

## **ASU Submission**

# The feasibility of, and options for, creating a national long service standard, and the portability of long service and other entitlements

Australian Government Senate Standing Committees on Education and Employment

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**Date:** 11 December 2015 (extension granted: 15 December 2015)

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#### Introduction

The Australian Services Union (ASU) is one of Australia's largest Unions, representing approximately 120,000 members.

The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local government (both blue and white collar employment)
- Social and community services
- Transport, including passenger air and rail transport, road, rail and air freight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and SA)

The ASU has members in every State and Territory of Australia, as well as in most regional centres as well.

The ASU welcomes the opportunity to participate in the Education and Employment Senate References Committee inquiry into the feasibility of, and options for, creating a national long service leave standard, and the portability of long service and other entitlements.

We strongly support the introduction of a portable national long service leave scheme, and in particular for our members who work in the social and community services sector and in the private sector who would benefit greatly from such a scheme.

Long service leave remains a valued entitlement for employees. It is designed to benefit both workers and employers alike as long service leave allows: employees paid time away from employment to renew their energies; to improve work-life balance; recognition for long and faithful service and to assist employers with reduced labour turnover.

Statutory long service leave entitlements in Australia typically, although not always, provide eligible employees with three months leave after 10 years of service with one employer (with pro-rata entitlements after a lesser period, typically 7 years). In a few industries, accrued leave is portable between employers and jobs, and is based on length of employment within the industry.

These portable long service leave schemes are designed to recognise the cyclical and transient nature of these industries such as building and construction, maritime industry, coal mining and contract cleaning.

Given the nature of the contemporary labour market which is characterised by increased labour mobility, increased work intensification, increased casualisation and part-time employment and reduced job tenure the ASU believes there is a strong case for a national portable long service leave scheme to be implemented in Australia for all workers.

#### The Australian workforce

The dynamics of the Australian workforce is changing. For most Australian workers, the reality is that their working lives will be characterised by regular mobility among employers both within and between industries, as well as by longer working hours and longer working lives<sup>1</sup>.

Labour mobility rates amongst Australian workers are high. In 2013, 22 per cent of employees had been with their current employer for less than 12 months, whilst a further 37% per cent of all employees had been with their current employer for less than 5 years<sup>2</sup>.

Whilst labour mobility can provide many positive effects, a major implication of it, is the ability to accrue and access long service leave, as the standard qualifying period is usually 10 years (with prorata entitlements after a lesser period, typically 7 years).

The case for a national portable long service leave scheme is gaining momentum with many acknowledging the fact that workers are no longer staying in the same job with the same company for their entire working lives<sup>3</sup>.

For many years the ASU has been concerned about the inability of our members to access long service leave entitlements. This is despite many being employed in the same sector for decades. As working arrangements have become increasingly flexible and diverse in nature, entitlements that are confined to those of a traditional employment relationship such as long service leave are diminishing.

A portable long service leave scheme would provide a crucial means for rewarding loyalty and commitment, to rejuvenate the workforce, and support the increasingly necessary combinations of work, family, study, and life responsibilities and transitions<sup>4</sup>.

The number of workers unable to access protections and entitlements, such as long service leave due to their non-standard employment arrangements is growing. Current trends in the labour market such as workforce intensification, the precarious nature of work including the recent increase of women in the workforce support the logic and need for regulatory innovation along the lines of a national portable long service leave scheme.

#### **Workforce intensification**

Australian workers are facing an increase in workplace intensity. Workers are expected to do more work within a shorter time, meet tighter deadlines and continually seek to meet ever-increasing standards<sup>5</sup>.

One of the early rationales for the introduction of long service leave was the need for respite after long-term employment. As people spend more of their lives in paid work the notion of the need for respite after an extended period in the workforce has intensified. We do not believe this rationale has changed.

This is especially true given the Australian government's current policies designed to encourage people to defer retirement and thus participate in the workforce beyond retirement age. In their paper *Long service leave: Past, present and future* the authors ask whether it is "reasonable to expect that workers will work for 40 years without taking any extended breaks from work?" The ASU thinks not.

<sup>&</sup>lt;sup>1</sup> Thornthwaite, Louise and Markey, Ray. Long service leave, the labour market, and portability of entitlements [online]. <u>Australian Bulletin of Labour</u>, Vol. 40, No. 1, 2014: 2-23

Australian Bureau of Statistics, Labour Mobility, Cat 6209 (February 2013)

<sup>&</sup>lt;sup>3</sup> The Sydney Morning Herald. The Case for caring long-service leave from one employer to the next [online] Accessed at http://www.smh.com.au/business/workplace-relations/the-case-for-carrying-longservice-leave-from-one-employer-to-the-next-20151007-gk38lk.html

<sup>20151007-</sup>gk38lk.html

<sup>4</sup> Thornthwaite, Louise and Markey, Ray. Long service leave, the labour market, and portability of entitlements [online]. <u>Australian Bulletin of Labour</u>, Vol. 40, No. 1, 2014: 2-23.

Ferris, Shauna; Parr, Nick; Markey, Ray and Kyng, Tim. Long service leave: Past, present and future [online]. <u>Australian Journal of Actuarial Practice</u>, Vol. 3, 2015: 5-22
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Several academic studies have acknowledged the importance of taking leave from work for reasons of health, well-being and work-life balance<sup>7</sup>. Long hours of work with a lack of adequate leave have been associated with stress related illness, including mental health, heart disease and stroke<sup>8</sup>. This does not change because an employee is working for multiple employees so the basis for accruing long service leave should not be linked to one employer but instead to the length of service in the workforce.

A portable long service leave scheme has the additional benefit of providing an important rest for workers which in turn would help to reduce long term fatigue and stress which has been associated with the increase in workforce intensification. Studies have found that people who take leave are generally more productive and exhibit fewer symptoms of workplace stress<sup>9</sup>. In addition the costs to employers associated with an expanded portable long service leave scheme would be offset by higher productivity and improved health and safety outcomes for workers<sup>10</sup>.

#### Precarious nature of work

In the report *Lives on Hold: Unlocking the potential of Australia's workforce*<sup>11</sup>, it was found that approximately 40% of workers were in employment other than permanent full-time, i.e. casual, part-time, contract, or other non-standard employment arrangements.

These changed employment conditions have clearly contributed to the decrease in many workers being able to access long service leave. As stated by Dave Oliver, ACTU<sup>12</sup> in the Victorian Government's inquiry into portability of long service leave entitlements "we are now seeing the emergence of two classes of worker out there: you are either a permanent employee and you have security and a whole range of benefits, or you are transient employee who has none."

Precarious work is identified most closely with women, young workers and older workers, in other words, those who work on the margins of the labour market<sup>13</sup>.

Being in a precarious form of work should not in our view mean a worker is entitled to less workplace benefits for the longevity of their work. Long service leave forms one of the important suit of employment benefits available.

The ASU has many members employed in precarious work arrangements and in particular in the social and community services sector and the private clerical and administrative sector. The nature of insecure work in these sectors is discussed in more detail below.

#### Women to benefit from a portable long service leave scheme

The recent 2015 report *The desirability of extending portable long service leave* <sup>14</sup> found women are particularly likely to benefit from a portable long service leave scheme. This is because women are

<sup>&</sup>lt;sup>7</sup> Markey, Ray and McIvor, Joseph and Thornthwaite, Louise. The desirability of extending portable long service leave [online] Accessed at:

http://www.parliament.vic.gov.au/images/EDJSCommittee/Sub\_19\_07082015\_Centre\_for\_Workforce\_Futures\_Macquarie\_University.pdf

<sup>&</sup>lt;sup>8</sup> Markey, R., Parr, N., Kyng, I, Muhidin, S., O'Neill, S., Thornthwaite, L., Wright, C., Lavermicocca, K. and Ferris, S. (2013), *The Case for a National Portable Long Service Leave Scheme in Australia*, The McKell Institute and Centre for Workforce Futures, Macquarie University, Sydney

<sup>&</sup>lt;sup>9</sup> Ibid

<sup>10</sup> Ibid

<sup>&</sup>lt;sup>11</sup> ACTU, Independent Inquiry into Insecure Work, Lives on Hold: Unlocking the Potential of Australia's Workforce, Melbourne, 2012

<sup>2012

12</sup> Victorian Government inquiry into portability of long service leave entitlements, Hearings and Transcripts of the Australian Services Union [online] Accessed at http://www.parliament.vic.gov.au/eejsc/article/2562

<sup>&</sup>lt;sup>13</sup> Wilson, M (2013). Precarious Work: the Need for a New Policy Framework, University of Waikato.

<sup>&</sup>lt;sup>14</sup> Markey, Ray and McIvor, Joseph and Thornthwaite, Louise. The desirability of extending portable long service leave [online] Accessed at:

http://www.parliament.vic.gov.au/images/EDJSCommittee/Sub\_19\_07082015\_Centre\_for\_Workforce\_Futures\_Macquarie\_University.pdf

over-represented in casual or part-time employment without long service leave benefits when compared to men, and are also less likely to be employed with one employer for 10 years or more<sup>15</sup>.

"Women still take on the lion's share of caring responsibilities in this country. Whilst career breaks as a result of taking maternity, paternity or adoption leave do not break continuity of service they are not counted as service towards long service leave accruals and therefore it can be argued that many women will take much longer to ever realise a paid entitlement when their employment periods are broken as a result of having and caring for children 16".

Whilst on maternity leave many women access their annual and long service leave entitlements to boost their income in the later months of unpaid leave. This additional money matters as although many women are eligible for the Government funded 18 weeks paid parental leave this amount of leave does not provide financial security and may contribute to women returning to work earlier than they wish after having a baby.

A portable long service leave scheme would assist women in accruing larger amounts of paid leave for them to access whilst on unpaid leave and would allow them to optimise their financial security and economic participation, two of the most important factors that influence women's health and wellbeing<sup>17</sup>. Crucially any scheme that helps women to take paid periods of leave which enables them to return to work will not only benefit employers it will help boost the local labour supply while retaining skills in the labour market.

# The case for a portable long service leave scheme in the social and community services workforce

The ASU is the largest union representing workers in the social and community services (SACS) sector with approximately 70% of our SACS membership being female. SACS members of the ASU work in services such as: youth refuges, women's refuges, family support services, disability services, community legal centres, employment and training services, employment services like Job Futures, aboriginal organisations, community or neighbourhood centres, family day care centres, community transport services, home and community care services, environmental organisations, aged pensioners and superannuants associating community sector peak bodies, migrant or ethnic services and aid agencies.

Large employers in the SACS industry include the Catholic Church (including St Vincent de Paul), Anglicare, The Smith Family, Mission Australia, Uniting Church, Relationships Australia, Max Employment Services, Amnesty International, Oxfam, ACF and Greenpeace.

ASU members in the SACS industry work for both not-for- profit and for profit providers, so we have a unique perspective of the operation of both models of service provision in this sector. That said, the majority of employers are not-for-profit organisations.

One of the challenges for the community services workforce is the short term government funding arrangements. Many service providers will typically have to enter into a service agreement in order to receive funding with these service agreements generally lasting for three years. Once the service agreement has expired the service provider is required to re-tender for the work, with many opting not to re-tender, or worse, lose the contract which means employees are forced to move onto another employer without making the choice to do so and in the process lose their employment entitlements (including long service leave).

<sup>&</sup>lt;sup>15</sup> Markey, R., Parr, N., Kyng, I, Muhidin, S., O'Neill, S,, Thornthwaite, L., Wright, C., Lavermicocca, K. and Ferris, S. (2013), *The Case for a National Portable Long Service Leave Scheme in Australia*, The McKell Institute and Centre for Workforce Futures, Macquarie University, Sydney

Victorian Government inquiry into portability of long service leave entitlements, ASU Victorian and Tasmanian Authorities and Services Branch submission [online] Accessed at http://www.parliament.vic.gov.au/eejsc/article/2561
Women's Health Victoria, Women and Financial Security [online] Accessed at

http://whv.org.au/static/files/assets/bc32e6eb/Women\_and\_financial\_security\_banner\_text.pdf

The current funding arrangements clearly disadvantage workers in the social and community services sector. Funding is clearly an issue of significance for our members with many experiencing ongoing uncertainty as to whether they will be employed with the same service provider in just a few months' time. A portable long service leave scheme would help to combat the stress and anxiety many workers suffer due to current funding arrangement insecurity.

In our report *Building Social Inclusion in Australia; recommendations for stronger social and community services*<sup>18</sup> the number one condition valued most by our SACS members would be the ability to take their accumulated long service leave with them when they move to another service.

This issue ranked higher than paid parental leave, guaranteed employee training, more employer superannuation and even higher rates of pay. This outcome is not surprising given our members face multiple pressures including low pay, predominately female, short term tenure of employment, high staff turn-over and dependence on government funding for recurrent income.

A national portable long service leave scheme would allow our members to optimise their work-life balance by enabling them to take breaks between positions while retaining their attachment to the sector. This not only has an immediate benefit but also has flow-on positive benefits, including women's superannuation balances for retirement and career planning, which does not see them disengaging from the sector altogether<sup>19</sup>.

#### ASU Submission to the Productivity Commission's Inquiry into the Contribution of the Not-For-Profit Sector

As acknowledged in the Productivity Commission's *Contribution of the Not-For-Profit Sector Research Report*<sup>20</sup> the sector is beset by chronic workforce issues that have resulted in staff dissatisfaction and high turnover. Due to the declining share of volunteers working in this vital sector stress levels for workers are high, whilst wages remain low. We believe one way of reducing staff turnover and incentivising employees to stay in the sector is to establish a portable long service leave scheme.

There are many reasons people are leaving the sector, but one of the key reasons relates to remuneration being significantly higher in the public service for comparable work. Comparable public sector employees can move to different positions within the state/territory or Commonwealth public sector and retain the continuity of employment that contributes to long service leave. We believe a portable long service leave scheme is one way of making the Social and Community Services sector more attractive and competitive with other sectors.

Furthermore we believe such a scheme will offer workers an incentive to remain in the sector and most importantly it would acknowledge workers valuable services to the sector, and by extension to the community they serve.

The ASU has been a long standing advocate for a scheme that is compulsory, legislated, self-funding and with contributions held in a centralised pool. In our submission to the Productivity Commission's inquiry into the *Contribution of the Not for Profit Sector*<sup>21</sup>[Appendix A] we suggested that the essential features of a Portable Long Service Leave scheme include:

#### Full compulsory statutory scheme:

This approach was favoured by the Victorian feasibility study as it maximised portability for workers and reduced operational costs by spreading the burden across a larger number of employers<sup>22</sup>.

ASU, Building Social Inclusion in Australia; recommendations for stronger social and community services, 2009
 Victorian Government inquiry into portability of long service leave entitlements, Hearings and Transcripts of the Australian

Victorian Government inquiry into portability of long service leave entitlements, Hearings and Transcripts of the Australian Services Union [online] Accessed at http://www.parliament.vic.gov.au/eejsc/article/2562
 Australian Government Productivity Commission Research Report, Contribution of the Not-For-Profit Sector [online]

<sup>&</sup>lt;sup>20</sup> Australian Government Productivity Commission Research Report, Contribution of the Not-For-Profit Sector [online Accessed at http://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf

<sup>&</sup>lt;sup>21</sup> ASU submission to the Productivity Commission inquiry into the Contribution of the Not for Profit Sector 2009

<sup>&</sup>lt;sup>22</sup> David Quinn- Watson, Bendzulla Actuarial 'Feasibility study into a Portable Long Service Leave Scheme for the Community Services Sector in Victoria', (29 September 2007) pp36-38.

#### Central pool of funds:

Entitlements should be paid into a central independent pool which is administered by a government statutory authority or public company. The Victorian report suggests this might reduce costs for employers as the pooled entitlements put into the scheme will attract a higher rate of return than those set aside on each employer's books or in a separate bank account<sup>23</sup>.

#### **Broad based scheme:**

The greater the number of participants in the scheme the more effective it is for providing options of portability and spreading the operational costs over a larger number or employees, reducing their individual contributions. A broad based scheme would include all non-government, not-for-profit and for-profit employers delivering social and community services.

#### Recommendation

The ASU recommends the inclusion of portable long service leave as an essential strategy for tackling the workforce crisis. Such a scheme should be legislated, compulsory, broad based and with funds held and administered by an industry- based body independent of employers.

#### **Employer Opposition**

The research report into the *Contribution of the Not for Profit Sector*<sup>24</sup> cites opposition to the scheme from employer groups. The basis of their arguments has proved unjustified by independent research commissioned the Department of Human Services, Victoria<sup>25</sup>.

The first cited claim is that such a scheme will increase direct costs to employers. This is not true for all employers, particularly over the longer term. The entitlements that would be provided under the scheme have already been provided for in current funding arrangements. Employers should already be setting aside funds for long service leave, and where the right to those funds does not accrue because the employee leaves their employment, an employer can redirect the money to other purposes. The only 'cost' to employers would be those unused workers entitlements foregone, it will not add to the essential ongoing costs of the employer.

An issue may arise whereby any levy imposed by a scheme ends up being at a higher rate than that which the employer currently sets aside for long service leave. Actuarial studies show that over time levies imposed on employers reduce as the scheme becomes self-funding, thereby removing any discrepancy that might exist.

The second claim is that such a scheme encourages workers to change employers more frequently. This is already a feature of the sector, and it is due to the workforce issues identified in the report. The advantage of a portable long service leave scheme is that where a worker decides to change jobs they might choose to stay within the SACS sector rather than leaving for better wages and conditions in the public or private sector. The major advantage to the not-for-profit sector as a whole of implementing such a scheme is that the sector retains important skills that experienced workers build up throughout their careers rather than losing these skills to another sector.

There are many advantages for employers in having employees with a wide range of experiences. It means employees are exposed to a range of clients, have networks and contacts for referring clients and have a knowledge of how organisations tackle different social problems which enables the sharing of skills and best practice across the sector. It is a reality of the sector that some

<sup>&</sup>lt;sup>23</sup> David Quinn- Watson, Bendzulla Actuarial 'Feasibility study into a Portable Long Service Leave Scheme for the Community Services Sector in Victoria', (29 September 2007) p37

<sup>&</sup>lt;sup>24</sup> ASU submission to the Productivity Commission inquiry into the Contribution of the Not for Profit Sector 2009

<sup>&</sup>lt;sup>25</sup> David Quinn- Watson, Bendzulla Actuarial 'Feasibility study into a Portable Long Service Leave Scheme for the Community Services Sector in Victoria', (29 September 2007)

organisations deal with particularly challenging social issues which takes an emotional toll on workers. The ability to move around the sector (and not lose workers entitlements) can give workers a much needed change of scenery, preventing burn out and preventing workers leaving the sector permanently.

The availability of long service leave portability is about fairness. In other industries workers are provided with a career path, training opportunities and remuneration incentives that make it comparatively easy to stay at the one organisation for a long period of time. These opportunities are not generally available to SACS workers. As the research report into the *Contribution of the Not for Profit Sector* attests, there are limited opportunities for career progression within the one organisation or investment in workers to develop their skills. Workers therefore have to look to change organisations, or move outside the sector to gain new opportunities and advance their career. This is in part a feature of the sector being made up of small organisations. It is not a traditional industry where a worker can work her/his way up within one large organisation and have access to a diversity of opportunities. Even with adequate workforce planning many career paths will involve changing organisations within the sector.

SACS workers are no less committed to their employer or job than workers in other industries. It is just that the conditions in this sector make it very difficult to stay in the one position for an extended period enough to accrue long service leave. It seems only fair that when workers are giving the same length of service to the industry, rather than a specific organisation that they should receive portable long service leave entitlements. It is these workers who truly deserve the respect and recognition of long service as they are the people caring for our communities most vulnerable in often very difficult working conditions. It is only fair that their commitment is recognised as it is for workers in other industries.

#### The NDIS further highlights the need for a portable national long service leave scheme

The current roll out of the National Disability Insurance Scheme (NDIS) is further contributing to the precarious nature of the social and community services industry. With a doubling of the workforce expected over the next few years there is an increased demand for disability support workers.

Disability providers will not only need to attract new employees into the sector but there may be a need for those in the system to work longer and more flexible hours. Other significant issues that will have a negative impact on workers in the sector include:

- An increase in the number of casual staff/independent contractors
- Employing workers with little or no qualifications
- Unregistered and unregulated workers
- Inflexible working conditions
- Inconsistent, ineffective or non-existent training and professional development
- Increasing client to staff ratios
- Reducing or merging programs

These workforce conditions deter workers from entering the disability workforce and add to the precarious nature of the sector. Furthermore these issues stress the need and importance of a national portable long service leave scheme which allows workers to move between employers and services within the community services sector without any loss of entitlements.

Research shows that recognition and incentives (such as a portable long service leave scheme) demonstrate to workers they are valued and help contribute to job satisfaction and retention rates<sup>26</sup>.

<sup>&</sup>lt;sup>26</sup> Carmel Laragy, Paul Ramcharan, Karen R Fisher, Karen McCraw & Robbi Williams. Background evidence: making it work: a workforce guide for disability service providers [online] Accessed at: http://www.ndis.gov.au/sites/default/files/documents/RMIT\_Background\_Evidence\_Guide\_Making\_it\_work.pdf

#### **ACT long service leave (portable scheme)**

In July 2010 the ACT Government established a portable long service leave scheme for the community sector including child care (but not aged care). This scheme allows eligible employees to work for different employers or as a subcontractor to accrue an entitlement within the scheme, with an entitlement of 8.67 weeks after 10 years service (pro rata after 5 years). As at 30 June 2015 there were 18,486 active employees in the scheme<sup>27</sup> with 280 long service leave benefit payments being made during the year.

The ACT Long Service Leave Authority currently administers portable long service leave schemes under ACT Government legislation. It is a statutory authority reporting to the ACT Government and Legislative Assembly. This scheme is compulsory for all relevant employers and their employees with the scheme based on each of the four industries: Construction; Cleaning; Community Sector and Security. Importantly the ACT Long Service Leave Authority has an inspectorate to ensure compliance with the legislation.

At the time of passing the Community Sector Industry legislation the ACT Government noted that the scheme "will strengthen the capacity and sustainability of the sector, and will also assist in developing more career options for community sector workers by facilitating movement between organisations and providing more variety in work with greater prospects for promotion"<sup>28</sup>.

Our NSW & ACT Services Branch worked closely with the ACT Government to set up this successful scheme and has witnessed many members benefit from the scheme. Our Branch believes this scheme has not only helped to improve retention rates but it has helped to enhance sector loyalty. One of the big issues with the community services workforce is the fierce competition for skilled workers between the ACT community sector and the Commonwealth public service to retain and attract skilled workers. The introduction of this scheme has assisted with this issue.

Our NSW & ACT Services Branch reports initial employer resistance has faded with the original 1.67% levy of an employee's wage already reducing to 1.6% this year. This supports Actuarial studies that show over time levies imposed on employers reduce as the scheme becomes self-funding.

The ASU believes the current operation of a portable long service leave scheme in the ACT is a model that could be applied to the rest of the county and the successful implementation shows it can definitely work.

#### The private sector workforce

The ASU has members employed in the private clerical and administrative sector in a range of industries including but not limited to:

- · Airlines and Related Industries;
- Call Centres:
- Armoured Transportation;
- Road Transport, Freight & Logistics;
- Manufacturing;
- Pharmaceutical;
- Gaming & Wagering;
- Non-profit Organisations;
- Retail;
- · Legal Services;
- General Clerical & Administrative

The majority of ASU members employed in the above industries have their employment conditions regulated by federal awards and/or certified agreements in the Federal jurisdiction.

<sup>&</sup>lt;sup>27</sup> Long Service Leave Authority Annual Report 2014-15 [online] Accessed at: http://www.actleave.act.gov.au/files/annualreports/annualreport2015.pdf

http://www.actleave.act.gov.au/files/annualreports/annualreport2015.pdf

28 Australian Government, Productivity Commission Research Report. Contribution of the Not-for-Profit Sector (2010)

#### The ASU experience with precarious work in the private sector

ASU members who experience insecure work regularly report having substandard employment conditions and entitlements with many reporting a lack of access to basic workplace entitlements including paid sick leave, annual leave and long service leave.

A portable long service leave scheme would help to compensate those experiencing precarious work, who through no fault of their own, are unable to accumulate long service leave, despite many having been employed within the same sector for decades.

In the private sector, particularly in Victoria, the ASU experience of insecure work is manifest in call centres. Increasingly, employer call centres are predominately using labour hire temps; fixed term contracts; casual employment; and sham contracting.

The results of an ASU 2009 call centre industry survey of workers indicated that stress related to job insecurity is a major factor impacting workers in call centres with 45% of respondents feeling their job was not secure<sup>29</sup>.

In addition, the ASU has experienced call centres combining sham contracting with work from home arrangements to further reduce their liability to employees, such as OH&S and access to workers compensation. As 'independent contractors' the minimum wages in the Contract Call Centre Award 2010 do not apply, and contractors are exposed to low wages through a variety of insidious employment practices such as:

- Cuts to per call rate when quality control standards are not met;
- No minimum number of calls guaranteed;
- · No minimum length of shift; and
- Payment for own super and insurance.

In these circumstances workers contracts can be terminated with the minimal notice period when the contract call centre loses a particular commercial contract, or if part or all of the work is offshored. Just recently in November 2015, Energy Australia announced its 300 person call centre in Whittlesea, Melbourne would be relocated to the Philippines.

In 2008 and 2012 the ASU together with other concerned unions commissioned two reports<sup>30</sup> into offshoring in the services sector and the urgent need for policy intervention. We support the submission and position of the Finance Sector Union of Australia (No.2 submission<sup>31</sup>) and believe the Australia government urgently needs to implement strong policy reform to tackle the offshoring threat to Australian jobs. A portable long service leave scheme would complement a services sector policy that ensures Australia remains competitive with local jobs remaining onshore.

## Victorian Governments inquiry into portability of long service leave entitlements

On 6<sup>th</sup> August 2015 the ASU's Victorian and Tasmanian Authorities & Services Branch made a submission into the Victorian Governments inquiry into Portability of Long Service Leave Entitlements<sup>32</sup> [Appendix B].

<sup>&</sup>lt;sup>29</sup> It's Your Call – Improving Australian call centres for Workers – ASU survey 2009

National Institute of Economic and Industry Research 2008 report & 2012 report

<sup>&</sup>lt;sup>31</sup> Finance Sector Union of Australia submission to the Senate Standing Committee Inquiry into the feasibility of, and options for, creating a national long service standard [online] Accessed at:

ttp://www.aph.gov.au/Parliamentary\_Business/Committees/Senate/Education\_and\_Employment/LSL\_Portability/Submissions <sup>32</sup> Victorian Government inquiry into portability of long service leave entitlements, ASU Victorian and Tasmanian Authorities and Services Branch submission [online] Accessed at http://www.parliament.vic.gov.au/eejsc/article/2561

This submission focuses on the community services sector and also addresses long service leave portability issues in local government and Victorian water authorities. We support the report and recommendations of our Victorian Branch and would be pleased if the Senate Committee would take this submission into consideration.

In addition, the ASU's Victorian Private Sector Branch made a submission into the Victorian Governments inquiry into Portability of Long Service Leave Entitlements<sup>33</sup> [Appendix C].

This submission focuses on the private sector and the precarious nature of employment prevalent amongst labour hire, casual and temporary workers. The introduction of an industry wide portability long service leave scheme would serve to overcome the disadvantages currently experienced by these types of workers. We support the report and recommendations of our Victorian Branch and would be pleased if the Senate Committee would take this submission into consideration.

<sup>&</sup>lt;sup>33</sup> Victorian Government inquiry into portability of long service leave entitlements, ASU Victorian Private Sector Branch submission [online] Accessed ahttp://www.parliament.vic.gov.au/eejsc/article/2561