



Rebuilding jobs and our economy beyond the COVID-19 health crisis.

A briefing by the Australian Council of Trade Unions
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1. Introduction

Since its formation in 1927, the ACTU has been the peak trade union body in Australia. The ACTU consists of affiliated unions and State and regional trades and labour councils. There are currently 43 ACTU affiliates. They have approximately 1.8 million members who are engaged across a broad spectrum of industries and occupations in the public and private sector and who have been at the forefront of Australia's public health, economic and policy response to the COVID-19 crisis.

2. Why we need a Jobs and Economic Recovery Plan

Australia's public health response to COVID-19 has made our country one of the safest places in the world to be experiencing this pandemic. New levels of collaboration between the Federal and State governments, and the involvement of unions and business in forming emergency responses have contributed to high public acceptance, to date, of social distancing measures that have been successful.

While we will need to remain vigilant about the health risks of the virus and ensure decisions that are made continue to safeguard Australians, we also need to start actively planning for the recovery of our economy and the creation of good quality jobs for all. Far from returning to business as usual, we need to use the spirit of cooperation that has guided our response to the crisis to ensure we rebuild in a way that delivers a better and fairer Australia.

The Coronavirus crisis has exposed fault-lines in Australia's economy and politics that must be addressed. We undervalue carers, don't have the medical equipment we need in a global crisis, manufacturing supply chains have been interrupted, and insecure workers including casual and migrant workers have been disproportionately affected by shutdowns and left without financial support. Our higher education sector's reliance on international students has been revealed with the result being the devastation of thousands of livelihoods.

Lockdowns, however necessary, imposed by national and state governments have had major employment and economic impacts, with industries like retail, aviation, hospitality, tourism, entertainment and the Arts effectively shuttered. Unemployment rates have leapt and are predicted to approach levels not seen since the Great Depression.

Any talk of returning to 'pre-coronavirus' policy settings ignores the fact that for many Australians the economy was not working even before this crisis. Thirty years of neoliberal trickle-down

economics have led to rising inequality, an erosion of the social safety-net, record-low wage growth, and too many people in insecure employment or without enough work. The crisis has revealed the structural weakness of that model of economics and the very real human costs of such an approach.

Prior to COVID-19, Australia had the third worst rate of non-standard work in the OECD, often described as insecure work, this includes casual, contract, labour hire, gig workers and part time workers seeking more hours. These forms of work often result in workers not getting enough hours to support themselves and their family; suffering wild income fluctuations from changing amounts of work; and having no access to sick leave, annual leave or other forms of paid leave. As a nation we have no credible national plan to address climate change and its growing environmental, economic, and social impacts. Women are structurally disadvantaged in the labour market and the gender pay gap sits at 14.6%. Too many people are living in poverty and longstanding problems like mental health, homelessness and youth unemployment are likely to be exacerbated by coronavirus. Aboriginal & Torres Strait Islander people face extreme disadvantage in every aspect of their lives.

Without an active plan that addresses these weaknesses in the Australian economy and society, COVID-19 is likely to exacerbate all these problems, with the lowest income, highest disadvantaged communities most impacted.

As we plan our rebuild, how policies equitably distribute resources and effectively mitigate inequality will be a key marker in their usefulness to rebuilding Australia.

The crisis has shone a light on the critical work of health workers, carers, teachers, supermarket and transport workers, and many others who have kept Australia functioning, and it has reminded Australians of the importance of investing in the public sector, research and science and listening to experts. We need to include these new understandings in our recovery plans.

As Jim Stanford from the Centre for Future Work identified early on, “This will be an unprecedented downturn. If we just wait for “business confidence” and “consumer confidence” and “market stability” to recover, we will have many years of recession/depression ahead of us. A shock of this scale cannot be solved with normal “counter-cyclical” measures. It will require an ambitious, aggressive, government-led effort to rebuild the economy and put Australians back to work – like a Marshall Plan for the aftermath of COVID-19.”

Key elements of the post World War 2 Marshall Plan to rebuild European economies included detailed industry policy and planning, massive public investment in nation building projects, and accepting the fundamental role of unions to represent and support workers. In Australia, the Curtin-Chifley governments had turned their minds to reconstruction before the war had ended and as a result were able to lay the ground-work for the largest expansion of middle and working class incomes in history.

While the task of rebuilding nations and economies in the wake of World War 2 was enormous, rebuilding from coronavirus may be an even larger one. The entire global economy has been damaged by COVID-19. Many parts of the world look likely to be in a chronic health crisis for the foreseeable future, and international movement of people and goods will take years to return to pre-crisis levels. Before the virus, labour market “flexibility” was continually presented by some as the solution to competing in a globalised labour market. The new reality is that there will be increased reliance on domestic labour markets and economic activity to both supply goods and services and consume them. Undermining job security or driving down wages clearly won’t help us rebuild our economy in this environment.

This is a time for leadership and ambition to rebuild our domestic economy and communities in a way that delivers a fairer society, more job security, rising incomes and future growth. Australian unions are proud of the role we have played throughout this crisis, keeping Australians healthy, keeping the nation running and contributing to policy solutions to guide Australia out of the crisis. Workers need to be represented in the next phase of the response to this crisis. We look forward to working with Australian governments, business and civil society to rebuild our communities and economy in a way that works for all Australians and strengthens us for the challenges that lie ahead.

3. Adopting a national target of 2 million secure jobs

Australian Unions are calling for the Federal Government, in collaboration with States, the business community and unions to set a secure jobs target to guide economic recovery efforts and move towards achieving full employment. In the June quarter, Treasury is projecting the official unemployment rate to grow to 10%. By late 2020 rates could reach as high as 15%. These official rates significantly understate the level of spare capacity in Australia’s labour market, disguising the scale of underemployment and the number of people who have given up on the jobs market. The Federal Government needs to step in and set a jobs growth target.

Australian Unions are urging the adoption of a target of 2 million additional secure jobs by the end of 2021. By secure jobs we mean those where permanent roles are the norm and employees

are entitled to at least a living wage, paid leave, public holidays, occupational health and safety protections and collective bargaining.

The 8-point plan below, developed by Australian Unions, outlines interventions that will support achievement of the 2 million additional secure jobs target and ensure Australia successfully recovers from the COVID-19 crisis.

3.1 Improve the quality and security of jobs by creating 2 million new permanent jobs and halving the number of insecure jobs.

The growth of insecure work is no accident. It is a result of a conscious business model that promotes the fragmentation of traditional employment arrangements and the shifting of financial risk from employers to workers. Casual workers, gig workers, workers employed by labour hire firms or on contracts were the first to lose their jobs in this crisis and the last to receive (and in many cases are yet to receive) any government support to keep them in employment. We need to restore balance to our labour market. To do this we need to revise our labour laws and labour market institutions; re-visit our wage fixing mechanisms; reconsider the unfettered expansion of precarious employment arrangements; and strengthen the capacity for workers to protect their rights and genuinely participate in change by organising in their trade unions. Secure jobs, higher pay and genuine consultation will drive productivity, lift living standards, increase domestic demand and lay the ground-work for rebuilding Australia and a better life for working people.

The work from home arrangements that have become ubiquitous with COVID-19 economic activity present a new opportunity to rethink how, where and when work is conducted and the important role that social interaction provides in our communities. Whether that means work is constant, never ending and intrusive, or customised, collaborative and balanced with life's other responsibilities will depend on the policies we pursue, levels of unionisation and the way technology is deployed across the workforce. The OECD Better Life Index has a score for 'life satisfaction'. Finland, Norway, Denmark, Iceland and Sweden all have a higher ranking in terms of 'life satisfaction' than Australia. These are countries with high trade union membership, low levels of non-standard work, highly co-ordinated multi-employer bargaining systems and 20 years of real wage growth.

As during the Great Depression and immediate post war era the public sector is an opportunity to lead by example in providing direct secure employment, wage increases and shaping the national workforce

Prior to the COVID-19 pandemic more than 1 in 3 workers had no rights to paid sick leave or paid holidays. This left the country glaringly exposed to both a health and economic risk once the virus began to spread.

Immediate steps to halve the number of insecure jobs should include a qualifying period for casuals to have the right to convert to permanent work after 6 months of employment. Another form of insecure work that is far too prevalent in Australia is the use of rolling fixed term contracts that deny permanency to workers. Australia is one of only seven OECD countries that does not put a limit on the maximum length of fixed term contracts. We should impose a limit of four contracts or 2 years' service, whichever comes first, before the employee must be offered permanency.

A third early step to convert insecure and precarious work into secure jobs is to expand the coverage of the Fair Work Act to include all workers rather than just employees. The limitations of nineteenth century definitions of employment has left many workers, like gig economy workers, outside the protection of our industrial laws. By regulating work generally, the Act should capture a variety of relationships where workers should have protection and the right to act collectively. At the same time it can avoid creating an incentive for corporations to artificially structure their workforce in ways designed to avoid obligations to the workers involved. By offering all workers the rights to freedom of association, collective bargaining and access to fast effective dispute resolution, the Act would facilitate greater job security for these workers.

3.2 Lift wages and living standards.

This crisis has highlighted the critical nature of the work of many of the lowest paid and precarious workers in Australia who have led us through this crisis – health workers, supermarket workers, transport and logistics, agricultural workers, aged-care workers, cleaners and many others. We need to prioritise ensuring that workers are properly valued, including through reinvigorating collective bargaining, reducing insecure work and establishing a new Living Wage.

We need to remember the lessons of the Great Depression when cuts to workers' wages made the depression deeper and longer. Without the relatively strong minimum wage increases which have been implemented since 2017, overall wage growth in the Australian labour market would still be tracking at below 2% – even lower than the record-low increases recorded in 2016 and early 2017. If there is no increase in the minimum wage, overall wage growth this year will sink below 1%.

We need changes that increase workers' bargaining power so that wage growth occurs across whole industries and lifts both domestic demand and living standards. In rebuilding the Australian economy the role of government employment in influencing wage settings will be vital. Artificial wage caps for public sector employees drags down wages. Pre-COVID-19 we have the lowest public sector wage growth on record. Conversely, injecting stimulus into the economy through public sector employment and wage growth lifts the living standards of workers and market expectations on wages. Public sector workers need a pay rise.

3.3 Strengthening and investing in public and community services that are our first line of defence against 'shocks' like COVID-19, bushfires and drought.

We need to ensure crucial services remain in public ownership and are properly funded. We need public investment in public services and institutions – not cuts and austerity measures. The crisis shows that some critical services that we have relied upon the market to deliver, such as aviation, research and development, regional media, energy, utilities, transport, education and health need more active ownership, control and investment by government.

During COVID-19 the capacity of government to redeploy workers across the public sector to provide a “surge” workforce has been limited by the previous policies of staffing caps and outsourcing public services. The rebuilding of the public sector to ensure capacity is available where and when it is needed requires an active rethink. Outsourcing the delivery of public services to private operators has not been in the public interest. Bushfire recovery efforts have changed the conversation from delivering services in the cheapest possible way (in the short-term) to maximising safety, security, sustainability and resilience over the longer term. Rather than capping the public service the approach should be to limit the use of insecure, temporary and rolling contracts. The inefficiencies in having to manage constantly rolling employment, staff turnover, new contractors, inductions and re-applications detract from time and effort that is needed to improve our nation's capacity to respond to shocks and emergencies and deliver essential services in times of crisis.

3.4 Support nation-building projects that create decent jobs and set Australia up for a better future.

In the wake of the Great Depression governments committed to building the Great Ocean Road. After World War 2 the nation embarked upon the Snowy Hydro Scheme. We need to take advantage of the historically low cost of borrowing money to invest in large national projects that

create a lasting benefit to the nation, creating hundreds of thousands of new additional, secure jobs. Key priorities could include government investment in public transport projects, inter-city fast rail, sustainable public and community housing, new hospitals, schools & TAFEs and electricity transmission network upgrades.

We need to undertake a capability assessment of our domestic manufacturing industries to ensure Australian workers and industry are ready and equipped to participate in and drive the supply chain required for the future and for this infrastructure pipeline.

Such a commitment to major projects manufactured and built by Australian workers will stimulate the domestic economy through jobs and wages as well as through the improved productivity infrastructure projects provide.

Australia's manufacturing industry is in urgent need of attention. Our manufacturing sector has declined to around 7 per cent of the workforce, far below comparable nations. From 2006 to 2016 manufacturing jobs collapsed by 30 per cent to 729,000, with further declines since then likely. By contrast manufacturing makes up about 16 per cent of the workforce in Germany, Japan and Switzerland. Canada, whose economy otherwise is similar to ours, has 1.7 million manufacturing workers. In Israel and Sweden, with far smaller populations, advanced manufacturing is thriving. It is important that the services side of these projects is not ignored.

The Great Ocean Road was, and remains, a nation building infrastructure project, but it has also supported the development of local tourism, hospitality and accommodation industries. A deliberate strategy of connecting services industries to nation building projects from the planning stages will ensure that these projects address Australia's youth unemployment crisis predicted by some to grow as high as 40% under current policy settings. Young workers, who make up large parts of the services based industries of tourism and hospitality, must be able to gain secure employment through such projects.,

Rebuilding Australia through new and creative partnerships with major super funds is an opportunity for government to provide returns to working people through increasing their retirement savings, creating jobs and ensuring projects that deliver large social benefits go ahead. The crisis has highlighted the vitally important role superannuation plays in our national economic system. While the ASX 200 dropped almost 30% in a two-month period, balanced superannuation funds dropped by only 12% and more defensive funds by half that again. This stabilising impact is underwritten by the superannuation guarantee providing an ongoing flow into retirement savings. The need to continue to increase superannuation contributions

(particularly given the large outflows associated with hardship access) to invest in nation building projects and support retirees is greater than ever.

3.5 Education and training

As important as investing in physical infrastructure is investing in social capacity through skills and training. Too much of our education system has been reliant on exporting education to full fee paying international students, As our third-largest export, education has failed to deliver secure jobs and increasing incomes for the majority of the people who work in the industry. With the collapse of people being able to freely move around the globe the entire industry is in crisis.

The reality however is that our domestic economy requires more skills in more industries than ever before and public investment in education delivers social benefit and an excellent rate of return. The contrast between federal decimation of TAFE funding and states where access to TAFE has been a centre-piece of government policy provides insight into how rebuilding TAFE, with strong links into key sectors and pathways into employment, can help improve economic outcomes. Government, as employer, provider and regulator, must ensure this delivers high quality skills and training. Private provision of nationally important skills development is inherently conflicted. Public money going to private providers has not improved outcomes or lead to better employment outcomes.

As we rebuild the economy the use of public money should be tied to outcomes that have a public benefit and public institutions are best placed to deliver on this goal. As we focus on development of our domestic economy we have an opportunity to refocus the education industry away from export and the insecure work models that underpin institutions betting on increasing foreign student numbers towards a more stable, secure employment model tailored to Australian needs.

Where industrial transformation is underway, communities should be supported to re-skill and re-orient for the future through the delivery of quality public education and training programs.

3.6 Dealing with the crisis of climate change.

Many nations around the world are looking to rebuild their economies in ways that reduce emissions and the physical and social impacts of climate change and restore nature. Australian Unions call on the Federal Government to align our economic recovery with a goal of achieving net zero emissions by mid-century at the latest and to make a greater contribution to global

efforts under the Paris Agreement. Investment and policy support to reduce emissions and improve energy efficiency and productivity across our economy will create jobs and save businesses and households money in energy bills. Ensuring reliable and sustainable energy to existing industry is critical in avoiding large scale closures. Creating new industries that take advantage of Australia's world-class renewable energy and minerals industries to produce zero emissions metals and mineral products can create thousands of jobs in regional Australia and position our nation at the forefront of low-carbon economic activity. Shifting away from being just a supplier of raw materials to insecure and damaged global markets towards being able to value-add and manufacture low emissions products will drive new technologies, skills and job creation. Investing in electricity transmission upgrades will support Australia's energy transition, maintain energy security and deliver high quality regional jobs. Restoring the damaged environment including waterways and landscapes and increasing resources to support and manage the natural environment including parks and conservation areas, can create jobs in areas most affected by recent droughts and bushfires.

3.7 Improve social, health and economic outcomes for people and communities that experience disadvantage.

While improving the quality and security of jobs will improve our domestic economy and deliver significant progress towards addressing inequality in Australia, further interventions are necessary. Australian unions support actions and investment to improve public and social housing, address homelessness, and invest in physical and social infrastructure in Aboriginal communities. The delivery of these measures has an economic stimulus effect. When policy is properly targeted to the people and places most in need, we will see improved housing, employment, social cohesion, educational attainment and health outcomes. Measures introduced as part of our coronavirus response, such as free childcare and the recent increase to the Jobseeker supplement and other welfare payments, clearly indicate that there is value in supporting the participation of our lowest income households in the economy, not just for their benefit but for the strength of the entire society and economy. Those measures should be made permanent.

A fundamental economic inequality that must be addressed in order for Australia to rebuild the economy is the issue of taxation, particularly corporate taxation and tax loop-holes that benefit the wealthy in such a way as to reduce their effective rates of taxation well below any appropriate headline rate. The rebuilding of the economy that occurred in the post-war era saw significantly higher tax rates than are currently in place. It wasn't until the late 80's that the top marginal tax rate dropped below 50%, and from the 1940's through until 1993 company taxes in Australia

were in the 42-49% range. Company tax revenue could be used to invest in nation-building projects, education, health care and programs to achieve full employment rather than for private benefit.

Cutting corporate taxes reduces the capacity of the government to invest in society, funnels value created here to other places, and does not “encourage” investment in assets or jobs.

3.8 Embrace industry policy and ‘Australian made’.

The international economy will recover much more slowly than our domestic economy. As highlighted above we need to bolster both supply and demand locally. This will require initiatives to build domestic demand, support Australian businesses, create good jobs and ensure that workers have the income to buy more of the products and services produced and provided within Australia. We need the Federal Government to embrace industry policy and develop detailed sector by sector roadmaps and plans. These plans will need to revive and grow jobs, encourage new investment and look at how we build resilience. Key industries like manufacturing, tourism, education, health services, hospitality, construction, health care, education and others have diverse challenges and intersect with many of the already identified opportunities for rebuilding Australia. The crisis has highlighted vulnerabilities in medical equipment and manufacturing supply chains.

The Federal Government can support local jobs and industry policy through government procurement. Government procurement rules should explicitly encourage and support local suppliers, manufacturers and service providers, with a focus on the security of employment that is offered. Putting Australian industry and services first should be a key principle of a new economic strategy of resilience, and should take into account a holistic view of the economic benefits of providing local, secure employment, guaranteed local supply chains and the opportunity to train and develop local workers. Any trade agreements Australia commits to should support these objectives. Trade is neither inherently good nor bad and it is the terms of the deal which decide the impact it will have on our nation. Trade deals that give away our sovereignty, jobs, and undermine household incomes are bad. Trade deals that give us more customers, support our national interest, deliver social and environmental benefits and lift wages, both here and overseas, are good. While trade deals are hugely complex arrangements these fundamental measurements should be applied to every deal to ensure they support, not undermine, secure, well paid, sustainable local jobs.

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