

**Health Workers Union
Submission
Victorian Parliaments
Select Committee
Inquiry into Penalty
Rates and Fair Pay
2017**



About the Health Workers Union-Victoria

The Health Workers Union has a proud history since its inception in 1911 of fighting for workers' rights and better work conditions in Victoria's hospitals and other healthcare facilities. We are a strong and growing union that aims to use its combined power to improve working conditions and to maintain reasonable wages and benefits for our members. The Health Workers Union (HWU) of Victoria represents a broad spectrum of workers employed in hospitals, pathology, dental, aboriginal, disability and aged care services.

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The Health Workers Union (HWU) welcomes the opportunity to make a submission to the Victorian Parliament's Select Committee Inquiry into Penalty Rates and Fair Pay 2017. Our submission has been informed by a review and examination of industrial relations literature within Australia and other countries, mainly those belonging to the Organisation for Economic Co-operation and Development (OECD). Feedback has been obtained via substantial consultations with HWU employees and members.

In order to ensure that this submission represented the diversity of the HWU membership, workers' from a broad range of occupational backgrounds that work within metropolitan, rural and remote regions of Victoria's health system were invited to provide verbal or written feedback to the HWU. We have included their feedback in our submission. These individuals are representative of tens of thousands of other health workers statewide and we thank them for taking the time to share their stories.

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Recommendations:

Over the last several years, the Australian Bureau of Statistics Wage Price Index has recorded the lowest rates of wages growth since the start of the series. The Mckell Institute and the Australia Institute predict that wages growth will continue to stagnate for the next four years or so.

Given that wages growth have stagnated for many years and that inflation has begun to impact all aspects of life including the price of petrol and housing, the HWU recommends that:

- The Fair Work Commission's recommendation to cut penalty rates be reversed. That is, we recommend that existing penalty rates remain in place.
- The Fair Work Commission establishes an inquiry into the current criteria it uses to review penalty rates, the modern awards and other industrial instruments - so that mistakes like the penalty rate decision cannot happen again!
- The federal government introduce legislation to federal parliament to protect penalty rates from the recent Fair Work Commission decision to cut Sunday and Public holiday penalty rate pay.

Developments during the inquiry

- 1) The HWU notes that the Fair Work Commission disseminated its decision to phase in the changes to penalty rates over three or four years after the Select Committee had completed its initial call for written submissions and held its initial public hearings. This development is not likely to have a significant impact on our views or recommendations.

- 2) The HWU is aware that two unions, namely, the Shop, Distributive and Allied Employees' Association (STA) and United Voice (UV) have appealed the Fair Work Commission's Penalty rate decision in the Federal Court. This development is not likely to have a significant impact on our views or recommendations. In fact, to wish them well in their endeavour.

Summary

Penalty rates were established in 1947, when unions argued in the Arbitration Commission that Australian workers needed to be compensated with additional pay for working outside normal hours. According to a poll conducted by Essential Research (2017) about penalty rates, 82% of Australians support compensation for working outside the usual working week. Unions have worked hard to enshrine in law many other workplace rights (for example, many types of leave and allowances, superannuation and unfair dismissal protections) that have increased the quality of life in Australia and made it one of the most livable countries in the world.

The Fair Work Commissions review of penalty rates recommended that Sunday penalty rates paid in the retail, fast food, hospitality and pharmaceutical industries be reduced from the existing levels (a cut that will cost workers between \$39 and \$127 for an 8 hour Sunday shift). Most of the pay cuts take effect from July 2017, and some will be phased in over time (Fair Work Commission, 2017).

The penalty rate cuts will have a detrimental impact on low-paid workers, younger Australians, women, under-employed workers and the Australian economy. This is a particular pertinent issue given that casual and part time employment is at an all-time high compared to previous decades and figures.

Workers cannot afford a cut to their take home pay due to the fact that wages growth has stagnated for many years- according to the ABS Wage Price Index figures- the last few years have seen the lowest rates of wages growth recorded since the start of the series. The ABS wage price index through the year series commenced in the September quarter of 1998. Other factors that support the argument that the Fair Work Commission decision to cut penalty rates must be reversed are related to the cost of living- rising (inflation) at 2.1%, meaning real wages have declined by 0.3% over the past year.

Given that many Australians are facing mortgage stress or cannot afford to buy property or even rent a home, and that inflation is on the rise making it even harder for people to afford the basic necessities, the Health Workers Union recommends that the Fair-Work Commission decision to cut penalty rates be reversed.

Introduction

On February 23rd 2017 the Fair Work Commissions (FWC) review of penalty rates in a number of hospitality and retail awards (as part of the FWC four yearly reviews of Australia's modern awards) related to the following awards:

- 1) Hospitality Industry (General) Award 2010;
- 2) Registered and Licensed Clubs Award 2010;
- 3) Restaurant Industry Award 2010;
- 4) Fast Food Industry Award 2010;
- 5) Pharmacy Industry Award 2010; and
- 6) General Retail Industry Award 2010

The Commission penalty rates decision specifically dealt with the review of the weekend and public holiday penalty rates in the retail and hospitality awards (Fair Work Commission, 2017). The decision was met with discontent by the majority of Australian workers.

The Fair Work Commission recommended that both Full-time and Part-time workers within the retail sector have their Sunday penalty rates reduced from 200 per cent to 150 per cent of their standard hourly rate, while Casuals workers will face a cut from 200 per cent to 175 per cent (Fair Work Commission, 2017).

Hospitality employees were shocked to learn that their Sunday penalty rates would be cut from 175 per cent to 150 per cent. Casual hospitality workers' pay will remain unchanged. This decision acknowledged that casual workers are unusually under-employed and cannot afford a cut to their take home pay.

In particular, full-time and part-time employee's working within the fast-food sector can expect their Sunday penalty rates to be cut from 150 per cent to 125 per cent (Fair Work Commission, 2017).

The commission also recommended a reduction to the public holiday pay in other sectors. Holiday penalty rates for full-time and part-time employees in the hospitality and retail sectors will also be slashed from 250 per cent, or "double-time and a half", to 225 per cent (Fair Work Commission, 2017).

Prior to the recent Fair-Work Commission (FWC) announcement about penalty rates, our current industrial relations laws have provoked extensive political, academic and social debate. Much of this debate has concentrated on whether the existing industrial relations structure is fair in the safeguards it offers employees, or whether it is unfairly biased in favour of employers. The most recent FWC decision about Penalty rates gives traction to the argument that Australia's industrial relations system favours employers.

The removal of penalty rates is supposed to help the employer but works against the employee. If an employer cannot afford to operate on a Sunday due to penalty rates, then they should not be able to shift their costs onto their employees by underpaying them.

Basic business etiquette places the responsibility on the employer to make their business viable and it's unfair to allow employers to penalize their employees by paying them less. One way that employers could increase their profits is by introducing a levy on Sunday or Weekend trading to cover the extra costs. Another way that employers could better compete with other business and increase their profits is by diversifying their products and using social media and other technologies to advertise their businesses.

The impact of FWC penalty rate cuts on Victoria's lowest paid, award reliant workers

People living in socio-economically disadvantaged areas experience high levels of unemployment and underemployment, increased health risk factors, such as lower levels of physical activity and higher levels of smoking compared with other Australians (Australian Institute of Health and Welfare, 2012 & 2014).

Additionally, they are more likely to experience higher rates of cancer when compared to the rest of Australia (COAG Reform Council, 2016).

Adequate income affects one's ability to acquire safe housing (including appropriate plumbing and infrastructure, overcrowding and a safe location away from violence) and the ability to afford good quality food and health care. A number of studies have shown that there is an association between socio-economic disadvantage and health (Australian Institute of Health and Welfare, 2012, 2013, 2014).

The Australian Council of Trade Unions (ACTU) has reported that more than 648,000 people are covered by the awards targeted by the Fair-Work Commission decision to cut penalty rates. ACTU President Ged Kearney said that struggling workers "won't be able to survive on a 25 or 30 per cent pay cut", and described the decision as "a very bad day for working Australians".

The Turnbull Government's response to public outrage over the decision to cut decision penalty rate was muted at best. In fact, the Prime Minister and the Employment and Women's Minister stated that they supported the Fair-Work Commissions decision to cut penalty rates. It appears that the federal government is not put off by the negative impact that the cuts will have on the most vulnerable people in our community. In fact, workers that are currently being paid in accordance with the national minimum wage of \$17.70 will now lose \$35 every eight hour shift.

Moreover, according to the ABS Wage Price Index, wages growth has been declining since mid-2012, from an annual 3.8% to 1.9%. In fact, the last few years have seen the lowest rates of wages growth recorded since the start of the series. The through the year series commenced in the September quarter of 1998 (Australian Bureau of Statistics, 2017; Australian Bureau of Statistics, 2016(a, b); Australian Bureau of Statistics, 2015 (a, b); ABS, Forms of Employment, 2013; ABS Labour Mobility, February, 2013; Australian Bureau of Statistics, 2012; Australian Bureau of Statistics, 2011).

The latest figures from the ABS Wage Price Index demonstrate that Australian wages have stagnated to a record low, growing just 1.9% over the last twelve months. Victoria's lowest paid and Award reliant workers will be hit the hardest by the Fair-Work Commissions decision to cut penalty rates (Australian Bureau of Statistics, 2017; Australian Bureau of Statistics, 2016(a, b); Australian Bureau of Statistics, 2015 (a, b); ABS, Forms of Employment, 2013; ABS Labour Mobility, February, 2013; Australian Bureau of Statistics, 2012; Australian Bureau of Statistics, 2011).

Alternatively, some assert that in a 24/7 economy, working on a Sunday, for example, is no longer 'special' (Carnell, 2014). It has been suggested by some, that many workers 'choose' to work on Saturday or Sunday and that their work-life balance is facilitated by this. If so, they argue that they should not be paid penalty rates! In particular, some assert that Sundays are no different from Saturdays and no special Sunday rates should apply. This argument is usually put forward by employers and their Industry group spokespersons.

Skinner & Pocock's (2014) research suggests that most Australian workers continue to work between eight and six hours on weekdays. Working unsocial hours is a minority experience! However, those who work unsocial hours experience worse work-life interference than those that do not! That is, working on weekends is worse for work-life interference compared to working weekdays.

Furthermore, working on a Sunday is associated with worse work-life interference than on Saturdays or week days. Working nights is also associated with worse work-life interference.

Based on this analysis there is a case for paying workers a premium for Sunday work and for Weekend and Evening work, especially given that the poorer work-life interference is associated with Sunday work. Many of our members and even the author of this submission have worked a 24 hour day, 7 day week roster in our public hospitals. If working in the Emergency Department of a hospital wasn't challenging and stressful enough, doing it on the weekend exacerbates the feelings of stress, isolation and missing out on family functions.

Over the past 20 years, income inequality has been increasing in Australia. As an example, between 1994-95 and 1998-99 there was a 20 per cent increase in the taxable income of Australians. However, the poorest postcodes achieved an increase of only 16 per cent whereas the wealthiest postcodes achieved an average increase of 25 per cent. This trend also exists internationally within and between countries, with income inequality increasing in nearly all countries since the 1980s. Income inequality is higher in the United States of America than in Nordic countries such as Sweden (Australian Medical Association, 2007).

The OECD Income Distribution Database (2017) suggests that income inequality in OECD countries is at its highest level for the past half century. In fact, they report that the average income of the richest 10% of the population is about nine times that of the poorest 10% across the OECD, up from seven times 25 years ago (OECD Income Distribution Database, 2017).

Australian trade unions have fought hard to ensure that Australian workers are paid fairly and that our health system is adequately funded and staffed and that each of our citizens can receive high quality best practice health care. The HWU will continue to work to modernize Victoria's health system, with the view of

making the thousands of work-sites throughout the state healthy and functional places to work in.

The impact of the FWC penalty rate cuts on Work-life interference

According to a report released by the McKell Institute (2013) and the OECD Better Life Index, Australia (2014), Australian's work some of the longest hours in the developed world and are spending more years in the workforce than ever before. In an interview with Jessica Irvine, the National Economics Editor, News Corp Australia Network (2014), the secretary of the Australian Council of Trade Unions, David Oliver stated that "As Australians, we work hard, and we deserve our holidays and sick leave".

The results of Australian Work and Life Index (2014) (AWALI) suggested that work-life interference continues to be a persistent challenge in Australia despite some changes in childcare, parental leave and employment law over the past two decades (Skinner & Pocock, 2014). The challenge of balancing our work and life responsibilities affects a wide range of workers, their families and communities. Women, mothers and other working carers appear to be adversely affected the most!

Workers that find themselves in involuntary part-time and casual employment are often at a disadvantage in comparison with their workmates that do equivalent work on a full time employment basis. Generally speaking, they are ineligible for certain benefits and their career prospects are more limited. In Australia, unless a person choses to work part time, they may end up only marginally better off than if they were unemployed. This is particularly true for people receiving social security benefits from the government.

Furthermore, certain occupations are more commonly associated with shift work, part time and casual work (due to the nature and type of work). Some occupations found within the hospitality and health sectors are required to work a 24 hour, 7 day a week roster.

For example, waiters in nightclubs, hotel workers, Emergency Department and mental health clinicians and hospital pharmacists, cleaners and cooks fall into this category of occupations. Additionally, some manufacturing jobs are also associated with shift work since some companies operate 24 hours per day (Skinner & Pocock, 2014).

The ABS General Social Survey (2004, 2014) found that about 45% of those working in health occupations were shift workers, as were 66% in protective service occupations (police, security guards). Other occupations where shift work is relatively common include sales and customer service (40%) and those unique to primary industries (42%).

Not surprisingly, just as certain occupations are more likely to be tied to shifts, so too are certain industries. This may be because they offer services at non-traditional work times or involve continuous production. Hospitality, accommodation and transport industries come to mind when thinking about shift work.

The AWALI (2014) validates the claim that the length of working hours and the fit between actual and preferred hours are critical issues. Women are especially pressured by time constraints. It is also important to highlight that not all working hours are the same! Those who work on Saturday and particularly Sunday have worse work life interference – giving credibility to the position of trade unions that penalty rates in Australia must remain in place!

In addition to the length of working hours, the scheduling of these hours also has the potential to create substantial work-life demands and constraints. Skinner and Pocock (2014) reported that working early mornings, evenings or nights present challenges to biological functions such as sleep. Such shifts are also often incompatible with the rhythms and schedules of social, family and community activities.

The impact of the FWC decision to cut penalty rates on Australia's youth

The Fair-Work Commissions decision to cut penalty rates will hurt young Australian's the most! Almost 40% of young people rely on regular Sunday penalty rates for their basic income. Whilst the reasons for this are multifaceted, it generally comes down to the fact that casual and part time work is at an all-time high in Australia and young people cannot compete against older experienced workers when it comes to gaining secure or full time employment (Youth Affairs Council of Victoria, 2017; Commonwealth of Australia, 2010b).

Young Australians make up almost 25% of Australia's retail industry workforce. As a consequence of the FWC's Decision to Cut Penalty Rates, younger Australians Sunday pay rates will fall from \$38.88 an hour to \$29.16. This means that young retail workers will need to work additional hours in order to maintain their current wage.

The reality of the current job market is that young people are finding it extremely difficult to acquire additional working hours, mainly because they are competing with older more experienced workers. As a consequence, many younger workers will end up with less money. This fact is having a negative impact on younger Australians by increasing their stress levels and intensifying the pressures younger people are experiencing.

Furthermore, due to financial instability, younger people are finding it even more difficult to find accommodation, a partner and to start a family and in general are struggling with the cost of living. Unfortunately, the above mentioned stressors have been associated with the onset of mental illness; such as depression and anxiety (Youth Affairs Council of Victoria, 2017; Commonwealth of Australia, 2010b; Council of Australian Governments, 2009a).

Moreover, we fear that cutting the take home pay of disadvantaged youth-that can only manage to obtain casual and part time work- that rely on their penalty rates both in metropolitan and rural areas of Australia could exacerbate their financial situation. These cuts will particularly hurt the most disadvantaged and under-resourced groups within our community the most!

For example, young women, young people without a Year 12 or equivalent qualification, young people from low-income families and or rural/regional communities, young people managing additional family responsibilities and young people that may have recently arrived in Australia as refugees will suffer the most (Youth Affairs Council of Victoria, 2017). The impact of penalty rate cuts on this group of people must not be understated!

Unemployed youth categorised in the medium to high risk suicide grouping must have access to early intervention programs that provide psycho-education and or self-harm reduction therapy. In order to prevent the above predications, the Victorian government must move quickly and invest in youth services and early intervention services to counter the effects of penalty rate cuts on this vulnerable group of people and their families.

Australia has one of the highest youth suicide rates in the world (Australian Bureau of Statistics, 2014, 2012b; World Health Organisation, 2014) and we cannot afford to see the suicide rate continue to climb. An Australian Bureau of Statistics (2014) survey cataloguing cause of death in Australia found that

suicide was the major cause of death for young people aged 15-24 and that self-harm (for example, self-mutilation and medication overdose) was 40 to 100 times more prevalent in the same age group compared to other aged groupings. Many youth report that being unemployed or underemployed significantly affects their decisions when contemplating suicide.

Additionally, the HWU believes that young disadvantaged people that have been had their pay reduced (due to penalty rate cuts) may become more stressed about their predicament and resort to self-medicating with drugs and alcohol. As a consequence, we may witness higher rates of drug and alcohol abuse amongst our youth and the impact on society at large. We also believe that Australia will eventually see higher crime rates as our youth seek funds to cover the cost of living and to support their drug dependence.

In summary, the Health Workers Union is concerned about the impact of penalty rate cuts on our youth! We fear that penalty rate cuts will result in an increased rate of youth suicide and self-harm in Australia, especially amongst vulnerable groups of young people. We believe that any government prepared to cut the take home pay of young Australians and not invest in essential youth services and early intervention services that address the predicted ramifications is playing a game of Russian roulette with our youth!

The impact of FWC penalty rate cuts on Australian's women and single mothers

Women will be significantly worse off in comparison to men as a result of the Fair-Work Commissions decision to cut the penalty rates. In particular, single mothers will suffer the most (due to lack of the lack supports and additional stressors). Women are more likely to receive the minimum wage and are more likely to rely on penalty rates to meet their day to day needs. That is, paying electricity and gas bills, childcare payments and so on.

Women (including single mothers) account for more than 54 per cent of employees in the retail and hospitality sectors- the sectors that will be most affected by the reductions in Sunday penalty rates.

These sectors are the largest employers of women in the private-sector economy. In the food and beverages sector about 70% of women work part-time compared with 52% of men. In the retail sector about 60% of the women are employed part-time compared to men (35%).

For many women, especially single mothers, weekend work can be their only option due to the lack of support that they get in relation to rearing and bearing their children. Working a 38 hour week is not an option for most women with children. In fact, even if women wanted to work additional hours, they struggle to find the additional work. In fact, most people reported that they would like to work an additional 8 hours per fortnight if they had the option.

Within the health sector, women account for almost 75% of Australia's health workforce and tend to be employed on a casual or part time basis (Victorian Government's Health 2040 Discussion Paper, 2015; Victorian Department of Health, 2014; Health Workforce Australia (2014, 2012a & 2012b). Moreover, according to the Workplace Gender Equity Agency (2017) the national gender pay gap is currently 16.0% and has hovered between 15% and 19% for the past two decades. According to Australian Bureau of Statistics (2017) Average Weekly Earnings, the gender pay gap is greatest within the following industries; Administrative and Support Services (+7.8 pp), Wholesale Trade (+6.5 pp) and Manufacturing (+3.9)

A cut to penalty rates could exacerbate the gender pay gap with a new analysis showing women earn 33% less than men when their rates of part-time work are taken into account. Even with some employers applying affirmative action when it comes to employing workers, the gender gap remains a problem.

Women who worked part time (involuntarily) were five times more likely to have spent a substantial portion of the year unemployed compared to those that decided to work part time. Their male counterparts were nearly four times more likely to have had long stints of unemployment in the prior year. In contrast, only 5 percent of women and 6 percent of men who worked full time spent more than thirteen weeks of the year unemployed (Wilson, 2013).

Further, females were significantly more likely to engage in voluntary work within the healthcare sectors when compared to males (Australian Bureau of Statistics, 2015b). Notwithstanding, men continue to hold the majority of Australia's top leadership positions according to the most recent Gender Indicator figures released in August this year by the Australian Bureau of Statistics (2015b). This trend includes leading positions within the private sector, the judiciary, federal and state parliamentarians and managers in the Australian Public Service.

According to The Australian Work and Life Index 2014 (AWALI 2014) -a composite measure of five Work-Life Items- women tendered to obtain higher scores (worse work-life interference) when compared to men, in both full-time and part-time work. Specifically, the greatest gender difference was evident for time pressure-women were more likely than men to feel chronically rushed and pressed for time, regardless of work hours (Skinner and Pocock, 2014).

However, on some individual Work-Life Items, there is evidence of a decrease in work-life interference from 2012 to 2014 for women working full-time (Skinner & Pocock, 2014). It seems likely that the reason for women working fewer hours than men is children! Women are more likely than men to reduce working hours when they have children. The data seems to indicate that many women never return to full time work. This not only affects their ability to increase their income over time, but it would have flow on effects on their superannuation and long term security.

The aforementioned facts paint a rather disturbing trend for women in the Australian workplace, in particular within the health and administrative, food and beverages sector and retail sectors. The Fair-Work Commissions (FWC) decision to cut penalty rates will further exacerbate the situation women and particularly single women find themselves in.

Moreover, the ACTU has called for workplace rights to be strengthened for women and millions of Australians in casual and insecure work in its submission to the Productivity Commission's inquiry into workplace relations. The ACTU also called for the minimum wage and penalty rates to be protected and for greater rights for workers to allow them to bargain collectively, including labour-hire and temporary workers (ACTU Submission to the Productivity Commission, 2015).

The AWALI (2014) survey (as well as previous AWALI surveys) found that working mothers reported the worst work-life interference, with little evidence of improvement from 2008 to 2014. The AWALI survey (2014) also found that caring for others, such as an elder or a person with a chronic illness or disability has an equivalent negative effect on work-life outcomes.

The impact of the FWC penalty rate cuts on workers from regional Victoria and Australia

Regional economies would be particularly hard hit by cuts to penalty rates. A report released by the McKell Institute during February 2017 titled “The Impact of the Fair Work Commission’s February 23 Sunday Penalty Rates Decision” found that regional communities in Australia will be negatively impacted.

Specifically, the McKell institute stated that up to 45 regional areas will lose \$667m a year as a consequence of the FWC penalty rate decision. The McKell institute report estimated that about \$300 million will be removed from regional and rural Australia as a result of companies reallocating regional labour funds to

metropolitan areas.

Australia's highly disadvantaged Indigenous population and cultural complexity and dispersed settlement pattern requires a dedicated policy and service delivery response (2040 Discussion paper, Department of Health & Human Services, 2015; National Commission of Audit, 2014; National Strategic Framework for Rural and Remote Health, 2012; Commonwealth of Australia, 2010). The last thing that these communities need is a cut to their populations take home pay.

The impact of the FWC penalty rate cuts on Australia's Indigenous Community

In 2011, there was an estimated 173,800 Indigenous people aged 15 years and over who were classified as employed. This represented 46% of the Indigenous population aged 15 years and over (ABS Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2011).

The employment to population ratio for Indigenous males increased 2 points to 52% in 2011 and the employment to population ratio for Indigenous females fell to 41% (ABS Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2011).

In Major Cities, the employment to population ratio for the Indigenous population remained relatively steady at 52%, in Regional areas it was 45% and it was 42% in Remote areas (Council of Australian Governments, 2008; Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2011).

For Indigenous females living in Major cities the employment to population ratio decreased from 49% in 2010 to 45% in 2011, in Regional areas it increased 3

points to 40% and in Remote areas it decreased 2 points to 38%, although this movement was not statistically significant (ABS Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2011).

Recent evidence suggests that current employment trends within the Aboriginal community have remained relatively stable since the ABS Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey was released in 2012 (this is the ABS latest release).

Given that the FWC penalty rate decision will have a significantly negative impact of rural and remote regions of Australia and that many Aboriginal Australians struggle to find stable employment, it is highly likely that Aboriginal Australians will find it more difficult to find work as a result of the FWC decision to cut penalty rates.

Aboriginal people are exposed to high rates of stress when compared to the rest of the community (Productivity Commission, 2011a). High stress levels can often lead to psychological disorders and suicide. In fact, according to the Australian Bureau of Statistics (2010) one in every 24 Aboriginal or Torres Strait Islanders peoples die by suicide. .

Unfortunately, employment opportunities are hard to come by within Aboriginal communities, and often they involve casual and part time work. Full time employment is very rare! The FWC decision to cut penalty rates will make it even harder for Australia's indigenous community to find work or additional work to compensate for the loss of income.

The HWU recommends that both state and federal governments adopt the strategies outlined in the framework of the Closing the Gap initiative agreed by the Council of Australian Governments (COAG). Walker, Porter and Marsh

(2012) stated that it is essential for government to develop a working relationship with the indigenous community and its community elders.

The Closing the Gap initiative set multiple targets for 2018. Unfortunately, the minister for Aboriginal affairs recently released a report indicating that most of the targets will not be achieved by 2018. For example, the following targets will not be reached by 2018:

- a) closing the gap in life expectancy;
- b) close the gap in school attendance;
- c) halve the gap in reading and numeracy for Indigenous students;
- d) halve the gap in employment.

The Victorian government has made some important initiatives within this sphere that will help counter the effects of the FWC decision on penalty rates within the Aboriginal and Torres Strait Islander communities. It is not relying solely on the Federal Government's Closing the Gap initiative. It has recently set up the Diversity in Health Care Workforce Working Group chaired by the member for Geelong Christine Couzens. This group will work toward improving education participation rates amongst Aboriginal and Torres Strait Islander Australians and setting quotes within the Victorian Public health Sector.

The impact of the FWC decision to cut penalty rates on the Victorian economy

There is clear and well-founded evidence that reducing the take-home pay of Australian workers may have short term benefits for business, but will have a negative impact on the economy as a whole. A recent publication of The Australia Institute (2017) titled "The Impact of Penalty Rate Cuts on Personal Tax Revenue and Welfare" found that the recent decision of the Fair Work Commission to cut Sunday penalty rates will have a substantial negative impact on personal income tax revenue and, in turn, the Commonwealth budget deficit.

The Australian institute briefing went on to state that the association between wages growth and personal income tax revenue collection is well known. In fact, they went on to quote the Treasury's Mid-Year Economic and Fiscal Outlook 2016-17 which stated the following:

"If inflation and wage growth remain low, this would slow nominal GDP growth and in turn have adverse consequences for tax receipts, somewhat offset by a reduction in payments" (The Australian institute, 2017).

The Federal Treasurer Scott Morrison also stated that:

"Lower wages growth and profits have an obvious impact on government revenues" (The Australian institute, 2017).

According to the Fair Work Commission, the cuts will lead to increased services, trading hours and increase employment on public holidays and Sundays. A less charitable view is that the change is designed to increase profits for business owners at the expense of their employees.

The McKell Institute (2017) also waded into the debate stating that the Fair Work Commission's penalty rate decision would discourage employees from pursuing secure part-time or full-time work, pushing them instead into less secure casual jobs. Current trends of casual and part time work are already at an all-time high. The FWC penalty rate decision will only acerbate the underemployment problem that Australia is facing.

Underemployment, high percentages of part time and casual employment may be a cause of concern for workers and employers, as well as those interested in the long-term productivity and efficiency of the Victorian and Australian economy. The rate of underemployment tends to be concentrated among relatively disadvantaged groups; Australia's Indigenous community, newly arrived migrants (especially refugees), young people that leave school early, and people that live in rural and remote regions of Victoria (Wilson, 2013).

Part-time workers bring home less money than full-time workers and tend to have fewer fringe benefits. Involuntary part-time workers face greater disadvantages in comparison to full-time workers.

These workers are more likely to live in poverty and to experience sustained periods of unemployment (Wilson, 2013).

The occurrence of alarming rates of casual and part time employment is due to an employer's ability to easily terminate an Enterprise agreement whenever they feel compelled to. Stone (2015) reported that since the late 1970s, the standard model of employment has been declining throughout the industrialized world. She added that very few workers' have long term full time jobs, reliable pay increases, promotional opportunities or an adequate package of social insurance benefits.

She goes on to say that these changes in employment practices are undermining the average workers security throughout the industrialized world. Insecure work practices are rapidly causing instability, insecurity, and frustration for individuals, and threatening disruption to our social fabric.

The ABS supports the notion that there has been a significant change in employment security for Australian workers. The ABS has found that casual and part time employment rates have been increasing over the last several decades in Australia. For example, in 1978 the ratio of part time to total employment was 15%. By 1982, workers employed in casual labour amounted to 13% of the total workforce. In 2010, the figure increased to 28% and in 2011, 50% of Australia's part time workforce was engaged or worked for less than 20 hours per week.

The percentage grew in 2011 to 29% (ABS, Forms of Employment, Australia November, 2013). In the last few years, official unemployment in Australia has been about 5% to 5.4%. The trend unemployment rate has been at 6.1 per cent since March 2015 and as of July 2017 the unemployment rate remains steady at 5.6% (ABS, Labour Force Australia July 2017).

In fact, the latest ABS statistics saw the monthly seasonally adjusted employment rate increase by 27,900 resulting in full-time employment decreasing by 20,300 and part-time employment increasing by 48,200.

The under-employment rate, the number of workers looking for more hours of work, remained at about 7% meaning that over 12% of workers at any one time are either unemployed or underemployed.

High staff turnover is a well acknowledged challenge for Australian and indeed Victoria's health services, specifically within the Emergency Department, Psychiatry, aboriginal, aged, disability & home and community care sectors (Health Workforce Australia, 2012a & 2012b). Despite attempts by federal and state governments to redress this issue, the problem appears to be getting worse. The HWU believes that if health workers were offered more stable work hours and easy access to professional development opportunities, they would be more likely to stay working in their roles for longer.

Workers who may be indirectly affected as they experience the flow on effects of the FWC decision in their enterprise bargaining, across different industries, or who work in industries which may be targeted next

While the decision does not directly apply to health workers, it is the HWU's view that there is a real prospect that changes in one industry will have a ripple effect to other industries, as is the experience internationally (the British government is now pushing for cuts to overtime and shift work pay loadings in the National Health Service).

If the argument holds for the retail and hospitality sectors, it is only a matter of time before it is extended to essential services by governments keen to reduce costs in the health sector. We have witnessed hospital administrators outsourcing departments and our federal treasurer telling us that we have an expenditure problem!

In an attempt to clarify whether the penalty rate decision could extend to other sectors, the ACTU requested advice from Maurice Blackburn lawyers (9th of March 2017). Maurice Blackburn lawyers found that the Commission's findings of fact and law are all findings potentially applicable to other awards.

They went on to say that "Each review application will be assessed on its merits. However this decision has relied on principles which are likely to be relied upon in future decisions, hence it opens the door on reducing penalty rates and loadings in other awards in the future" (Maurice Blackburn, 2017). For more information about these and other findings, please refer to the Maurice Blackburn lawyer's document.

If Maurice Blackburn lawyer's findings are correct, then the number of people affected by the Fair Work Commission decision is likely to be much greater than the ACTU estimate of 648,000. The number of impacted workers has the potential to multiple ten fold!

There is a real concern that any erosion of the principals underpinning the application of penalty rates across the economy will in time reach the health sector with significant impacts on the take home pay of health care workers. This will also have very detrimental effects on local economies where impacted health workers reside, and could reduce access to patients and residents to high-quality health care.

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