

Submission  
No 62

**INQUIRY INTO PROCUREMENT PRACTICES OF  
GOVERNMENT AGENCIES IN NEW SOUTH WALES AND  
ITS IMPACT ON THE SOCIAL DEVELOPMENT OF THE  
PEOPLE OF NEW SOUTH WALES**

**Organisation:** Finance Sector Union

**Date Received:** 31 May 2024

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NSW Legislative Council  
Parliament of NSW  
Standing Committee on Social Issues  
Inquiry into the procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales  
Macquarie St  
Sydney 2000

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Dear Committee Chair,

Thank you for the opportunity to contribute to this important work.

The Finance Sector Union represents workers in the banking and finance industries and has thousands of members who live and work in NSW. They work in the cities, the outer metropolitan regions, the regions, and the bush. FSU members help you with every facet of your financial life, from opening bank accounts, to processing insurance claims, helping with both wealth management and financial distress. Our members are also responsible for ensuring workers' superannuation is managed responsibly so they can enjoy a dignified retirement.

The NSW government, through its procurement practices has the opportunity to ensure that suppliers deliver not only value for money but that they follow best practice when it comes to employment practices. It is essential that lucrative government contracts reward organisations that treat their workers well and is an opportunity to reward businesses that not only comply with labour laws but provide best practice terms and conditions for NSW workers.

**Recommendation 1: That contracts be conditional on demonstrating effective engagement with the relevant union, including having an enterprise agreement that covers their workforce.**

The finance industry has a long history of setting a high standard to attract the best workers. It was one of the first private sector industries to provide paid maternity (now parental) leave schemes and paid family and domestic violence leave. Unfortunately, despite record year on year profits the finance industry continues to have one of the largest gender pay gaps – and it has barely moved in a generation. This year the gap in total remuneration is almost 30%<sup>1</sup>, (compared to the NSW gap of 11.8%<sup>2</sup>) this is due to industry segmentation. While the gender make up is close to 50-50, men make up the majority of workers in the top 2 pay quartiles with women languishing at the bottom. The finance industry can and should do better. The NSW government has recognised the workforce

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<sup>1</sup> [WGEA Data Explorer | WGEA](#) [accessed 30.5.24]

<sup>2</sup> [Gender equality in key economic indicators | NSW Government](#) p6 [accessed 30.5.24]

participation gap of 9%<sup>3</sup> and the disparities in patterns of work. The finance industry is well placed to invest in job design and create senior part time roles that will not only provide women additional opportunities to career progression but will also drive down the gender pay gap by increasing the number of men who choose to work part time.

**Recommendation 2: That contracts be conditional on demonstrating plans to drive down the gender pay gap that include addressing industry segmentation and providing for flexible work across all jobs.**

The finance industry is going through a period of structural change. Operating in a global economy companies often engage in wage arbitrage, sending jobs offshore to the lowest cost provider leaving NSW workers without a job. The companies (BPOs) who pick up this work are often third party providers whose functions have not been audited for modern slavery risks. Companies who use secure NSW Government tenders and who use BPOs should provide evidence that they have audited the BPO for risk and compliance with Anti-Money Laundering and Counter-Terrorism financing (AML/CTO) and are complying with *Know Your Customer (KYC)*, data security and cyber security requirements.

**Recommendation 3: That contracts be condition on providing evidence that where BPO providers used, they are meeting service level agreements are compliant with KYC, AML/CTF, data privacy and cyber security requirements. Preference should be given to companies who use workers based in NSW.**

Structural changes in the finance industry have seen a rapid escalation in bank branch closures. The recent Senate Inquiry into Regional Branch closures highlights these issues<sup>4</sup>. There are similar issues facing metropolitan communities facing branch closures. There are also a growing number of workers whose jobs are being impacted by AI. Workers whose jobs are made redundant because of reductions in retail banking footprints and the introduction of AI often struggle to find comparable work. There is no obligation on employers to ensure these workers are provided with adequate training to reskill for the jobs of today.

**Recommendation 4: That contracts be conditional on finance employers working with the FSU on developing a transition plan to reskill workers whose jobs are made redundant due to restructuring.**

The finance industry has an excessive hours culture. Employers in the finance industry rely on a requirement for workers to perform “reasonable” overtime for no extra wages to meet minimum standards. The FSU produced a report outlining the severe consequences to workers health and safety because of this culture of excessive hours<sup>5</sup>. It makes for harrowing reading. The result has been a surge in claims for psychosocial injuries at work<sup>6</sup>. The lack of clarity around what constitutes “reasonable additional hours” has led to large underpayments of millions of dollars for both banks and insurance companies. Companies that make billions of dollars of profit each year ought to be paying their workers for the hours that they are working.

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<sup>3</sup> Ibid p 6

<sup>4</sup> [Bank closures in regional Australia – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au) [accessed 30.05.24]

<sup>5</sup> [Working for nothing.pdf \(fsunion.org.au\)](https://fsunion.org.au) [accessed 30.05.24]

<sup>6</sup> [Claims for psychological injury at work surge in NSW at triple the rate of physical harm | New South Wales | The Guardian](https://www.theguardian.com/australia-news/2024/may/30/claims-for-psychological-injury-at-work-surge-in-nsw-at-triple-the-rate-of-physical-harm)

**Recommendation 5: That contracts be conditional on finance companies providing documentation demonstrating the steps they are taking to mitigate the workplace health and safety impacts of excessive working hours.**

Indigenous and First Nations people are sorely underrepresented as workers in the finance industry. Government programs to encourage workers are often traineeships that are very low paid and are income supported. Many of these traineeships do not result in permanent jobs for workers and the jobs often dry up at the same time as the supported income funding. Finance employers have been reluctant to include additional leave types in enterprise agreements that signal supportive work environments for workers who need additional time off, for example to attend to sorry business. While many employers in the finance industry have targets to increase their indigenous workforce, few are meeting those targets.

**Recommendation 6: That contracts be conditional on finance employers having indigenous employment targets and providing details evidence of the programs they provide (and fund) to encourage and support indigenous workers into their organisation.**

The FSU appreciates the opportunity to provide input in this inquiry and would welcome an opportunity to appear at upcoming hearings.

Yours sincerely,

**Julia Angrisano**  
National Secretary  
Finance Sector Union