



UNIONSACT SUBMISSION TO THE 2020-21 ACT BUDGET CONSULTATION

ABOUT UNIONSACT

UnionsACT is the peak council representing 24 unions and over 33,000 working people, their families and communities. One hundred thousand more have their conditions of employment shaped by the work of our affiliates. More than 20,000 Canberrans support the work we do through our community campaigning.

We have a long and proud history of independently and fearlessly advocating on behalf of union members, and our mission is to improve working standards and living standards for all working people.

As the leading voice for working people in the ACT, UnionsACT is pleased to make this submission to the ACT 2019-20 Budget Consultation.

INTRODUCTION

UnionsACT's submission to the ACT Budget Consultation for 2020-21 is informed by our previous budget submissions, and the submissions of our affiliates. We refer the ACT Government and the Treasurer to our 2017, 2018 and 2019 submissions, which set out the priorities of the trade union movement in the Canberra region. We also note and support the

submissions made by our affiliates, including the CPSU, AEU and UFU.

Our core focus remains practical policies and budget measures that would:

- Materially improve workers' rights, especially the rights of vulnerable workers, young workers and women;
- Improve workplace safety, and
- Reduce disadvantage and inequality in the community.

This year's budget submission focuses on specific budget measures we believe the ACT Government must deliver to adequately ensure workers' rights and safety are upheld.

Priority areas:

- Secure jobs, rights at work and workplace safety
- Well-funded public services and public ownership
- Tackling inequality and ensuring fair taxation



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SECURE JOBS, RIGHTS AT WORK AND WORKPLACE SAFETY

Wage-theft and serious exploitation remains widespread, affecting every industry, sector and neighbourhood in Canberra. Safety at work is still a major concern with more than 3,500 workers seriously injured each year. Job security remains a major concern in both public and private sectors, with casualisation, labour hire and contracting worsening in recent years.

UnionsACT notes and welcomes the Government's achievements in the area of workplace safety and workers' rights, including:

- Passage of legislation to establish an independent workplace safety regulator;
- Implementation and expansion of the Secure Local Jobs Code;
- Introduction of reforms to improve access to justice in the Industrial Magistrates Court for workers who experience wage-theft.

Despite this, there is still a lot to do to improve job security for the approximately 50,000 insecurely employed workers in the ACT, including thousands of insecurely employed ACT public servants. UnionsACT is committed to working cooperatively with the ACT Government to improve secure employment for working people in Canberra.

UnionsACT seeks the following priorities in this area:

- Introduce a 4-year temporary Worker Safety Improvement Levy on all registered workers compensation insurance providers and brokers.

- Increase funding for the Young Workers Advice Service.
- Expand coverage of Portable Long Service Leave scheme.
- Elimination of the use of labour hire in the ACT public service.

Furthermore, we note the CPSU's has consistently advocated against the use of non-ongoing employment within the ACTPS. The use of insecure employment is a common management response to insufficient resources, for example, imposed 'savings' measures that prevent the hiring of sufficient permanent staff.

INTRODUCE A 4-YEAR WORKER SAFETY IMPROVEMENT LEVY

The ACT is the second least safe jurisdiction in Australia in which to work. It is clear that "business as usual" is not sufficient, and that a concerted investment is needed to reduce unsafe work. UnionsACT recommends the ACT Government introduce a new, temporary Worker Safety Improvement levy. This would be in addition to the recommended the existing Regulatory Funding Levy, Magistrates Court Levy, Default Insurance Fund Levy.

The levy would apply to all registered workers compensation insurance providers (we also recommend the ACT Government investigate how workers compensation insurance brokers could also contribute to the levy).

The levy should be set at an amount where it can collect approx. \$3 million per year. UnionsACT estimates that from a risk premium pool of \$175m, a levy of at least 1.7% would be sufficient. UnionsACT notes that

the total premium pool is \$265 million, which includes administration costs and profit margin.

The levy should be paid by workers compensation insurance companies, and also workers compensation brokers. Brokerage rates currently average 3.1% of the premium pool, or approx. \$5.4m in commissions paid by insurers to brokers.

The funds raised by this levy would be distributed between funding the establishment dedicated support measures within Worksafe for Health and Safety Representatives (66%) and a dedicated workplace safety awareness program (34%). The new Work Health and Safety Council can be engaged to develop a program of work for this funding, along with WorkSafe ACT.

UnionsACT also places on record that we consider the level of profits for insurance companies (\$36 million) to be unjustifiably high. Workers compensation is a compulsory product, and the profits secured by the insurance companies represents unearned, windfall rent. Given the relatively high costs of workers compensation insurance, and low competition, we believe the ACT Government should consider capping the allowable profit margin for workers compensation insurers.

Recommendation: Introduce a new, temporary 1.7% levy on workers compensation insurers for 4 years.

INCREASE FUNDING FOR THE YOUNG WORKER ADVICE SERVICE

UnionsACT research has demonstrated that young workers aged 15 to 25 are twice as likely to experience unsafe work and serious workplace exploitation. This is even more pronounced amongst international students.

UnionsACT acknowledges that the ACT Government has provided approx. \$100,000 per year in funding for the Young Workers Advice Service. However, we remain concerned that the funding allocated is not sufficient to address the vast scale of the challenge facing young workers.

UnionsACT has previously provided a detailed funding application for this program, and is seeking additional funding over five years.

Recommendation: Increase funding allocated to a Young Worker Advice Service to at least \$400,000 per year.

EXPAND COVERAGE OF THE PORTABLE LONG SERVICE LEAVE SCHEME

The Portable Long Service Scheme was established with the express intention to expand to eventually cover the entire private sector. Since it commenced, it has grown to include community services and aged care. Unions have been at the forefront of the expansion.

UnionsACT supports the expansion of the Scheme to include contract catering. The contract catering industry shares many of the characteristics of

contract cleaning and contract security, both covered by the Scheme.

UnionsACT therefore recommends that the ACT Government commence the expansion of the Scheme to contract catering and food services, in consultation with the United Workers Union.

Recommendation: include contract catering in the Portable Long Service Leave Scheme.

COMPLETELY ELIMINATE THE USE OF LABOUR HIRE IN THE ACTPS

UnionsACT reiterates our call from our 2016, 2017, 2018 and 2019 Budget Submissions for the ACT Government to improve job security in the public service by completely eliminating the use of labour hire.

We also note and strongly support the CPSU's submission and recommendations regarding the transitioning on labour hire and insecurely employed staff into permanent employment.

Recommendation: Completely eliminate the use of labour hire in the ACTPS.

WELL-FUNDED PUBLIC SERVICES

A strong civil society requires well-funded public services and public servants who have secure jobs. The ACT Government must continue to invest in

the public sector, its public sector employees, and resist regressive neo-liberal ideology that promotes outsourcing and contracting-out. UnionsACT notes and strongly supports the CPSU's submission in this regard, especially the calls for additional resourcing for WorkSafe, the Canberra Health Service, Bimberi Youth Justice Centre, the Alexander Maconochie Centre, the EPA and the Construction Occupations Registrar.

UnionsACT seeks the following priorities in this area:

- Real increases to the numbers of public servants in secure employment.
- Introduce nurse/midwife-patient ratios.
- No further outsourcing.

REAL INCREASES TO THE NUMBERS OF PUBLIC SERVANTS, IN SECURE EMPLOYMENT

Workloads and work intensification remains a major concern across the ACTPS, and the impact of restructures and "savings measures" over the past decade has resulted in the increase in insecure forms of employment. Insecure work combined with increasing workloads not only contributes to the vast unpaid overtime worked by ACT public servants, but increasingly represents a workplace health and safety hazard that causes stress and mental ill-health.

UnionsACT once again refers the ACT Government to the 2016 survey of ACT public servants, which found that 40% felt their workload "increased significantly" over the previous 18 months, with 31% feeling it was dramatic enough to damage their health.

UnionsACT calculated in 2016 that, conservatively, there are over 20,000 unpaid daily overtime hours contributing to excessive workloads for the ACT's public servants.

UnionsACT is again calling for:

- A real increase in its overall number of public servants employed by the ACT Government. This should be in sufficient numbers to materially reduce public sector workloads.
- Increased funding (in addition to the 2019-20 budget) to reduce incidence of insecure work within the ACTPS.

An additional 823-1062 new full-time positions, in addition to natural growth, could substantially and materially address the enormous workload challenge.

UnionsACT also supports the specific recommendations from the CPSU regarding additional resources for WorkSafe (an additional 30 FTE), and the Building Occupations Registrar (an additional 10 inspectors).

Recommendation: deliver real increases to the numbers of public sector workers as a means to address chronic workload issues.

Recommendation: increase funding to ensure public servants have secure jobs.

INTRODUCE NURSE/MIDWIFE-PATIENT RATIOS

Access to affordable, universal health services is essential for a fair and equal community, and

eliminating barriers to accessing quality health care must be a key priority for the ACT Government.

UnionsACT continues to support the ANMF's calls to introduce mandated minimum Nurse/Midwife-patient ratios. Excessive workloads for nurses and midwives pose unacceptable risks to patient health outcomes, and worsens workplace safety risks for nurses, midwives and other health workers.

UnionsACT recommends that the ACT Government work with the ANMF to develop mandated ratios. Increasing the number of nurses and midwives represents an investment in the health of the Canberra community.

Recommendation: introduce nurse-patient ratios, in consultation with the ANMF and health unions.

NO FURTHER OUTSOURCING

UnionsACT opposes the failed public policy trend of outsourcing, "contestability" and exotic contracting out techniques such as "design-build-maintain" in the delivery of public services and infrastructure. This regressive and undemocratic approach to delivery of public services erodes the public services' indispensable expertise and experience in the provision of policy work and service delivery.

UnionsACT repeats our calls that the ACT Government to cease outsourcing. Outsourcing relies on the disproven theory that private contractors can do the work of directly employed public servants better and at less cost.

UnionsACT is opposed to the further use of public-private partnerships and similar exotic contract types such as Total Facilities Management and “design-build-maintain”.

UnionsACT is in particular concerned at the democratic deficit associated with these forms of privatisation and outsourcing, whereby a substantial element of public administration and delivery of projects and/or services are contracted out to the private sector.

Recommendation: The ACT Government cease outsourcing, including cease any further use of public private partnerships or similar forms of contracting out.

TACKLING INEQUALITY AND ENSURING FAIR TAXATION

Despite its wealth, inequality is a growing problem in the ACT, and indeed across Australia. Inequality is a pernicious social ill that causes significant harm to large numbers of people in Canberra. It is caused by a wealth and power imbalance.

The ACT Government must use its tax and other powers to reduce inequality, through increasing progressive tax measures and reducing regressive ones. The ACT Government must also expand the number and diversity of voices that currently contribute to policy development, by structurally including workers, women, people with a disability,

indigenous people, LGBTIQ people and young people in decision-making forums.

An objective of the ACT Government should be to gradually increase the progressive own-source taxation measures to create a stronger, more stable fiscal foundation. More progressive taxation measures also assist with reducing inequality.

UnionsACT seeks the following tax priorities:

- Phasing out regressive taxes and increasing progressive taxes.
- Retain the Lease Variation Charge.
- Establish a Just Transition Fund.
- Significantly expand the EEIS and other energy efficiency policies.
- Increase the vacancy charge.
- Support establishment and profitability of cooperatives.
- Establish more progressive payroll tax tiers
- Public insurance for ambulances

PHASE OUT REGRESSIVE TAXES AND INCREASE PROGRESSIVE TAXES

UnionsACT reiterates our suggestions from our previous submissions regarding progressive taxation. Further, the ACT Government must do more to increase marginal tax rates for top income earners, and for large, profitable companies.

Levies and taxes that could be reviewed include:

- **Lease variation charge remissions:** the ACT Government must cease providing tax cuts to property developers and builders, which provide little benefits for the public but are massive windfall gains for already enormously profitable

companies. This is effectively a tax transfer from tax payers to millionaires.

- **The Fire and Emergency Services Levy:** this is a flat tax, paid by property owners regardless of property value, and is normally passed on to renters. Consideration to making this a value-based tax could address its current regressive nature.
- **Motor Vehicle Registration:** This is a flat tax paid by all vehicle owners. The tax can only be avoided by choosing not to drive a car. Consideration could be given to introducing a low-income concessional rate. (UnionsACT also notes that car registration costs could be reduced by increasing competition amongst compulsory third-party insurance companies.)
- **Investigate income-based fines:** With respect to fines (a form of regressive flat-taxation), UnionsACT suggests the ACT Government should conduct a trial of income-based fines. This concept was debated at the 2018 NSW Labor Conference, and a developed proposal was published by The Australia Institute in 2016 in a paper titled Finland's Fine Example: How to fix the regressive nature of traffic fines in Australia. While the paper does not include the ACT, UnionsACT believes that the concept merits consideration by the ACT Government, and we recommend the ACT consider a trial.

MORE TOP BANDS FOR RATES VALUATIONS

The top AUV (average unimproved value) residential band is \$600,000. UnionsACT supports increasing progressivity at the top wealth levels, especially because capital income is distributed more unequally

than labour income. Therefore, UnionsACT recommends the ACT investigate establishing a greater number of top bands for rates valuations (both residential and commercial). Taxes on real estate and land (especially high-value land) are both equitable and efficient.

CONSIDER GREATER USE OF LAND VALUE CAPTURE (BETTERMENT) TAXES AND LEVIES, ESPECIALLY ALONG THE LIGHT RAIL ROUTE

UnionsACT notes that land value capture taxes, can be an important tool to advance progressive fiscal and social outcomes, especially when used in conjunction with good governance and urban planning principles. This principle is enshrined in the Leave Variation Charge, and the ACT Government should give consideration to extending a similar charge to a zone that captures residential and commercial property on the Light Rail route. UnionsACT notes that a betterment charge was considered by the Government in 2014.

RETAIN THE LEASE VARIATION CHARGE

UnionsACT strongly supports the lease variation charge. The ACT Government must attempt to recover the full cost of providing amenity and services to private property owners. The LVC is the principle means by which the public can realise a financial benefit from changes to land lease conditions.

UnionsACT strongly supports the continuation of the Lease Variation Charge, and would oppose any efforts to remove or reduce it. We also recommend

that the use of remissions should be subject to a strict public interest test.

Recommendation: Preserve the Lease Variation Charge, and restrict the use of remissions.

EXPAND THE ENERGY EFFICIENCY SCHEMES THROUGH A COMPREHENSIVE RETROFIT PROGRAM

The dual urgencies of climate change and growing inequality make the mass retrofitting of the ACT's housing stock a moral imperative. UnionsACT strongly urges the ACT Government to invest in and mandate the improving of residential energy and water efficiency.

UnionsACT again refers to our detailed discussion paper, A Comprehensive Residential Energy and Water Efficiency Retrofit Program for the ACT released in 2016. That paper provides a thorough outline of a retrofit program that would create approx. 840 jobs and save households and the Government a substantial amount through reduced energy and water use.

UnionsACT recommends the ACT Government invest over 10 years in improving the ACT's housing stock from approx. 1.7 stars to five stars. This investment would be approximately \$63 million per year, improve the energy ratings for 100,000 homes, create 800 jobs, and save households and the Government between \$84 and 142 million per year.

Recommendation: Substantially expand the package of home

energy efficiency programs as outlined in the "Comprehensive Residential Energy and Water Efficiency Retrofit Program for the ACT" paper.

INCREASE THE VACANCY CHARGE

UnionsACT commends the ACT Government increasing the vacancy charge. This charge encourage owners of residential dwellings to make empty houses available for rent where they are not used as a residence and so increase the number of dwellings available for local Canberrans to live in.

UnionsACT recommends the vacancy charge be increased. In addition to increasing revenue, an increased vacancy charge will increase the supply of housing and contribute to tackling housing affordability.

Recommendation: Increase the vacancy charge.

ESTABLISH A JUST TRANSITION FUND

To-date, the ACT Government has not developed or adopted a Just Transition strategy. Workers in the transport, electricity & gas, waste and land-use industries will be directly affected by the ACT Government's Climate Change Strategy, and all workers will be affected by the impacts of catastrophic climate change, especially front-line emergency services and health-care workers.

UnionsACT is concerned that a transition to a zero carbon economy will not effectively transition affected workers into new and secure employment. For example, although UnionsACT supported the change to 100% renewable energy, this substantial economic shift was done with almost no consultation with workers or the community; rather it was a rapidly implemented technocratic policy, albeit one that was well-intentioned.

To help an orderly transition for workers in the affected sectors, it is proposed that a Just Transition Fund be established. The purpose of the Fund would be twofold:

- to provide funding directly to workers in the affected industries to access training; and
- to fund redeployment of affected workers into new secure jobs, through ensuring continuity of entitlements and create incentives for new employers.

A modest levy on industry over the 30-year transition period would be required to establish the Fund.

UnionsACT proposes that in line with other successful industry funds (e.g. the Training Fund Authority or Long Service Leave Authority) that the fund be governed by a tri-partite board made of Government, industry and union representatives.

Recommendation: Establish a Just Transition Fund to support workers in affected industries.

ESTABLISH PROGRESSIVE PAYROLL TAX TIERS

The ACT has a payroll tax of 6.85% for companies with a payroll of \$2 million or greater. This results in revenue of approx. \$400m to the ACT Government per year (and growing).

Payroll tax is broadly a regressive, flat tax. A regressive tax is where the rate of tax paid is the same regardless of the payee's wealth, compared to a progressive tax where the rate of tax increases as the payee's wealth increases.

In 2018, the Western Australian government introduced a tiered (progressive) payroll tax system. This created four tiers of payroll tax, covering employers with a payroll of \$850,000 and above.

UnionsACT proposes the establishment of payroll tax tiers so that larger employers pay a higher payroll tax than smaller employers. Introducing a tiered, progressive payroll tax would increase equity and efficiency of the payroll tax system.

Payroll tax is a tax paid by businesses rather than wage-earners, and an increase to payroll taxes would have less economic impact than increases to consumption-related taxes (e.g. federal GST).

Recommendation: Establish new, additional progressive payroll tax tiers.

PUBLIC INSURANCE FOR AMBULANCE SERVICES

Presently, the ACT Government requires that individuals purchase private ambulance insurance cover, or alternatively, pay the cost of the ambulance

after an emergency. This is a regressive system, that effectively forces people to purchase private (often junk) health insurance, or face paying hundreds of dollars.

Other states have a publicly funded ambulance cover, e.g. through a levy, or voluntary membership, or combination.

Recommendation: Introduce a public insurance option for ambulance services.

ADDITIONAL BUDGET MEASURES

While our core priorities remain secure jobs, workplace safety and public services, UnionsACT and working people have interests in a wide range of social and cultural areas.

CELEBRATION OF 90 YEARS OF CANBERRA'S UNION MOVEMENT

The year 2021 will be the 90th year of the founding of the Trades and Labour Council of the ACT, a historic moment when Canberra's trade union movement came together and unified.

Unions have has a profound impact on the economic, social and cultural fabric of our city. The campaigning and actions of workers in unions have made Canberra the best, most progressive, city in Australia in which to live and work.

UnionsACT believes it would be appropriate for the ACT Government to collaborate with the union movement on a celebration that honours the founding of UnionsACT. This should include specific funding for a community arts project to mark 90 years of the Canberra union movement, culminating in an exhibition of art recognising the contributions of working people and unions to the ACT.

Funding in the 2019-20 and 2020-21 financial years is sought: \$60,000 in 2019-20 for a coordinating project officer, and \$120,000 for events marking the 90th anniversary including the arts project.

CONTINUE TO SUPPORT LABOUR DAY

Approximately 4000 people attended the Union Picnic and Labour Day Festival this year. UnionsACT welcomed the sponsorship from Events ACT that helped ensure the event was a success.

UnionsACT is seeking an ongoing five year sponsorship commitment for the Labour Day Festival, at a value of \$40,000 per year.

BREAD AND ROSES SCHOOLS PROGRAM

UnionsACT is seeking support for a program in 2019 to promote awareness of the Eight Hour Day, through the planting of commemorative rose bushes in public schools.

We are seeking ACT Government support for this program, by providing funding of \$9,000. The funding would assist with the purchase, planting and maintenance of a ceremonial rose bush at each

school in Canberra, including installation of an explanatory plaque.

FUND A CITIZEN'S JURY ON THE QUESTION OF THE ACT'S MOTTO

UnionsACT believes that relevance of the ACT's motto, "For the Queen, the Law, and the People", should be considered as part of the ACT Government's commitment to participatory democracy.

A citizen's jury should consider whether the motto is relevant for the ACT. The jury should also consider whether it is appropriate to change the motto via a referendum.

INVESTIGATE THE ESTABLISHMENT OF AN INSTITUTION FOR PROMOTING SOCIAL, ECONOMIC AND CULTURAL DEBATE, WRITING AND IDEAS

Canberra is home to Australia's national cultural institutions, but has no institution dedicated to the promotion of uniquely Canberran ideas, or develop and celebrate economic, social and cultural debates. An institution dedicated to fostering broad public engagement in social, economic and cultural ideas, writing and debate would be of incalculable benefit to Canberra, as well as foster greater collaboration

between the many disparate ACT-focused and national organisations, institutions and groups active in the ACT, e.g. universities, innovation hubs, literary/books and arts shops, unions, and civil society groups.

UnionsACT recommends that the ACT Government provision funds to conduct a feasibility study into the establishment of such an institution.

Authorised by A White, 11 London Circuit, Canberra 2600.

Trades & Labour Council of the ACT **ABN 31 724 041 495**

UnionsACT acknowledges that Canberra has been built on the land of the Ngunnawal people.

We pay respect to their Elders and recognise the strength and resilience of Aboriginal and Torres Strait Islander peoples.