

16 October 2015

Andrew Barr
Treasurer
GPO Box 1020
CANBERRA ACT 2601

Dear Treasurer, *Andrew*

ACT BUDGET 2016 CONSULTATION

UnionsACT is the peak council representing 24 unions and over 33,000 working people, their families and communities. 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 contribute to the 2016 Budget Consultation. Our submission is principally focused on reducing inequality and improving social inclusion, and we view the ACT Government as an essential partner in our historic work.

UnionsACT's recommendations in this submission will form the basis of our ongoing public advocacy work for the 2016 calendar year and beyond. In particular, UnionsACT's priority areas include precarious work, the creation of secure jobs, and strengthening the voice of working people in decisions that affect workers. UnionsACT has consulted with our affiliates, and we support the submissions and recommendations made by a range of unions, including the CPSU, ANMF and AEU.

UnionsACT also supports in principle the submission made by the ACT Council of Social Services, especially with regard to increased funding for housing and homelessness services.

Should you wish to discuss this submission further, please contact me on alexwhite@unionsact.org.au or 02 6225 8116.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alex White', written over a horizontal line.

Alex White
Secretary
UnionsACT



**Input into the 2016-17 ACT
Budget**

**Chief Minister and Treasury
Directorate**

October 2015

www.unionsact.org.au

UnionsACT is the peak body of trade unions in the ACT. We represent 24 affiliated unions and over 33,000 union members in both the private and public sectors. As the leading independent voice for working people, UnionsACT is in a good position to offer the ACT Government advice and support about issues affecting both the public and private sector workforces. We appreciate and welcome the opportunity to provide input to the ACT Government Budget consultation process.

UnionsACT has consulted with affiliates and supports the submissions made by the affiliates, including the CPSU, ANMF, and the AEU, to this Budget process. We have also held discussions with a number of community sector peak bodies coordinated through the ACT Council of Social Services. UnionsACT supports in principle the ACTCOSS recommendations for developing a 'whole-of-government' approach to providing housing to address homelessness and housing affordability, and it is suggested that the government expand its consultation to include unions.

UnionsACT broadly supports the Government's four strategic priorities:

1. Economic Growth and Diversification;
2. Enhancing Liveability and Social Inclusion;
3. Suburban Renewal and Better Transport; and
4. Health and Education investment.

This submission predominantly will assist the Government to identify key spending and revenue reforms relating to the second strategic priority, enhancing liveability and social inclusion.

Although this submission does not address the issue of health and hospital funding, UnionsACT foreshadows that affordable, accessible and well-funded universal healthcare is, and will remain, a major priority area in 2016 and beyond; UnionsACT notes and supports the ANMF's comments regarding the ACT Government's past commitments and investments into public health.

Summary of recommendations

Precarious work and use of labour hire

Recommendation:

ACT Government work with unions to develop strict guidelines for phasing out use of labour-hire, to be replaced by directly employed workers.

Recommendation:

End outsourcing in the ACT public service.

Recommendation:

Review the use of temporary migrant worker visas in all public sector areas, including in hospitals and on major projects. Consult with unions to focus on local workers' qualifications and labour market testing.

Job security

Recommendation:

Government continue its ongoing commitment to no reductions in the size of ACT public service.

Recommendation:

Require 10% minimum quota of apprentices and trainees on capital works funded by ACT Government.

Establish a unit to coordinate apprentices and trainees across the ACT Government.

Recommendation:

Work with unions to establish an Independent Student Worker Advice Centre to support students to understand their legal rights as workers and to settle work-related disputes.

Recommendation:

Include employee representation on all government owned and controlled corporate entities to support creation of high wage jobs, fair competition and innovation.

Recommendation:

Establish a tripartite consultative body for the transport/taxi industry, involving the ACT Government, taxi and 'on demand' industry, and unions, as the new Taxi Industry Reforms are phased in.

Recommendation:

Amend the terms of reference of the ACT Climate Change Council to include a designated workers' representative.

Family friendly work

Recommendation:

Provide co-located and subsidised childcare facilities at all new government offices with greater than 500 employees.

Social equity

Recommendation:

Parking permits for low-paid, shift workers, with consultation from unions to determine most effective way to deliver permits (e.g. provide certification from registered organisation).

Recommendation:

Significantly expand the Energy Efficiency Improvement Scheme.

Recommendation:

Reduce the use of regressive, fixed taxes and charges, and where they are used, provide concessions for low-income workers.

Recommendation:

No further use of Public-Private Partnerships in the ACT.

Recommendation:

Increase the supply of government-built public housing and increase funding for housing services.

Recommendation:

Include specific and meaningful annually reportable outcomes as part of the Social Inclusion and Equality Statement for the 2015-16 ACT Budget.

Work health and safety and workers' compensation

Recommendation:

Hypothecate savings in premiums realised by exiting Comcare to a fund dedicated to improving workers' health and safety, to prevent future injuries and enhance return to work outcomes. A statutory authority should be established for overseeing this fund, with union participation.

Precarious work and use of labour hire

Replace ACT public service labour-hire workers with directly employed workers

There are several well documented problems that labour-hire arrangements create for workers. Labour-hire arrangements obfuscate the employment relationship; ambiguities surround who is responsible for workers' health and well-being.¹ Labour-hire workers also suffer from job insecurity and unreliable income, causing difficulties for budgeting, supporting families, attaining mortgages or even committing to further education or career advancement.²

The ACT Government can attain required levels of workforce flexibility by replacing public service labour-hire workers with directly employed fixed term employees. Additionally, use by the ACT Government of labour hire workers is counter to the government's goal of creating high wage employment in the ACT. UnionsACT and public sector unions can assist the Government to improve workforce planning, phasing out the use of labour hire workers entirely in the public service.

Recommendation

ACT Government work with unions to develop strict guidelines for phasing out of use of labour-hire, to be replaced by directly employed employees.

End outsourcing in ACT Public Service

UnionsACT notes that the ACT Government outsources a range of government functions, including cleaning, security and IT/ICT. UnionsACT also acknowledges and supports the steps taken by the ACT Government over a number of years to increase the use of permanent and direct employment in areas of the public service.

Outsourcing from government employees to private contractors relies on the theory that private contractors could do it better and at less cost. Yet, with private sector contracts, there is always an incentive to extract a margin of profit from the transaction, often derived from cutting costs, often to the

¹ Hall, R. 2006. 'Temporary agency work and HRM in Australia: "Cooperation, specialisation and satisfaction for the good of all"?' *Personnel Review*, 35(2):158-174.

Underhill, E. 2010. 'Should host employers have greater responsibility for temporary agency workers' employment rights?' *Asia Pacific Journal of Human Resources*, 48(3):338-335.

² Nollen, S. 1996. 'Negative aspects of temporary employment' *Journal of Labor Research*, 17(4):567-582.

Underhill, E. and Quinlan, M. 2011. 'How Precarious Employment Affects Health and Safety at Work: The Case of Temporary Agency Workers' *Relations Industrielles* 66(3): 397-421.

detriment of quality. Furthermore, preparation of tenders and the negotiation of the contract both present transactional costs that would not exist without outsourcing. Thus, even if outsourcing reduces costs for government, this may not equate to a social welfare gain. 'Cost savings' from outsourcing are achieved by transferring the costs from government to the workers and communities through:

- 'wage reductions;
- increased work intensity;
- reduced service quality;
- cost-shifting; and the
- abandonment of community service obligations.¹³

For Government outsourcing of public services to be justified, the efficiency gains would have to be sufficiently large to offset these additional costs. However empirical evidence flies in the face of this assumption. A 2005 World Bank global review into the efficiency of public and private utilities concluded that: 'Most cross- country papers on utilities find no statistically significant difference in efficiency scores between public and private providers.'⁴

In the light of their unjustified costs and the serious impact on workers, UnionsACT urges the government to phase out the use of the outsourcing within the ACT public service and other government areas (e.g. health and education). The provision of public services is best left to the public sector. This ensures the best outcomes for the workers themselves as well as the best efficiency gains for the community.

UnionsACT is happy to discuss with the government how this policy could be phased in.

Recommendation

End outsourcing in the ACT public service.

Review use of temporary migrant worker visas in all public sector areas

Temporary migrant visas are being used in place of training local workers in Australia. The use of temporary migrant workers by employers also reduces the quality of jobs for local qualified workers, and creates a class of precarious workers that live with the threat of deportation if they experience and complain about workplace concerns.

The use of the 457 visa and variations of it have long proved invaluable to Australia and other economies in addressing skill shortages in the workforce.⁵ However, the facility is being abused, as employers can access workers on migrant visas 'without any reference to whether there is a skill shortage in the

³ Quiggin, J. 1996. 'Competitive tendering and contracting in the Australian public sector' *Australian Journal of Public Administration*, 55:49-58. p.49.

⁴ Estache, A., Perelman, S. & Trujillo, L. 2005. Infrastructure Performance and Reform in Developing and Transition Economies: Evidence from a Survey of Productivity Measures. World Bank Policy Research Working Paper 3514, February 2005. p.21.

⁵ Howe, J. 2013. Is the net cast too wide? An assessment of whether the regulatory design of the 457 visa meets Australia's skill needs. *Federal Law Review*, 41: 443-469.

field or not'.⁶ Employers' ability to access workers on temporary migrant visas can be a deterrent to investing in training for workers on the domestic labour market.⁷

Moreover, when employers can use temporary migrant workers they are less inclined to raise wages or improve working conditions to enhance job quality, which would then attract an improved supply of local skilled workers.⁸

The use of temporary migrant visas by the ACT government in the hospital sector and on major public works is a short-sighted approach to filling vacancies. While positions may be filled in the short-term, important labour market skills are being eroded in the long-term as local workers are not being attracted to those jobs, nor are they trained to do the work. At a minimum the Government should consult with unions when conducting labour market testing and focus on qualifications before using temporary migrant workers.

Where temporary migrant labour is used, the ACT Government should act as a model employer by establishing pathways to permanence, both permanent residence and permanent employment.

Recommendation:

Review the use of temporary migrant worker visas in all public sector areas, including in hospitals and on major projects. Consult with unions to focus on local workers' qualifications and labour market testing.

Job security

Ongoing commitments to no reduction in size of the ACT public service

UnionsACT acknowledges and supports the ongoing commitment by the ACT Government to maintain local public sector jobs, especially given the severe job cuts in the Federal Public Service. UnionsACT supports the recommendations made by CPSU for the ACT government to commit to no cuts to ACT public service staffing levels, and to not fund additional services in the ACT public service through cuts to administrative staff.

As the Chief Minister acknowledged through his delaying of the surplus in last year's budget, times of soft economic conditions are not suitable for fiscal consolidation. Any suggestion of reducing the size of the ACT public service in the 2016-17 budget would only further aggravate the fragility of the ACT's economic climate, as well as reduce the quality of its outcomes. Public Administration and Safety accounts for a 34.5% share of the ACT economy, vastly more than the 6.3% share at national level.⁹ This renders the ACT economy very sensitive to changes in the funding of the ACT public service, reiterating that it is imperative no cuts be made here. Conversely, it would

⁶ Kinnaird, B. (2006). Current issues in the skilled Temporary Subclass 457 Visa. *People and Place*, 14(2): 49-65.

⁷ Toner, P., & Woolley, R. (2008). Temporary migration and skills formation in the trades: A provisional assessment. *People and Place*, 16(3): 47-57.

⁸ Junankar, P.N. (2009). *Was there a Skills Shortage in Australia?* IZA Discussion Paper 4651. Bonn: Institute for the Study of Labor.

⁹ https://www.stgeorge.com.au/content/dam/stg/downloads/report-centre/eco_reports/ACT%20Economic%20Outlook%20-%205%20May%202015.pdf

suggest that continued funding of the ACT public service could contribute to recovery of the ACT economy through sustained demand.

Recommendation:

Government continue ongoing commitment to no reductions in the size of ACT public service.

Require minimum levels (10%) of apprentices and trainees on capital works funded by ACT Govt.

In 2014 the ACT Government employed extremely low numbers of trade apprentices, with only 27 apprentices among the 20,000 ACT Government employees across the sector. There were only four directorates with apprentices, TaMS, LaPS, JaCS and Health. These apprenticeships are managed on an ad hoc basis by the individual departments. There is a need for proper co-ordination of apprenticeships across the ACT Government.

It is predicted that over the next five years, there will be only 125 new entries to the job market, for every 100 job market retirements.¹⁰ This marks the highest ratio of retirements to new entries in Australia's history. Meanwhile, the number of students exiting the education system is projected to remain constant until 2020, only to improve again in 2023.¹¹ Left unchecked this trend has the potential to cause a serious skill shortage in the construction and other industries where trainees and apprentices are required.

In 2005 the CFMEU put forward the need for training quotas on Government funded projects, as a measure to reduce skill shortages in 'Apprentices - Building Australia's Future'. A quota applied to Government funded capital works will help safeguard against skills shortages in the future.

UnionsACT reiterates its recommendation from 2014 to establish a 10% minimum quota for apprentices and trainees on all capital works funded by the ACT Government. UnionsACT notes and welcomes the commitments made regarding Capital Metro.

Apprenticeships and traineeships should also be properly coordinated across the ACT Government. Funding should be allocated to establish a unit to manage the program, similar to the existing Public Service Graduate program. The unit would need to monitor the progress of apprentices and trainees, ensure curriculum opportunities, coordinate directorate based management, and engage unions. Improved coordination of apprentices and trainees would also give ACT Government better access to the group training companies in the ACT, and thus better access to apprentices for shorter term projects.

Recommendations:

Require 10% minimum quota of apprentices and trainees on capital works funded by ACT Government.

Establish a unit to coordinate apprentices and trainees across the ACT Government.

¹⁰ Deloitte 2011. Building the Lucky Country #1. Business Imperatives for a Prosperous Australia. Where is your next worker? : Deloitte Australia. p.6.

¹¹ ABS, Births, Australia, 3301.0

Fund support for student workers

Student workers, in particular international students, are one of the most likely groups to experience exploitation in the workplace, as well as one of the most ill-equipped to deal with it. A recent study found that approximately 25% of young workers are paid 'cash in hand', and do not receive the workplace rights that are mandated by ACT and federal laws.

A 2013 survey conducted by United Voice found that 60% of international students were earning less than the minimum wage, with seventy-nine percent stating that they knew little or nothing of their rights at work. Even the students who were aware of their rights found they did not have resources available to help them. Those who were referred to the Fair Work Ombudsman found there were limited resources and operational scope to assist them.

There have been several high profile scandals regarding serious and systemic abuses of workplace rights and safety, affecting students and international students. This includes the 7-Eleven and United Petroleum scandals, and locally serious underpayments of employees working at Crust Gourmet Pizza, and other local retail/hospitality establishments.

International students and education represent the largest export industry in the ACT. As a service industry, it is important that international students not only receive a high quality education from the institution they attend, but that their rights as workers are maintained. Negative experiences in other jurisdictions in the international student market, regarding safety, bullying and discrimination, resulted in sharp decreases in international student demand, and prompted parliamentary inquiries throughout the 2000s. The ACT Government should take proactive steps to ensure the wellbeing, safety and rights of international students are protected.

There is currently no easily accessible *specialist* industrial relations advice available to student workers. Not only does the lack of support adversely affect current cohorts of students, it also entrenches a culture of exploitation amongst young workers.

UnionsACT proposes the creation of an Independent Student Worker Advice Centre, with two core aims:

1. Raise awareness surrounding workplace safety and rights through educational and outreach programs; and
2. Provide the legal advice and resources needed to amicably settle disputes.

Such a service would cooperate with the services already providing general legal advice to young people and students, including the CLC and university-provided legal support services. It is again noted that workplace, safety and industrial law is a highly specialised field that is not adequately catered for.

There are equivalent programs in both Victoria and South Australia, with South Australia's 'Youth Worker Legal Service' showing unfair dismissal, underpayment of wages and workplace bullying (representing 36%, 16% and

11% of client claims respectively) to be the most prevalent workplace issues facing this demographic. In monetary terms, it has won over \$100,000 a year on average over the twelve years the program has been running.

With census data showing the ACT to have a higher proportion of young (15-29) workers than both SA and the national average, introduction of a similar policy is, if anything, only of greater relative significance in the ACT than elsewhere in Australia.

UnionsACT costs its program at \$291,480 per annum over three years, which given the efficacy of the precedent set in South Australia presents it as a cost-effective avenue to rectify some of Australia's most pervasive exploitation.

Recommendation:

Work with unions to establish an Independent Student Worker Advice Centre to support students to understand their legal rights as workers and to settle work-related disputes.

Support creation of high wage jobs and innovation

UnionsACT is well positioned to assist the ACT Government with its objective of building fair competition, innovation and high wage jobs for ACT workers.

For instance, the ACT government has assisted in the establishment the CBR Innovation Network to accelerate innovation and maximise wealth creation in the ACT. UnionsACT supports in principle the goals of this Network and can offer meaningful contributions to Network innovations, for example by formally representing ACT employees within the Network.

Additionally, UnionsACT notes and supports the ACT Government's strong investment in renewable energy and the broader renewable sector. The transition from fossil fuels to renewables represents one of the largest structural economic changes in Australia's history, and UnionsACT believes that workers must be involved in decisions regarding their future, and in the ACT Government's response to climate change. For the economic transition to be just, workers' voices must be heard, and workers displaced from traditional industries and sectors must receive support.

UnionsACT notes with concern that the ACT Climate Change Council terms of reference includes specific representation for business interests, but not workers' interests. Workers' voices should be formally represented on this important advisory council.

UnionsACT also has an important role to play in discussions regarding the entry of Uber and other 'on demand' transport app services to the transport market in the ACT. Indeed, the current proposed introduction of Uber into the ACT economy poses a threat to the Government's aims of high-wage job creation.

UnionsACT notes that Uber has a corporate history in other jurisdictions of operating unlawfully and expending significant lobbying resources to intimidate governments to legalise its operations. UnionsACT acknowledges the steps the ACT Government has taken with regard to extending workers

compensation protections to some drivers of 'on-demand' transport services. UnionsACT is nonetheless concerned that the cost to the community of the deregulation of the taxi industry will include the ACT Government foregoing \$2 million per year in license fees.

Uber is purported to be on average 40% cheaper per trip than a taxi.¹² The price difference achieved by Uber is principally achieved by pushing business costs and risks to individual drivers, for example, license fees, car purchase and maintenance, fuel and insurance. UnionsACT notes that the ACT Government is proposing to reduce plate license fees for the taxi industry.

As UnionsACT noted during the Taxi Innovation Review consultation, unions would appreciate the opportunity to engage with Uber and taxi industry representatives to ensure there are adequate protections for their drivers, including minimum rates/fares and workplace safety provisions.

As further regulatory steps are introduced in line with the ACT Government's announcements, it is important that the Government facilitate tripartite consultative mechanisms to ensure that the rights of workers continue to be upheld, and that competition within this industry is on a level playing field, delivering the best outcomes for workers and the community into the future.

As these examples illustrate, UnionsACT has an important role to play in supporting the ACT Government to deliver innovations through the creation of high wage jobs.

Recommendation:

Include employee representation on all government owned and controlled corporate entities to support creation of high wage jobs, fair competition and innovation.

Recommendation:

Establish a tripartite consultative body for the transport/taxi industry, involving the ACT Government, taxi and 'on demand' industry, and unions, as the new Taxi Industry Reforms are phased in.

Recommendation:

Amend the terms of reference of the ACT Climate Change Council to include a designated workers' representative.

Family friendly work

Improve access to childcare services, e.g. co-located and subsidised childcare facilities at all new govt. offices greater than 500 employees

It is the role of the government to ensure that equal opportunity is afforded to the entire workforce. To this end, the government should strengthen steps to correct the gross disparity in lifetime earnings between men and women by taking further steps to be a model employer for women.

¹² Belor, H. & McIlroy, T. 2015. Uber's arrival in Canberra praised by Choice. *Canberra Times*, 30 September, 2015.

UnionsACT supports the many practical steps the ACT Government has taken to close this gap within the ACT public service, noting that the ACT Government as an employer is the best performing government in Australia on this metric.

The Productivity Commission Inquiry into Childcare and Early Childhood Learning found that lack of access to, and affordability of, childcare played a major role in the underemployment of women.¹³ The ACT Government has the opportunity to further redress both these obstacles to the full utilisation of female workers. This would be through the expanded provision of co-located and subsidised childcare facilities at government offices greater than 500 employees, which would bring positive outcomes for all parties involved.

UnionsACT acknowledges and supports the establishment of childcare facilities at the Gunghalin public service office. We note that the establishment of this facility is viewed very positively by employees, the community and unions. We ask that this initiative is expanded to benefit more government employees.

Recommendation:

Provide co-located and subsidised childcare facilities at all new government offices with greater than 500 employees.

Social equity

Parking permits for low-paid shift workers

Numerous reports, including by the ACT Council of Social Services has found that low income households in the ACT spend significantly more, up to double, of their weekly household income, on living expenses, compared to households in the highest income quintile.¹⁴ Costs for working people of travelling to and from work is of particular concern for UnionsACT.

One policy that can efficiently deliver improved outcomes for workers in this category is the introduction of a 'Low-paid worker's parking permit' for workers on minimum wage and shifts to receive free or discounted parking. This represents an opportunity for the Government to improve outcomes for low-income households at a very low cost. Further consultation with unions would help determine the most effective way to deliver permits, so as to maximise the utility at a minimal cost to the government, whilst preventing the possibility of abuse. For example, the permit application could require a statement from a registered organisation certifying that the worker is paid on an award or is a shift worker.

Recommendation:

Parking permits for low-paid, shift workers, with consultation from unions to determine most effective way to deliver permits (e.g. provide certification from registered organisation).

¹³ Productivity Commission 2014. Childcare and Early Childhood Learning: Inquiry Report No.73, 31 October 2014. Australian Government Productivity Commission.

¹⁴ ACTCOSS 'Anything but average: Understanding rental housing affordability in Canberra' Submission for Anti-Poverty Week, 2015. p.7.

Expand Energy Efficiency Improvement Scheme

Reducing energy use in the residential sector has been identified by the ACT Government as a key strategy for achieving its greenhouse emission reduction targets, as outlined in the 2012 climate change strategy Action Plan (AP2). This can be substantially achieved by expanding the Energy Efficiency Improvement scheme to be a comprehensive retrofit program.

The ACT Government's recent announcement of an extension of the Energy Efficiency Improvement Scheme to 2020 is a welcome step and represents an important source of funding for efficiency upgrades, but it needs to go further, exploring opportunities for adopting innovative low-cost financing models such as Environmental Upgrade Agreements (EUAs) for funding integrated efficiency and renewable energy upgrades.

UnionsACT estimates that expanding the EEIS to be a comprehensive home retrofit program will create as many as 840 jobs over 10 years, 760 (net) of which will be ongoing. These jobs will include electrical and plumbing trades, which will also stimulate demand for apprenticeships and training, with more than 40 percent of jobs being semi-skilled, opening up opportunities for unemployed workers.

Comprehensive residential energy and water efficiency delivers a 'win-win-win' outcome for people, the economy, and the environment. UnionsACT estimates that ACT householders could save up to \$1,360 on their annual energy bills for a \$6000 upfront cost, with targeted assistance for low-income and disadvantaged households ensuring all ACT householders benefit. This would address the issue of energy poverty for low-income households.

Low-income and disadvantaged households are more likely to live in poor quality homes, rely on cheaper, inefficient (and hence costly to run) appliances and spend over double the percentage of their income on energy. For rental properties the Energy Efficiency Rating is not comprehensive, nor is it widely advertised in the rental market. The combination of 'reasonable excuse' and poor enforcement means market mechanisms are ineffective, thus most properties are not advertised with an EER rating, so there are limited incentives for landlords to invest.

The combined impact of poor quality housing and recent price rises can be seen in the growth of the ACT government concessions budget, which has increased nine percent a year over the past five years to nearly \$50 million in 2013-14. A significant proportion of this assistance - \$12 million - goes to discounts on energy and gas bills for 28,500 ACT concession card-holding households. Expansion of the Energy Efficiency Improvement Scheme would create material cross-budget savings.

Recommendation:

Significantly expand the Energy Efficiency Improvement Scheme.

Reduce regressive, fixed taxes and charges

UnionsACT notes that the ACT Government has implemented many progressive taxation measures in recent years, and we support the Government's stated goal of ensuring a fair, equitable and efficient tax system. UnionsACT also acknowledges that substantial pressure on the ACT Budget in light of federal government funding cuts and the Mr Fluffy asbestos disaster.

In its 2015 budget, the ACT Government telegraphed its interest in increasing the efficiency of its tax system through reductions to stamp duty and insurance taxes (with both to be phased out completely in 20 years and by July 2016 respectively), while increasing the rates on a raft of other tax measures and charges.

In this respect, it appears that the Government has sought efficiency at the expense of equity. Some of the taxation measures introduced in the previous budget represent a shift toward a less progressive taxation policy. The emphasis on efficiency assumes the fallacy that efficiency of the tax system is intrinsically more important than equity.

UnionsACT urges the government to strike a more equitable balance in its appropriations in the 2016 Budget. Possible measures would include introducing low-income concessions to compensate for increases to the Fire and Emergency Services Levy; cost of motor vehicle registration as well as parking fees. Compensation is imperative as all three of these charges are regressive in nature, impacting disproportionately on low-income households.

To compensate for the reduction in government revenue from the scaling down of these regressive taxation measures, there should be increases in the rates of progressive charges, such as the general rates, and the non-fixed charge of the land tax. Increases to these levies would maintain the equity balance that protects the territory's most vulnerable. Importantly, there is no reason to believe that further increases to these rates in place of the alternative regressive rates poses any substantial efficiency cost.

Recommendation:

Reduce the use of regressive, fixed taxes and charges, and where they are used, provide concessions for low-income workers.

No further use of Public-Private Partnerships

Governments are better placed to fund a portfolio of public good projects in pursuit of public good goals and absorb the risks associated with individual projects than the private sector. Public-Private Partnerships (PPP) were devised as an accounting trick to conceal borrowings, a form of off-balance sheet financing for governments.¹⁵

While there are instances where private construction and private operation can be more cost effective, there is no instance where private financing costs, which incorporate a profit margin, will be lower than the government cost of funds. Additionally, PPPs involve a range of additional inefficiencies, including

¹⁵ Hall, D. 2015. Why Public-Private Partnerships don't work: The advantages of public alternative. Public Services International Research Unit, University of Greenwich.

higher borrowing costs, operating costs, introduction of a profit motive, and substantial costs associated with administration of the PPP bid and contract.¹⁶ Additionally, in instances when PPPs fail, the government bears the ultimate risk.

UnionsACT and the Australian union movement has had a longstanding and well-known concerns regarding the use of PPPs. UnionsACT is therefore opposed to any further use of PPPs in the ACT beyond the projects already announced.

Recommendation:

No further use of Public-Private Partnerships in the ACT.

Support increased funding for housing services, public housing and supply of affordable housing in the ACT

Affordable, accessible housing should be considered a basic right for all people in the ACT. Previous UnionsACT budget submissions, for example in 2014, noted that low-income workers are especially affected by the lack of affordable housing in the ACT.

UnionsACT supports in principle the measures proposed by ACTCOSS to be able to meet the needs of the community who require housing, or affordable housing. An increase in funding for homelessness and accommodation services will ensure there is a safety net strong enough to empower even the most disadvantaged members of our society. UnionsACT supports the ANMF's budget submission which noted that social determinants of health are particularly impacted by housing.

The provision of dwellings should be a core element of the ACT Government's business. Consideration should be given by the government to amending the ACT Human Rights Framework to include the positive right to housing.

The ACT Government should increase the supply of government-built public housing. Adequate public housing would exert downward pressure on prices and afford all ACT citizens the dignity they deserve, to have a roof over their head.

UnionsACT also recognises that achieving an end to homelessness will require 'whole-of-government' cooperation. The problem of entrenched homelessness is more often than not multi-faceted, and will require a response beyond what ACT Housing is capable of delivering on its own.

While noting that the 2015 Budget included substantial investments in funding for public housing renewal, and that the Federal Liberal Government has substantially reduced funding to this area, UnionsACT considers that more must be done to address housing affordability and homelessness.

UnionsACT also supports the required increase in funding for homelessness services as a means of increasing the amount of affordable and accessible rental housing within the ACT. Preference should be given to funding services

¹⁶ Hall, D. 2015. Why Public-Private Partnerships don't work: The advantages of public alternative. Public Services International Research Unit, University of Greenwich.

that provide direct support to individuals and families experiencing housing affordability issues or homelessness.

Recommendation:

Increase the supply of government-built public housing and increase funding for housing and homelessness services.

Reporting on social inclusion and equality

The ACT Budget includes a statement for Social Inclusion and Equality. UnionsACT fully supports the Government's commitment to building inclusive communities and supporting vulnerable residents and workers. The statement should become one of the principle documents guiding the work of the government.

To support these initiatives UnionsACT would like to see the statement expanded to include specific outcomes achieved in:

- countering violence against women and children (e.g. funding provided to domestic violence services and numbers of services available);
- living with disability (e.g. places for students with disabilities and respite care hours provided);
- children and families (e.g. annual investment in 'A Step Up for Our Kids');
- housing, homelessness, transport (e.g. number of people living in public, subsidised housing);
- law and justice (e.g. numbers of people who have successfully transitioned from custody to permanent work in the community);
- lesbian, gay, bisexual, transgender, intersex and queer community (e.g. numbers of incidents of discrimination against LGBTIQ reported);
- Aboriginal and Torres Strait Islander people (e.g. numbers of people incarcerated);
- health (e.g. beds available for mental health);
- education (e.g. new introductory English Centre places provided compared to numbers of children requiring this service);
- reducing precarious work (e.g. numbers of workers in permanent work and in insecure work)

Recommendation:

Include specific and meaningful annually reportable outcomes as part of the Social Inclusion and Equality Statement for the 2015-16 ACT Budget.

WHS and Workers Compensation

Reinvest savings from Comcare exit to support better work health and safety for workers

The ACT Government has proposed a scheme that will replace Comcare for ACT public servants. UnionsACT acknowledges the ACT Government's commitment to engaging with unions on the principles and details of a replacement scheme. UnionsACT recommendations in this submission should

not be viewed as the position of unions involved in ongoing discussions regarding the new scheme.

The proposed scheme brings to the fore the importance of effective rehabilitation and return to work efforts. UnionsACT agrees with the spirit of the ACT Government objective to enhance work safety and promote recovery and return to work. This is an important objective. The Comcare scheme, of which ACT public servants are members, currently has the worst durable return to work outcome of any Australian workers' compensation scheme.

Return to work outcomes are contingent on the structure of the scheme. The Australian Rehabilitation Providers Association has concluded that:

Any change in benefits alone - without subsequent workplace rehabilitation services to ensure that nonmedical barriers to return to work are mitigated - will not impact positively on return to work outcomes... Negative influences for return to work include poor workplace relationships, lack of respect for the employer, the worker's beliefs regarding their injury, the overzealous involvement of partners and advice from medical providers that sanction incapacity or dependence on treatment. These are known as bio-psycho-social factors. An injured worker who suffers from one of the above will be no more likely to return to work even if their benefits are reduced.¹⁷

It is imperative, therefore, that any savings realised in reduced premiums by transferring from the Comcare scheme to a new public sector workers compensation scheme are hypothecated to supporting workers' rehabilitation and return to work.

UnionsACT recommends that the ACT Government establish a workers' health and safety fund (which could be called 'ACTCare') into which premium savings gained as a result of the exit from Comcare should be securely held. This will ensure that any savings are redirected to preventing workplace injuries and improving rehabilitation and return to work outcomes. This in turn will continue to improve the scheme outcomes, which will be a win-win outcome for all ACT government employers and employees. Importantly, the 'ACTCare' fund should not be used to subsidise insurer expenses. It should be dedicated to advancing workers' health and safety outcomes.

A worker's health and safety fund could offer funding to government agencies and social service organisations for activities that prevent injuries and support return to work, such as:

- workers' health and well-being initiatives;
- pre-emptive training and education for workers in high risk occupations who are unlikely to be able to remain in their profession for the long-term; and

¹⁷ Australian Rehabilitation Providers Association - NSW 2012. Response to the NSW Workers Compensation Scheme Issues Paper. p.4.

- work health and safety leadership training for management and directors.

UnionsACT recommends that savings realised from reduction of premiums are hypothecated into the workers' health and safety fund, at least for the first three years after 'ACTCare' is established. Then, in subsequent years, a percentage of premiums could be diverted to this fund. These details should be determined in close consultation with unions.

Importantly, this fund should have its own statutory authority, with a dedicated governance structure to ensure expertise and knowledge are retained. UnionACT and public sector unions should have membership of the governance structure. Existing models that the ACT Government could examine include the NSW Dust Disease Authority, and the ACT Long Service Leave Authority.

Recommendation:

Hypothecate savings in premiums realised by exiting Comcare to a fund dedicated to improving workers' health and safety, to prevent future injuries and enhance return to work outcomes. A statutory authority should be established for overseeing this fund, with union participation.