



ASU Submission

Department of Treasury

2023-24 Pre-Budget submissions

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Contents

The ASU.....	3
Key recommendations overview	3
Social and Community Services	3
Housing and homelessness.....	3
National Disability Insurance Scheme.....	3
Local Government.....	4
Superannuation	4
Energy Transition Authority	4
Restoring respect to social and community sector.	5
Urgent action needed to support housing and homelessness services.	8
Making the NDIS the best it can be.	10
Local government funding.	15
Superannuation must be paid on government funded parental leave.....	18
A federally funded Energy Transition Authority.	18

The ASU

The Australian Services Union ('ASU') is one of Australia's largest unions, representing approximately 135,000 members. ASU members work in a wide variety of industries and occupations in both the private and public sector.

Key recommendations overview

Social and Community Services

Recommendation: All tenders in the community services sector, regardless of the government funding source, should be underpinned by a minimum 'floor price' designed to ensure the sustainability of the community services sector.

Recommendation: Funding for all community services sector grants, regardless of the government funding source, should include funding specifically for portable accrued entitlements, including long service leave, annual leave, and redundancy entitlements for all employees, regardless of the nature of their engagement.

Recommendation: Government procurement & grant policy should be used to ensure secure work arrangements in community sector tendering processes.

Recommendation: Sustainable funding cycles of at least 6-year service agreements should be introduced for all community sector procurement, regardless of the government funding source.

Housing and homelessness

Recommendation: Ongoing funding for the housing and homelessness sector tied to the legal minimum wages provided by the 2012 Equal Remuneration Order, which lifted the wages of homelessness workers to reflect the value of their work.

Recommendation: Funding cycles should be set at a minimum 6-year term for all community services, including the National Housing and Homelessness Agreement.

National Disability Insurance Scheme

Recommendations:

1. NDIS pricing assumptions should be reformed and appropriately funded so that the NDIS pricing arrangements:
 - a) encourages permanent employment, including full-time employment;
 - b) reflects the true cost of disability support work (including appropriate classifications for the work performed, the intensity of support, adequate time allocated for tasks, administration, employee oncosts, supervision, training etc.);
 - c) can meet minimum Award entitlements and the National Employment Standards (including minimum payments, paid leave, overtime and the new minimum payments for disability support workers);
 - d) and provide portable entitlements to paid annual leave, personal leave and long service leave.
2. The NDIS 'efficient provider' model must be updated to reflect the cost of service provision. Unreasonable assumptions about labour utilisation and back of house functions have led clearly and

directly to a significant and consistent downward pressure on disability services sector funding, particularly on labour costs. This has undermined the provision of services to NDIS participants and is a major obstacle to the delivery of the NDIS promise of choice-and-control for those participants. All grants, tenders and commissioning of services in the disability services sector, should be underpinned by a minimum 'floor price'. This procurement policy should also promote secure work arrangements linked to longer term funding.

Local Government

Recommendation: Australian government Financial Assistance Grants (FAGs) to Local Government should be set to at least one per cent of aggregate Commonwealth tax revenue.

Recommendation: Amendments to National Disaster Funding should be made to channel additional funding through Local Government and ensure financial assistance is expended in affected local communities.

Recommendation: A federally funded trainee and apprenticeship scheme should be launched centred on Local Government and assist in creating the additional 30,000 trainee and apprenticeships needed.

Recommendation: To address and reverse the exploitation of labour hire in the local government sector, and to protect the rights of all local government workers, the Federal Government must implement a Fair Jobs Code for Local Government to lift standards and reverse this trend.

Recommendation: The Federal Government must commit to and fund more regional and rural TAFE facilities for apprentices and must ensure no more TAFE institutes close.

Recommendation: The Regional Employment Development Scheme (the RED scheme) should be reintroduced. This could be provided at a reasonable cost with the Federal Government providing a base pay equivalent to current safety net payments and council's topping up those payments to the relevant industry standard of the Award or Enterprise agreement payments.

Superannuation

Recommendation: Introduce funding measures to pay the superannuation guarantee on government funded parental leave payments to help reduce the difference in superannuation entitlements between parents who provide care for newborn children as well as addressing the retirement income gap experienced from the loss of superannuation contributions earlier in birth parents' careers, ensuring parents are not disadvantaged later in life.

Energy Transition Authority

Recommendation: Funding for a new independent statutory Energy Transition Authority that would be responsible for navigating and managing Australia's transition to a clean energy economy.

Restoring respect to social and community sector.

Social and Community Services (SACS) receives Federal funding from many departments, primarily the Department of Social Services. Funding is provided in a chaotic way that disrupts continuity of support, secure work and quality services. Recent Government reforms have focused on short term funding and opening the sector to greater market forces to the detriment of quality service provision.

The competitive tendering model incentivises providers to tender for funding using artificially low estimates of the cost of high-quality service provision. Many providers will not ask for the funding they need to provide high quality services. To make good the difference between the tendered cost and the actual cost, providers will go into debt, reduce the quality of services or depress the conditions and wages of their employees.

Further, for-profit providers should be explicitly prohibited from providing social and community services. Every dollar of Government funding for community services should go to supporting people in need – not profits for shareholders.

Changing the way we fund community services

Increased funding is urgently needed for improved wages and conditions in order to attract and retain a future quality and skilled workforce while ensuring no less than all existing wages and conditions continue for the immediate future.

Low wages are a barrier to attracting and retaining a high quality, skilled workforce. Improved wages and conditions which close the gap between non-government SACS and public sector jobs of similar work value would ensure the retention of a future SACS workforce. Federal and State/Territory governments should ensure funding levels are sufficient to support pay levels to attract and retain a quality skilled workforce by closing this gap.

Revision of competitive tendering model of funding

The use of competitive tendering in the provision of social and community services is fundamentally contrary to the provision of services of the highest quality for the most disadvantaged and marginalised in our community. Competitive tendering is based on an assumption that the lowest cost base for the delivery of services is best for government. Such models of funding do not adequately reflect an appreciation and recognition of the needs of those who are to receive the services delivered.

Social and community services should be funded on “cost basis” models such as those used to fund health and education. Competitive tendering undermines the role that the SACS industry plays in supporting social inclusion. It should be reviewed with a view to phasing out its use in the SACS industry.

Review of funding contracts and lengthening of funding rounds in order to provide more workforce stability

The short term nature of funding contracts acts as a disincentive to workers seeking greater job security. In addition, employers have less incentive to provide training to workers who are more temporary, thereby adding to worker disincentive to stay in the industry. Funding contracts should be reviewed with a view to lengthening funding rounds in order to provide greater workforce stability. This can be achieved by setting a minimum 6 year term for all community services contracts which should include requirements to provide permanent jobs to their staff.

Recommendation: Government procurement & grant policy should be used to ensure secure work arrangements in community sector tendering processes.

Recommendation: Sustainable funding cycles of at least 6-year service agreements should be introduced for all community sector procurement, regardless of the government funding source.

Portable entitlement scheme

The not-for-profit sector is beset by chronic workforce issues that has resulted in staff dissatisfaction and high turnover. One way of reducing this turnover and incentivising employees to stay in the sector is to establish a Portable Entitlement Scheme. There are many reasons people are leaving the sector, but one of the key reasons is wages are much higher in the public service for comparable work. Comparable public sector employees can move to different positions within the state/territory or Commonwealth public sector and retain the continuity of employment that contributes to long service leave.

A portable entitlement scheme should not only include long service leave but should be expanded to include other types of leave, including sick leave, annual leave and redundancy protections for all workers including those on insecure work arrangements in the industry. A Portable Entitlement Scheme is one way of making the Social and Community Services sector more attractive and competitive with other sectors.

Recommendation: Funding for all community services sector grants, regardless of the government funding source, should include funding specifically for portable accrued entitlements, including long service leave, annual leave, and redundancy entitlements for all employees, regardless of the nature of their engagement.

Adequate funding for current service provision and projected industry growth

The demand for social and community services is growing at an accelerated rate due to the COVID-19 pandemic and the cost-of-living crisis. It is essential that governments make adequate funding provisions to end the race to the bottom in wages and conditions in the community sector to establish a “price floor” of minimum industrial standards to be included in all funding grants to the sector. This would include adequate funding of annual Award wage increases and other Award conditions, NES entitlements, and the superannuation guarantee, as well as funding to ensure work can be performed safely (e.g. adequate staffing, supervision, breaks for employees etc). This should also include requirements on employers to provide these conditions to employees.

No one should profit from the provision of essential community services like homelessness or domestic violence services. Do not allow for-profit providers in community services like homelessness, domestic violence service to tender for government contracts.

Federal and State/Territory governments must recognise that the costs of running a service increase each year and that indexation of funding contracts should accurately reflect these cost increases.

Recommendation: All tenders in the community services sector, regardless of the government funding source, should be underpinned by a minimum ‘floor price’.

Implementation of Community Sector Organisation Budget measure

We welcome the Federal Government on the October Budget announcement of \$560 million over four years to provide financial assistance to community services organisations. We believe this measure is a great first step in implementing election commitments to the sector.

In relation to this budget measure, it is essential that the financial assistance delivered is administered as efficiently as possible, with minimal administrative burden to service providers, and full transparency from relevant departments.

To that end, we believe that the following principles should be adopted when implementing this measure:

- There should not be any 'application' process for providers, with funding automatically delivered by departments to eligible recipients;
- Financial assistance should be allocated to providers using a formula that is consistent, simple and fair across departments, taking into account that approximately 80% of costs incurred by service providers are labour costs;
- Departments should make clear that this funding is to cover the increased organisational costs facing community services, including 4.6% wage increases, 0.5% superannuation guarantee increases, and inflation on other overhead costs, and is not intended to be deployed for any additional requirements such as additional services;
- The level of assistance received, both as a quantum and as a percentage increase on base-level funding, should be clearly communicated by departments to service providers.

We appreciate that in implementing this measure across multiple departments, gaps and shortfalls will be identified. For instance, we know of many community service providers that have not received any indexation on their grants for many years, resulting in a severe decline in the real value of their funding.

We consider the indexation assistance a vital and welcome first step. We remain mindful that after ten years of neglect and chronic under-investment, three years of continuous natural disasters and a pandemic, and amidst dire economic conditions, the entire sector will require ongoing, concerted support from government for years to come, including strengthened investment in accordance with the Government's election commitments.

Urgent action needed to support housing and homelessness services.

Community housing and homelessness services support people who are homeless or at risk of homelessness, including women and children escaping domestic violence. They funded jointly by the Commonwealth and the states and territories.

Community housing and homelessness services are facing immense financial pressure to maintain service delivery without reducing the quantity or quality of services because they were not included in the Government's \$560 million dollar boost to social and community sector funding. Community housing and homelessness services need urgent additional funding to meet the 5.1% increase in minimum legal wage and superannuation in the 2022/2023 financial year. The Federal Government should act swiftly to increase funding and resolve this crisis.

Housing and homelessness services are in high demand.

In the 2021-22 financial year, 272,694 people sought specialist housing and homelessness support.

The Australian community is facing a cost-of-living crisis. The consumer price index is the highest it has been for more than 30 years rising (7.8%), rental costs are soaring, and interest rates are at their greatest level in more than a decade. This crisis is putting increasing pressure on households already living pay cheque to pay cheque – meaning increasing pressure on housing and homelessness support services. Homelessness services are already struggling with current funding to respond to everyone who needs help, with 288 people turned away every day. This is up from 260 people being turned away each day in the 2019-20 period.

There is now an urgent need for more government support to both ensure the security of the workforce and reduce homelessness and help house vulnerable Australians. The uncertainty in ongoing funding for housing and homelessness services coupled with the pressure on services due to rapidly rising wage and other costs means workers are leaving the sector, and services are considering reducing services when our community needs them the most.

Current federal funding arrangements do not account for minimum legal pay and superannuation entitlements.

We welcomed the Federal Government decision to allocate \$560 million over four years to assist community services organisations meet rising costs as a great first step in strengthening the community services sector. Unfortunately, funding for homelessness and housing services was not included as a part of the community sector funding boost, despite these services facing the exact same pressure from rising costs as other community organisations.

It is well accepted in the community sector that over 80% (sometimes higher) of community sector grants go directly to covering wages and labour related costs for service providers. As you would be aware the Fair Work Commission determined to raise the pay rate for SCHADS Award employees from 1 July 2022 by 4.6%. This increase builds on previous pay increases awarded under the Equal Pay Remuneration Order, and on the increased superannuation guarantee rate.

State Governments are acting, we need the Federal Government to act with them.

State Governments have acted to increase their share of homelessness funding – for example the NSW Government has increased funding to homelessness programs funded through the national partnership by 5.55%. The Commonwealth is responsible for about 50% of this funding and has not yet acted to increase its share.

We need urgent action from the Federal Government to provide funding to assist the services it funds to meet the wage and superannuation increases the Government itself championed. Without urgent action for this financial year services will be faced with reduction in staffing, reduction in service provision and service hours, and fewer clients able to be supported.

Secondly, the finalisation of the negotiations in relation to the one-year extension of the National Housing and Homeless Agreement (NHHA) is now urgently needed to provide certainty to services and the workforces, to ensure critical services are not cut, jobs are not lost, and workers stay in the sector.

National Housing and Homelessness Agreement (NHHA)

We understand that a one-year extension to the NHHA is presently being renegotiated between the Commonwealth and the states and territories, prior to the renegotiation of the next NHHA in 2023. We wish to impress the urgency associated with finalising an agreement that includes adequate funding for increased costs of wages, as the current funding agreement is due to end in six months, creating significant uncertainty for services and workers.

In 2012 the Fair Work Commission made a landmark decision to raise the wages of workers in the social, community and disability sectors, through the Equal Remuneration Order (ERO).

In the past the Equal Pay Equal Remuneration Order (ERO) supplementation for federally funded homelessness services was funded via the NHHA, between the Commonwealth and States and Territories. Now that the Equal Pay Equal Remuneration Order transition to lift wages is complete, it is our expectation that funding to cover the higher wages consequent upon the ERO is no longer a matter for negotiation - as the minimum award rates should be the bare minimum that all parties to the agreement agree to fund. However, we were concerned to not see this component of funding included over the forward estimates in the October 2022 budget.

It is critical that the NHHA agreement funds the base payment rates or hundreds of workers will lose their jobs and these critical services will be cut at a time when homelessness services are experiencing a surge in demand due to current cost of living pressures.

Base funding in the NHHA also needs to be increased to reflect this surge in demand for homelessness services. Rising rents, and the inadequate supply of affordable homes is putting enormous pressure on services, and the frontline staff who respond to people in need, and is resulting in more women and children fleeing violence, and other people needing homelessness support being turned away. The NHHA needs to resource a support system that is able to respond to this level of demand.

Recommendation: Funding to meet the cost of the equal remuneration order, which lifted the wages of homelessness workers to reflect the value of their work.

Recommendation: Funding cycles should be set at a minimum 6-year term for all community services, including the National Housing and Homelessness Agreement which should include requirements to provide permanent jobs to their staff.

Making the NDIS the best it can be.

NDIS workers provide invaluable support to over 500,000 people living with a disability. A highly skilled, qualified, professional, and sustainable workforce is essential to delivering high quality services, choice and control to people with a disability. The NDIS workforce is growing rapidly and must recruit hundreds of thousands of new disability support workers to keep up with demand.

The most significant and immediate issue facing the NDIS is pricing. Inadequate NDIS prices for key support items are suppressing the payment of higher wages and flattening career pathways for workers.

Wage suppression

The introduction of the NDIS has entrenched minimum rates of pay as the standard for wages in the sector. This is because employers cannot charge participants more than the National Disability Insurance Agency price-cap, which is calculated based on minimum wage rate assumptions.

Additionally, the assumptions underpinning funding for wages in the NDIS are often wrong. In particular:

- Prices wrongly assume that Disability Support Workers (DSW's) will be covered by lower award classifications. Prices do not reflect the growing independence and autonomy of DSW's as providers scale back supervision due to budget constraints or the higher skilled work demanded by NDIS participants.
- Prices are also tied to the SCHDS Award minimum rates of pay and the SACS Equal Remuneration Order however there is no requirement for providers to actually pass these rates onto workers. Instead, providers deliberately underpay or misclassify their workers and pocket the difference. This severely limits the pay that can be offered to the disability support workforce.
- Award rates are intended as a 'floor' on wages and conditions. However, the NDIS cost model uses the Award to impose a 'ceiling' on wages. There is no capacity for providers to pay above the Award minimum rates of pay.
- Employees have little incentive to increase their skills because there is no prospect that this will be rewarded by additional pay. The fixed rates of pay and limited prospect for career progression diminishes the attractiveness of the sector.
- The price model does not recognise the time needed to deliver quality services to NDIS participants. DSW's have inadequate time to build relationships with participants, follow up on participant's needs, coordinate and communicate with supervisors and other workers, complete paperwork, debrief and handover between shifts. This results in low quality of care.
- Prices do not cover the costs of supervision, professional development, induction and training.
- Because the prices are set too low, they encourage the fragmentation of working time, casualisation, under-classification and underemployment. This undermines attempts to expand the workforce.

Until the Australian Government addresses the impacts of the current pricing arrangements for disability support work and until pricing provides well remunerated, quality secure jobs, the NDIS will be at risk.

Funding Misuse

There are currently no regulations in place to ensure all providers (including platform providers) pass on SCHADS Award minimum wages and safeguard minimum wage protection for disability support workers. The ASU is aware some providers, particularly platform providers, are undercutting the minimum wage for workers by deliberately underpaying or misclassifying workers and pocketing the difference.

The Government can easily fix this problem to ensure minimum wage protection for disability support workers. To address provider skimming on wage claims to the NDIA the Government could consider:

- Using the NDIS Quality and Safeguards Commission regulation of registered providers to include requirements to ensure NDIA pricing guidelines are passed onto workers. This however would not prevent this issue occurring in unregistered providers which are the fastest growing part of the sector.
- Using the NDIA itself to enforce the passing on of minimum wages to workers via its pricing controls. The NDIA in other price areas, such as high intensity supports, already requires providers to guarantee they are passing onto workers the high wage rates provided and can request evidence of this from providers.
- Using the NDIS Act and its regulations to provide a clear regulation which closes the loophole explicitly where providers claim for disability support work prices but does not require them to then pass that onto their workers in relation to the minimum wage rates.

Assumptions about non-contact time are inadequate.

The price model does not recognise the time needed to deliver quality services to NDIS participants. Disability support workers have inadequate time to build relationships with participants, follow up on participant's needs, coordinate and communicate with supervisors and other workers, complete paperwork, debrief and handover between shifts. This results in low quality of care.

- A recent report by the University of New South Wales (UNSW)¹ found that on average front-line workers contributed 2.6hrs per week of unpaid work to complete essential functions of the work including: case notes, handovers, reports and communication with colleagues and other service providers regarding clients supports.
- The UNSW report found 64% of respondents agreed or strongly agreed they felt under pressure to do more with less time.

Prices do not cover the cost of induction and training.

- The UNSW report found that 26% of respondents received less than 1 day of training in the last 12 months
- The UNSW report found many respondents did not receive enough training to do their job effectively.

Unfunded award entitlements

The NDIS Disability Support Worker Cost Model recognises that under the SCHADS Award a permanent worker's ordinary hours of work will be 38 hours per week and as such they must be paid for 20 days

¹ University of New South Wales, Working in new disability markets: A survey of Australia's disability workforce, May 2020 [Online] https://www.researchgate.net/publication/341448295_Working_in_new_disability_markets_A_survey_of_Australia's_disability_workforce

of annual leave. The assumptions and therefore the cost model do not provide pricing for shift workers who under the NES are entitled to five weeks leave for annual leave.

The Cost Model also does not take into consideration overtime. The NDIA states the current pricing arrangements make businesses more efficient, but we believe it drives providers away from permanent employment, as they view part-time and full-time employment as cost prohibitive, given the potential overtime costs for these employment types.

The recent UNSW report² found 41% of respondents worked at least one hour unpaid in the last week, with workers on average working 2.6 unpaid hours a week completing administration such as writing up client notes or providing extra support for clients.

Tight pricing arrangements are leading to excessive unpaid overtime for workers. By working unpaid overtime, workers pay rates are being pushed well below the minimum award rates and are bearing the consequences of inadequate prices for disability support.

New award entitlements

The Fair Work Commission varied the SCHDS Award to provide new employment conditions for the disability sector from 1 July 2022. These Award improvements have significantly changed the way that work is performed in the disability sector.

The variations include:

- engagements will be limited to two in any day, with the possibility of working three engagements by agreement;
- an 2-hour minimum payment for each engagement;
- an allowance of \$17.53 where an employee works 2 engagements in a day or \$23.30 where they work three engagements;
- day workers will be entitled to overtime if they work between the hours of 8.00 pm and 6.00 am;
- new minimum engagements for on-call work.

Funding arrangements need to reflect these new conditions.

Portable entitlements

Disability support workers are no less committed to their employer or job than workers in other industries. Conditions such as high rates of casual labour and contract work coupled with short engagements and multiple employers in this sector make it very difficult to stay in the one position for extended sufficient period of time to accrue long service leave entitlements.

DSWs should be able to carry their entitlements with them when they change employers so they are able to build on these entitlements. Implementing a portable entitlements scheme can help improve employee retention rates as well as attract new workers to the sector.

DSWs truly deserve the respect and recognition of long service as they are the people caring for our communities most vulnerable, in often very difficult working conditions. It is only fair that their commitment is recognised, as it is for workers in other industries such as construction who can accumulate portable entitlements.

² University of New South Wales, Working in new disability markets: A survey of Australia's disability workforce, May 2020 [Online] https://www.researchgate.net/publication/341448295_Working_in_new_disability_markets_A_survey_of_Australia's_disability_workforce

A portable entitlement scheme should not only include long service leave but should be expanded to include other types of leave, including sick leave, annual leave and redundancy protections for all workers including those on insecure work arrangements in the industry.

NDIS pricing already allows for the maximum utilisation of leave, it just needs to be structurally set up in a way that will allow workers to accrue and carry entitlements with them as they continue to work for multiple NDIS participants and providers. We believe the NDIS is a great pilot for a national portable entitlements scheme as it is Commonwealth funded. With a highly casualised workforce, we see portable entitlements as an important part of the solution to addressing the poor retention rates in the sector.

Ongoing professional development

The NDIS pricing model has had significant consequences for training and development in the sector and for the capacity of providers to participate actively in providing a high standard of training and supervision – or any training at all. There have been cut-backs in the time allocated for training; team meetings have all but disappeared; supervision has been severely curtailed; and large numbers of casual workers are being newly employed with almost no supervision at all. Many workers and providers have told us that support staff are not paid to attend regular team meetings or attend training and development activities.

There is no requirement for any training or professional development in the NDIS despite it being a heavily regulated system in many other respects. For example, there is a Code of Conduct, and workers can be fined or banned from working in the sector if they breach it, but there's no requirement that workers undertake any accredited training program about the Code.

Not only is there no requirement for training, there is no ongoing professional development for the sector, a sector that is meant to provide a range of services to meet the diverse needs of people with disability. How can the NDIS reach its promise when DSWs are not supported with access to quality accreditation and training to do their job?

The NDIS pricing model needs to urgently be amended to reflect the components of quality service delivery and support including on-the-job training and professional development of workers.

The NDIS price model must set an appropriate price floor that provides for adequate service levels and fair and decent pay and conditions for workers. Wages cannot be lower than the SCHADS Award rate and must include:

- Applicable Equal Remuneration Order rates of pay
- correct classification stream and level
- allowances
- penalties and loadings
- maximising permanent employment (Fulltime and Part time) rather than casual or fixed term contracts or rolling contracts

An appropriate price floor must provide for accrual of portable leave entitlements including:

- Annual leave including 5 weeks' annual leave for shift workers.
- Personal leave
- Long service leave
- Redundancy protections

- Paid Parental Leave
- Paid family and domestic violence leave

An appropriate price floor must include adequate overhead costs for all workers, regardless of the nature of their employment, including:

- Professional supervision
- Provisions for onboarding of staff – induction, buddy shifts
- Provisions for regular team meetings
- Provisions for ongoing professional development and training – including covering the cost and time of attaining any qualification requirement

Recommendation: NDIS pricing assumptions should be reformed and appropriately funded so that the NDIS pricing arrangements:

- a) encourages permanent employment, including full-time employment;
- b) reflects the true cost of disability support work (including appropriate classifications for the work performed, the intensity of support, adequate time allocated for tasks, administration, supervision, training etc.);
- c) can meet minimum Award entitlements and the National Employment Standards (including minimum payments, paid leave, overtime and the new minimum payments for disability support workers);
- d) and provide portable entitlements to paid annual leave, personal leave and long service leave.

Recommendation: Competitive tendering has led clearly and directly to a significant and consistent downward pressure on disability services sector funding, particularly on labour costs. This has undermined the provision of services to NDIS participants and is a major obstacle to the delivery of the NDIS promise of choice-and-control for those participants. All grants, tenders and commissioning of services in the disability services sector, should be underpinned by a minimum ‘floor price’. This procurement policy should also promote secure work arrangements linked to longer term funding.

Local government funding.

Financial sustainability of Local Government

The value of Financial Assistance Grants provided to local government has declined over the past three decades from around 1 percent of Commonwealth taxation revenue to around 0.55 percent.

Local governments only collect around 3.5 percent of taxation nationally and need support from other spheres of government to provide and maintain the infrastructure their communities need.

Residents are turning more towards local government to solve issues around housing affordability, homelessness, climate change, renewable energy, economic development and environmental protection, as well as the normal urban planning, waste, transport and water/wastewater infrastructure. The ability to deliver any solutions is being impeded by the financial constraints placed upon councils.

Recommendation: Australian government Financial Assistance Grants (FAGs) to Local Government should be set to at least one per cent of aggregate Commonwealth tax revenue.

Natural disasters

Australia has been profoundly impacted by natural disasters in the past few years, and the impacts of climate change will result in more frequent and more severe disasters in the future. Communities need support to take preventative mitigation measures to limit the severity of disasters, as well as appropriate and adequate support to recover from these events.

The issue of continuous direct funding to local government for emergency funding at times of natural disaster and/or activities is a significant and important issue. Less than 5 percent of disaster funding in Australia goes towards mitigation and community resilience measures. Local councils need certainty about funding and an improvement in arrangements to ensure there is adequate funding to maintain and extend services to the local communities in times of natural disaster.

Recommendation: Amendments to National Disaster Funding should be made to channel additional funding through Local Government and ensure financial assistance is expended in affected local communities.

New trainee and apprenticeships program in Local Government

Local government is a major national employer with over 190,800 workers in almost 400 occupations. However, it is acknowledged that the sector is facing serious skills shortages. All levels of government need to work together to improve training pathways and address skills and labour shortages for the benefit of councils, communities, and businesses right across Australia.

Governments need to invest in initiatives to attract and retain skilled labour for local government. With further support and security of long-term funding streams, councils can properly resource and skill its workforce.

Local government has a long record of employing apprentices and skill-based trainees, however the proportion of apprentices and trainees has declined over time and correlates with the withdrawal of funding incentives. Local government has the critical infrastructure and trade skills required to provide high quality education and training to young people and mature aged workers alike. It is well placed to expand its apprenticeship and trainee employment programs to produce well-trained skill-based workers.

Recommendation: A federally funded trainee and apprenticeship scheme should be launched centred on Local Government and assist in creating the additional 30,000 trainee and apprenticeships needed.

Establishment of a fair jobs code

Local government provides a disparate range of services. Because of the breadth of service expected from council, many maintain sizeable workforces reflective of the service levels expected by the population in their respective municipal districts. However not all councils provide services direct to their communities, rather some choose to contract out services to providers, frequently at a cheaper cost due to the lower wages paid to workers at those contractors.

Recommendation: To address and reverse the exploitation of labour hire in the local government sector, and to protect the rights of all local government workers, the Federal Government must implement a Fair Jobs Code for Local Government to lift standards and reverse this trend.

Renewing Regional and Metropolitan TAFE

Due to privatisation, declining funding, and the loss of students to private providers, TAFE is no longer the centrepiece of VET in many areas³. It is time to refocus and reassert the worth of VET to help build the vocational skills of the nation.

Recent policy directions have placed increased emphasis on a market driven approach to the provision of VET services which has resulted in a range of problems including revelations of deteriorating quality standards, aggressive marketing behaviour by some training companies (particularly in vulnerable communities) and practices which have left many students demoralised, in debt and left with inadequately training or an inability to complete their chosen course work.

A recent report by The Centre for Future Work 'Fragmentation & Photo-Ops' presents comprehensive evidence of the continued erosion of the vocational education system in the COVID era, including the closure of many TAFE institutes, particularly those in regional and non-metropolitan locations.⁴

Case Study – Closure of TAFE campuses in NSW

Among six of its legislated core functions, Tafe NSW must:

- provide educationally or vocationally disadvantaged groups (such as women, Indigenous Australians, persons of non-English speaking background, persons with disabilities and persons in rural areas) with access to technical and further education services, including a range of appropriate specialised services;
- ensure that it provides technical and further education services to meet the needs of individuals and the skill needs of the workforce and, in particular, ensure that it provides basic and pre-vocational education as well as vocational education and training.

Despite such explicit legislated functions conceived to include and support marginalised people and areas, 20 TAFE campuses (or parts thereof) across NSW have been sold off with another 17 under

³ ACTU Job Summit Report – Skilling the Nation

⁴ The Centre for Future Work at the Australia Institute, Fragmentation & Photo-Ops The Failures of Australian Skills Policy Through COVID [online] <https://australiainstitute.org.au/wp-content/uploads/2022/03/Fragmentation-and-Photo-Ops-final3.pdf>

threat. Many of the campuses already sold or under threat are rural or regional facilities. The closure of these facilities is short-sighted and undermines economic recovery across communities suffering from skills shortages and limited job and training opportunities. In their place, an online learning system has been established. Online learning cannot replace the in person training that practical and technical education requires.

Local government is an important employer in rural and regional areas. Councils provide secure job opportunities in areas with limited employment prospects. Councils across the state provide apprenticeships to workers with possibility of permanency upon completion of study. Rural and regional job seekers and employers rely on their local TAFE.

TAFE NSW serves an incredibly important purpose in providing practical skills and opportunities across the state but particularly for disadvantaged communities and individuals. Limiting access to facilities denies people the opportunity to gain valuable skills and improve employment opportunities. TAFE apprenticeships provide a vital service to job seekers and employers, particularly in regional and rural areas that are suffering from skills and labour shortages at a rate far greater than metropolitan areas. Creating more regional and rural TAFE facilities is necessary to address those shortages.

Recommendation: To address these concerns, the Federal Government must commit to and fund more regional and rural TAFE facilities for apprentices and must ensure no more TAFE institutes close.

Reintroduction of a Federal Regional Employment Development (RED) scheme

The Whitlam Government initiated the Regional Employment Development Scheme in September 1974. It created tens of thousands of jobs in areas that were suffering most from unemployment. Funding was provided directly to local councils to employ workers to participate in projects that enhanced community infrastructure.

Recommendation: The Regional Employment Development Scheme (the RED scheme) should be reintroduced. This could be provided at a reasonable cost with the Federal Government providing a base pay equivalent to current safety net payments and council's topping up those payments to the relevant industry standard of the Award or Enterprise agreement payment.

Superannuation must be paid on government funded parental leave.

The failure to ensure superannuation contributions are made during parental leave by both employers and the government remains a weakness of the current scheme with long-term negative consequences for our members retirement savings. In addition to the persistent gender pay gap, the absence of superannuation during parental leave embeds lower lifetime earnings and retirement income for women.

Whilst the structure of the retirement system does not directly discriminate against women, it operates to magnify the pay gap between men and women. This is because women generally work in lower paid jobs, are paid less, do less paid work and more unpaid work and therefore have lower compulsory and voluntary superannuation contributions.

Government must reintroduce its previous commitment to pay superannuation on paid parental leave. 80% of Australian's support this initiative as they recognise it will help close the gender super gap that currently exists and leaves many of our members worse off in retirement. It's well-established that paying super on parental leave will help improve gender equity⁵.

Recent HESTA modelling reveals this equity measure could result in a mother of two having \$14,000 more at retirement.⁶

Recommendation: Introduce funding measures to pay the superannuation guarantee on government funded parental leave payments to help reduce the difference in superannuation entitlements between parents who provide care for newborn children, as well as addressing the retirement income gap experienced from the loss of superannuation contributions earlier in birth parents' careers, ensuring parents are not disadvantaged later in life.

A federally funded Energy Transition Authority.

We welcome Labor's commitment to establish a Net Zero Economy Taskforce announced in the 2022-23 Budget federal budget. The ASU is a major energy industry union dedicated to ensuring a Just Transition for our members as Australia moves towards cleaner energy. Investors shifting from fossil fuels to renewable technology is a reality that poses serious, but manageable, challenges on the energy sector workforce. The Net Zero Economy Taskforce is a first step in the right direction in addressing these challenges.

The 2023-24 Budget must establish a national federally funded Energy Transition Authority (ETA) to oversee and support a fair and orderly transition for workers and their communities through the decarbonisation transition. The Authority must be tasked with coordinating and managing an orderly and fair transition process for affected workers – including clear and transparent principles that support workers for redeployment, skills and training, and secure jobs opportunities.

Recommendation: Funding for a new independent statutory Energy Transition authority that would be responsible for navigating and managing Australia's transition to a clean energy economy.

⁵ 9 Women's Agenda, 8 in 10 people want the government to pay super on parental leave [online] Accessed at: <https://womensagenda.com.au/latest/8-in-10-people-want-the-government-to-pay-super-on-parental-leave/>

⁶ HESTA, New HESTA modelling paying super on paid parental leave [online] Accessed at: <https://www.hesta.com.au/about-us/media-centre/new-hesta-modelling-paying-super-on-paid-parental-leave>