



ASU Submission

Department of Treasury

2024-25 Pre-Budget submissions

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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, public and community sectors.

Introduction

Government needs to take immediate action to build Australia's future. This includes adequately funding the social and community services sector, reforming the NDIS, accelerating Australia's just transition to a green energy economy, increasing access to early childhood education and care, and prioritising local government funding.

To promote job creation government can and should use funding and procurement arrangements to ensure thousands of workers have quality employment opportunities, including permanent, secure, and well-paid jobs with safe working conditions. This is an immediate action Government can take to directly alleviate the cost-of-living pressures on thousands of Australian families.

Government should use this budget to improve gender equity to ensure women are compensated fairly for their work by supporting Union applications to vary Modern Awards to provide better classification and wage structures as well as remedying superannuation gaps and promoting equal care initiatives.

Restoring respect to the social and community sector

Nation building in the social and community services (SACs) sector is essential for promoting inclusivity, addressing inequalities, fostering a sense of community as well as supporting Australia's most vulnerable.

However, the SACs sector is struggling. Ongoing uncertainty for long-term sector funding coupled with increased demand for services means that workers are leaving the sector. Services cannot respond to the rising demand from the most disadvantaged and vulnerable people in Australian society because funding does not increase as demand increases. Funding arrangements must be indexed at least annually to account for increased labour costs and increased demand for services.

A highly skilled, qualified, professional, and sustainable workforce is essential to delivering high quality services. However, the sector struggles to attract and retain enough skilled, professional staff to meet the demand due to low rates of pay, insecure work and poor employment conditions for this predominantly female workforce.

Government can easily address funding issues by implementing a 'floor price' to ensure workers in the social and community services sector are paid at appropriate classifications and in accordance with Award provisions. A floor price would encourage workers in the SACs sector to develop a career and to support workforce development, sector stability and a better trained and qualified workforce.

Uncertainty about funding arrangements forces social and community services providers to put staff on rolling fixed short-term contracts and means skilled workers leave for secure employment in other sectors. Government can easily address funding issues by increasing the length of funding cycles to promote secure working arrangements. These should be at least 6 years in length and come with a binding obligation to offer staff permanent, secure employment.

Government must introduce a portable entitlements scheme for workers in the SACs sector as competitive tendering means that while workers can have many years of experience in the sector the

vagaries of contracts and the changes in their employers can mean they never qualify for long service leave. A portable entitlement scheme should not only include long service leave, sick leave and carer's leave but should be expanded to include other types of leave, including annual leave and redundancy protections for all workers including those on insecure work arrangements.

In August 2023 the NSW Government announced it would establish a Community Sector funding Taskforce. The Taskforce is charged with responsibility for developing a roadmap in relation to long term funding arrangements; improvements to funding arrangements; and a jobs compact to deliver a skilled and qualified workforce to meet future sector need, as well as improved employment security for workers.

Federal Government should also establish a community sector funding taskforce to urgently progress implementing the October 2022 and May 2023 Budget measures on Community Sector funding. The Taskforce should be overseen by a central agency such as Department of Finance with membership to include representatives of relevant departments with community sector funding responsibilities, and stakeholders including the ASU and ACOSS. The Taskforce should be charged with responsibility for making recommendations to the Government on implementation of the funding commitments in 2024.

Recommendation: Government should actively engage and support sector unions to improve the Social, Community Home Care and Disability Services Industry Award ('SCHDS') to provide for better classification and wage structures.

Recommendation: In accordance with its pre-election commitment, Government must introduce minimum 6-year funding cycles to support improved outcomes for clients through improved opportunities for organisations to attract and retain the best staff and to provide social and community service providers with an opportunity to engage in the development of more comprehensive services to meet the multiple needs of clients.

Recommendation: All grants, tenders & commissioning of services in the community services sector, should be underpinned by a minimum 'floor price' that ensures tenders account for professional wages and modern award minimum conditions.

Recommendation: Government funding to service providers must be subject to the condition that they engage staff as permanent, secure employees with limited exceptions for long-term leave coverage and genuine special time-limited projects.

Recommendation: Funding for all community services sector grants, should include funding specifically for portable accrued entitlements, regardless of the nature of their engagement.

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

Recommendation: Government funding must ensure SACS providers are able to provide professional development of their staff.

Recommendation: Government funding arrangements for social and community service providers must be indexed annually to account for increased labour costs and increases in demand for services.

Recommendation: Government must establish a community sector funding taskforce to ensure urgent progress is made on the 2022 and 2023 Budget measures for Community Sector funding.

Urgent action needed to support housing and homelessness services

The housing and homelessness services sector is suffering from the same issues as those detailed above in the social and community services (SACs) sector. There is an urgent need for more government support to ensure the security of the workforce and continuity of these critical services to help reduce homelessness and house vulnerable Australians. Without immediate government action and funding, services will reduce staffing or service provision at a time when they are in higher demand than ever. If Governments do not act quickly, many vulnerable Australians will be denied desperately needed housing and homelessness services.

Recommendation: Government must invest in additional housing and homelessness services to reflect the increase in demand for assistance.

Recommendation: Government must ensure appropriate funding for the NHHA agreement (or a future alternative agreement) that covers yearly increases in labour including superannuation and the minimum legal wages provided through the Equal Remuneration Order (ERO).

Recommendation: Government must link funding/procurement contracts to service providers that treat workers fairly and provide secure jobs.

Recommendation: Government should boost housing policy initiatives including greater investment in housing supply, and appropriate funding for wrap-around homelessness and housing support services.

Community legal centres

The community legal sector plays a significant social and economic role by offering frontline legal assistance to vulnerable populations and generating policy and law reform through advocacy. The sector is struggling to attract and retain a professional workforce as workers are leaving the sector for higher paying and more secure public sector jobs. Government must recognise the value of professional community legal centre workers by funding professional, public sector rates of pay and ensuring certainty in terms of their job.

Furthermore, community legal centres should not be prevented from providing advocacy services with the threat of loss of funding or concerns about potential loss of charity status and tax concessions. Funding should not come with any 'gag clauses' restricting them from criticising Government.

Recommendation: Government should provide additional funding to establish pay parity for lawyers, administrative staff, and community development workers with equivalent roles in the public sector Legal Aid.

Recommendation: The National Legal Assistance Partnership (NLAP) should establish clear benchmarks for the classification of non-legal community legal centres roles, especially identified position for Aboriginals and Torres Strait Islanders, and fund those levels to establish pay parity with similar roles at public sector legal aid.

Recommendation: Funding under NLAP to service providers must be subject to the condition that they engage staff as permanent, secure employees with limited exceptions for long-term leave coverage and genuine special time-limited projects.

Recommendation: The National Legal Assistance Partnership should recognise advocacy, policy development and law reform as core functions of community legal centres. Funding arrangements

should include money for advocacy but should not restrict the advocacy activities of community legal centres.

Paid placements for Community Sector Degrees

Social work students undertake 1000 hours of compulsory unpaid work placements to complete their degrees, usually undertaken in 2 x 500 hours blocks, which reduces their capacity to undertake paid work alongside placement. A recent national study¹ found more than 60% of social work students had lost $\frac{3}{4}$ of their wage, and 25% had to forgo their entire regular income to do placement. Because of this, 96% of students on placement reported struggling to find money for food, medication and clothes and travel required for placement.

Recommendation: Government must recognise social work students (along with other care professions) as an urgent priority to receive financial support while undertaking compulsory, unpaid placement.

Recommendation: Government must pay social work students (and other students studying vital professions in which there are workforce shortages) at a rate of at least minimum Award wage per hour to compensate them for unpaid work they are doing while on placement to reduce placement poverty.

Recommendation: Government must ensure regulatory bodies adopt evidence-based, flexible, contextually responsive standards that reduce disparities in required placement hours between comparable professions, remove barriers that prevent students participating in and completing university education, and maximise affordability of Commonwealth support for students on placement.

Recommendation: Government funding should support the creation of employment relationships between organisations and students undertaking work placements to create better pathways to careers in the community sector.

Making the NDIS the best it can be

The National Disability Insurance Scheme (NDIS) requires targeted investment to support people with disability and to build a more equitable and supportive nation. Recent Final Reports by the Disability Royal Commission and the NDIS Review have recognised urgent workforce action is needed to build a highly skilled and qualified workforce that can deliver high-quality and individualised services.

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 (DSWs) will be covered by lower award classifications. Prices do not reflect the growing independence and autonomy of DSWs as

¹ Morley, C., Ryan, C., Briskman, L., Hodge, L., Higgins, M., Martin, R., Watts, L., & Hill, N., (2023a) *National Survey: Reimagining Field Education*. Australian Council of Heads of Social Work Education. First presented at the National Social Work Field Education Summit, Feb 6, 2023, Western Sydney University, Paramatta.

providers scale back supervision due to budget constraints or the higher skilled work demanded by NDIS participants.

- Prices are also tied to the Social, Community, Home Care and Disability Services Industry Award 2010 (SCHDS Award) minimum rates of pay and the SACs Equal Remuneration Order however there is no requirement for providers to 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 to both the prospective and existing workforce.
- 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.

The Disability Royal Commission's Final Report made some key recommendations for the disability workforce including: portable training and leave entitlements; continuing professional development; as well as recommending service providers ensure workers have sufficient paid time built into their rosters for training, as well as for handovers and completing essential administrative tasks like record keeping and making and reviewing daily notes as well as effective supervisory arrangements for workers.²

These findings were supported by the recent NDIS Review Final Report with recommendations focusing on trialling a portable training and a portable personal leave scheme. The Review also recommended the NDIS pricing and payments framework should be reformed to improve incentives for providers to deliver quality supports to participants including price caps to reflect the market price for delivering supports including costs associated with training and other indirect labour costs.³

Government must now act and immediately start implementing workforce recommendations from the Disability Royal Commission in consultation with people with disability.

² Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, Final Report <https://disability.royalcommission.gov.au/publications/final-report>

³ Australian Government, NDIS Review Final Report <https://www.ndisreview.gov.au/resources/reports/working-together-deliver-ndis>

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

- a. encourages permanent employment, including full-time employment;
- b. ensures disability support workers are not misclassified as home care employees;
- c. ensures disability support workers are not under classified at Level 1 of the SCHADS Award;
- d. holds providers accountable to passing on the correct award wage;
- e. 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.); and
- f. can meet minimum Award entitlements and the National Employment Standards.

Recommendation: Government should meet with stakeholders, including unions, to urgently implement a portable entitlements scheme as recommended by the Disability Royal Commission and NDIS Review.

Recommendation: Government should establish a new national portable leave scheme for disability support workers as recommended by the Disability Royal Commission and NDIS Review. Leave entitlements to include long service leave, annual leave, sick and carer's leave as well as redundancy protections.

Recommendation: 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

Local government delivers critical services and infrastructure to our communities, and our communities are relying on local government services more than ever before. However, local government services have faced extreme financial pressures with the reduction of critical Federal Government funding.

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 0.53 percent. The ability for Local Councils to provide essential services and infrastructure to their communities has been heavily impacted by this reduction. Government must restore the quantum of Financial Assistance Grants to at least 1 per cent of Commonwealth taxation revenue.

Australia has been profoundly impacted by natural disasters in the past few years. Local governments are often the first to respond to natural disasters. 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 funding certainty, direct and prompt funding, as well as prompt reimbursements from Government to maintain and extend services to the local communities in times of natural disaster, for mitigation efforts and for clean-up and reconstruction work undertaken by local government employees.

Local government is a major national employer with over 208,000 workers⁴ in almost 400 occupations. However, it is acknowledged that the sector is facing serious skills shortages. 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. Government should introduce a fully funded trainee and apprenticeship scheme focusing on Local government.

Local government provides a disparate range of infrastructure and 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 contract out services to external providers, resulting in the spread of casualised and insecure work performed at lower wages. To address and reverse the exploitation of labour hire in the local government sector, and to protect the rights, wages and conditions and secure jobs of all local government workers, the Federal Government must implement a Fair Jobs Code for Local Government to lift standards and reverse this trend.

Many Local Councils provide a range of aged and community care services and supports to older residents and people with a disability that aim to support their independence, autonomy, participation, and quality of life. Government must ensure continued block funding for home and community aged care program past the transition date of 30 June 2025 to ensure there are no disruptions to the high-quality care being provided by local government. Government must also ensure this funding is tied to minimum delivery standards developed in consultation with the sector and unions, in terms of both staffing and expertise. Where private providers are not able to maintain a high quality of service Government must ensure there are mechanisms in place for the return of these services to local government delivery.

Recommendation: Australian government Financial Assistance Grants 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 directly 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 create secure, directly employed jobs.

Recommendation: Government must continue block funding for home and community aged care program past the transition date of 30 June 2025 to ensure there are no disruptions to the high-quality care being provided by local government.

Recommendation: Funding for home and community care must be tied to minimum delivery standards developed in consultation with the sector and unions, in terms of both staffing and expertise.

⁴ Australian Bureau of Statistics, Public sector employment and earnings, November 2023
<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/public-sector-employment-and-earnings/latest-release>

Recommendation: Where private providers are not able to maintain a high quality of service for home and community care, Government must ensure there are mechanisms in place for the return of these services to local government delivery.

National Net Zero Authority

The ASU welcome the Australian Government's Powering Australia plan that is focused on creating jobs, reducing pressure on energy bills, and reducing emissions by boosting renewable energy.⁵ It is vital the National Net Zero Authority is appropriately funded to help guide Australia's net zero transformation.

Government must ensure the expertise and knowledge of highly skilled energy workers is not lost from the local energy industry through the transition to net zero, and that these workers are provided with the opportunity to transition into good secure jobs.

This includes workers at Torrens Island power station in South Australia, who will be heavily impacted by the impending closure of the 'B' Power Station in 2026, years earlier than previously anticipated. The uncertainty that this imminent closure is causing uncertainty for workers and their families is immense.

Retaining highly skilled workers at closing gas generators, including Torrens Island, in the industry will be essential over coming years as part of the transition to net zero.

Recommendation: Government must fully fund the National Net Zero Authority to achieve just transition for all workers at generators facing closure in future years, and in the transition to net zero, including Torrens Island and other gas generators, in coordination with relevant unions and government departments.

Recommendation: Government must designate other regions such as Torrens Island a priority region to facilitate support for impacted workers through the National Net Zero Authority and ensure that workers at Torrens Island and other impacted sites are supported through the closure and transition to net zero.

Superannuation

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, resulting in women retiring with around half of the superannuation of men. In accordance with its pre-election commitment, Government must urgently introduce legislation to pay superannuation on paid parental leave.

In addition, the federal government must fund superannuation top-ups for workers who are not on track for a decent retirement. This can be achieved by introducing a government funded co-contribution top-up of 2.5% of income, paid annually, for account holders more than 5% below an acceptable accumulation pathway. This top-up would be phased out on a sliding scale as balances approach the accumulation pathway.

⁵ Australian Government, Department of Climate Change, Energy, the Environment and Water, Powering Australia <https://www.dcccew.gov.au/energy/strategies-and-frameworks/powering-australia>

Recommendation: Government must urgently 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.

Recommendation: Government should introduce a government funded co-contribution top-up for account holders below an acceptable accumulation pathway.

Recommendation: Government must incentivise superannuation sharing between couples when one half is working and make it easier for men or the second carer to take time away from work to care for family members.

Procurement

Government procurement practices that support secure and well-paid jobs can have a significant and positive impact on the economy, workforce, and social welfare. Government can and should use funding and procurement arrangements to ensure thousands of workers have well paid and secure jobs. This is an immediate action Government can take to directly alleviate the cost-of-living pressures on thousands of Australian families.

Government should ensure those contracted to supply services to the Australian Government have decent employment practices and keep their operations onshore. Funding provided to service providers must be tied to secure employment conditions and job security for workers and ensure funding for wages is correctly passed onto workers in full.

Recommendation: Government must utilise its purchasing power to ensure organisations contracted to perform work for the Commonwealth are ethical, fair, and safe and must comply with relevant legislation including the Fair Work Act and workers compensation legislation, awards, and collective agreements.

Cost of living

To address the cost-of-living crisis, Government must do more to support people in the most vulnerable situations in our society to get by. Recommendations include:

Recommendation: Immediately increase the base rate of income support payments, including JobSeeker, Youth Allowance, and other related income support payments to be at least above the poverty line, and then index in line with CPI and wages to ensure payments keep up with the cost of living.

Recommendation: Increase the Commonwealth Rent Assistance to keep up with the rising rental costs.

Recommendation: Government should progress increasing access to free childcare arrangements to assist workers, and women in particular, in balancing their own work and family life, to address cost of living challenges and reduce the gender pay gap.