and still just casual “ Brenda, Cleaner***

Being trapped in insecure work means people have no time or money to undertake additional training that might lead to more secure employment. On the job training is almost never provided in casual and other insecure employment beyond that the most basic training needed to undertake the job.

Being trapped in insecure work means never getting ahead despite working hard, this leaves people further and further behind struggling to fulfil their hopes and dreams.

***“My partner and I live paycheck to paycheck: one fortnight’s pay goes to rent and the then the next one is all bills. I’m working to try and get a better life and getting nowhere. I feel lost in a system that’s not working.”* Tamara, Casinos,**

**Effects of insecure work**

***“Every cent is already accounted for with my family and now due to chronic illnesses there will definitely be a real stress to survive. Shift work and temporary employment always makes budgeting hard now it will be even harder to survive week to week.” Moya Education Assistant***

Insecure work and low wages have many deleterious effects, on health, living standards and personal wellbeing. Constant insecurity leads to stress, depression and anxiety, not knowing week from week what if any work will be available means an inability to plan, to plan your time and finances. Many people in insecure work juggle multiple jobs just to make ends meet, trying to meet family responsibilities in the face of unpredictable working hours. This places additional stress on families and relationships as people work more unpredictable hours and are “on call” for numerous jobs.

***“I am still casual at the present time, so I change from one section to the other and change from passive to dayshift, it is almost impossible to plan anything” Debra, Aged Care***

***“I am 60 divorced and earn $470 between both jobs. as a casual, no public holiday pay..rent is $240 p/w ... I physically struggle to work longer hours” David, Cleaner***

***“Quality of life is being lost. A lot of people are now working two jobs and are time poor. So in the end its like a treadmill and doing filthy hours just to get by.” Ron, Corrections***

***“We're barely able to survive now with costs rising we live week to week even though we are both working family life has taken a dive as we don't have any extra money to do any extra curriculum activities. We can barely manage to afford sports for our kids. medical and education costs are expensive enough” Kimberley Early Childhood Education and Care***

Insecure work does not equip people to better participate fully in work and society, it does not come with the many positive benefits of permanent secure work, it does not provide an opportunity to save money, to obtain new skills and experience, to move forward in a career. It in fact has negative impacts on peoples lives and traps them in a continuing roundabout of stress, uncertainty and low wages.

**Design of the Social Security System**

While we agree with the interim report that the current social security system has “unintended complexities, inconsistencies and disincentives for some people to work”[[5]](#footnote-5) We do not agree that the solution is to force people into insecure work, but rather to accept the reality of the current labour market, a reality that for many working Australians is their entire working life will be comprised of part time, casual, intermittent work and possibly social security.

People working in these jobs have increasing interactions with the social security system as they move in and out of insecure work and as income from this work does not provide for basic needs. This “labour market cycling” creates a distinct set of issues relating to structure of the allowance payment system, issues such as;

* an arduous claim and reclaim process, even after short periods off payment
* the loss of medical, transport and other concessions that accompany payments that can mean any financial gains from employment are offset by increased costs, this is especially problematic when income is not constant with casual employment
* High effective marginal tax rates as earned income reduces payments
* The complexities of income declaration, again particularly where income is fluctuating
* a Job Services Systemthat prioritises job finding over skill development

These issues are exacerbated because of the “on off” nature of engagement with the social security system. In a world where a person claims a payment once then returns to full time work these are not such impediments, but as that world is increasingly less relevant these issues come to the fore.

Addressing these issues rather than focusing solely on job search at all cost will alleviate additional stresses for those already under considerable pressure and will recognise the reality of our labour market for a very substantial proportion of the workforce.

**Conclusion**

Australia’s Social Security system should provide a secure safety net for those who are unable to work or who are temporarily out of work. Payments should be paid at a rate that allows people to meet daily living needs and to live with dignity. It should not be punitive. It should not force people into insecure work that does not provide adequate security, conditions and wages, leaving people worse off and less able to participate in society. It should work in tandem with well planned policies in training and support to provide all Australians with every opportunity to participate in society and quality jobs that provide good wages conditions and security.

1. ABS Forms of Employment, November 2011 Cat 6359.0 [↑](#footnote-ref-1)
2. Independent Inquiry into Insecure Work. Lives on Hold Unlocking the Potential of Australia’s Workforce. May 2012 pg 14 [↑](#footnote-ref-2)
3. Van Wonrooy, B. Wright, S. Buchanan, J. Baldwinn, S. Wilson, S. Australia at work: in a changing world. Workplace Research Centre, University of Sydney, November 2009, page 54 [↑](#footnote-ref-3)
4. Watson, Ian. Mobility among the Low Paid Workforce. Australia 2001 to 2008, Report for the ACTU. February 2010 [↑](#footnote-ref-4)
5. Reference Group on Welfare Reform. A New System for Better Employment and Social Outcomes. Interim Report June 2014 pg 5 [↑](#footnote-ref-5)