Why unions in Australia are looking to tax justice campaigns

As in a Shakespearian play, we are witnessing the demise of an old king whose rule has been based on lies, deceit and misery. Those seeking to bring about changes are rushing to undermine the crumbling foundations of the King’s stronghold. They know they don’t have the power required for direct confrontation, having suffered decades of being besieged. But they do have the skills, experience and strategy to win. Provided they act in time. There are signs the stronghold’s walls are cracking, but the King’s allies are rallying ready to rebuild.

In 2016, according to businessinsider.com.au, Joseph Stiglitz stated that neoliberalism was on its last legs, the consensus surrounding it having come to an end. The events leading to this apparent weakness are well documented; the global financial crises (GFC) exposed the deceit and precariousness of neoliberalism and created the stage upon which the actors entered. The waves of austerity that followed the GFC have been matched by the relentless exposure of growing inequity.

For public sector unions the effects of neoliberalism have been close to devastating. This free market ideology, driven through trade and investment agreements and deregulation, have resulted in the privatisation of services and infrastructure whilst austerity measures have resulted in the loss of job security, positions, wage suppression and the loss of entitlements. Tax settings favourable to corporations were meant to ‘trickle down’ into more jobs and wealth for the community, but they never have. Instead we’re left with an eroded tax base that makes it hard to provide decent public services, and job insecurity and inequality are rising. For decades public sector unions have been speaking out about the effects of neoliberalism, however their arguments often failed to gain traction.

With the growing exposure of inequity, and increasing transparency of business practices, however, there is now a growing audience for an alternative to neoliberalism. Indeed, there is a growing audience for an alternative to capitalism. The analogy of neoliberalism as an old king is instructive given the evolution of the fight for gender equality has positively decreased the tolerance for sexism. Reports identify that the impact of privatisation is greatest on women and that the majority of public sector workers in Australia are women.

Within these contexts there is a corresponding re-awakening of the need for, and the need to protect, publically owned and run services and infrastructure.

Some public services and infrastructure in Australia are world renowned, such as the public health system backed by Medicare, our universal health insurance system used to ensure affordable, if not free, access to services. A government approach to pharmaceuticals (the PBS and PAB) ensures a collective affordability of effective and efficient medicines. Primary and secondary school education is technically free.

But even in these examples user co-pays and commercialisation, are seeing affordability slipping.

Indeed, privatisation and commercialisation in Australia have seen many services and infrastructure go to the private sector or accessed through a commercial basis. Whilst the privatisation front was opened by a Labor government, conservative governments have pursued it with vigour.

Privatisation examples include the sale of the Commonwealth Bank, Qantas, Telstra (telecommunications), shipping, and energy generation and distribution. There have been major service-delivery privatisations which have caused huge issues for vulnerable communities, such as the privatisation of the Commonwealth Employment Service and the fracturing of services to job-seekers. Commercialisation has seen free tertiary education convert to AUD$100,000 degrees paid through student loans. Our post-GFC world has seen privatisation back on the agenda. To use a colloquialism; we’ve just about sold off the farm.

Between 2016 and 2017 a group of public sector unions in Australia funded a public inquiry into the effects of privatisation. The aim of the inquiry was to look at the impact of privatisation on communities.

The report, Taking Back Control, found that, for our communities, there is decreased access to public services and a decrease in quality when services are obtained. Our communities are struggling to enact effective accountability when services fail whilst at the same time those most vulnerable within our societies are repeatedly, and wrongly, demonised for being the cause of societal woes.

For public sector workers, it is seeing job losses and loss of job security, a decrease in the buying power of their wages, and increased workplace stress as more is demanded from less. For some of their unions this means fewer members and a potential decreasing capacity to fight.

Governments are selling revenue-making services, decreasing their capacity and the ability to maintain effective regulatory processes.

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the assistance of external private providers. This problem is worsened by years of job cuts in the Australian Tax Office itself, which further undermines our ability to collect taxes and make tax policy. Ironically, some of the multinational companies who’ve collected outsourced jobs may themselves have paid very little tax on their operations in Australia.

Government budgets are tight, with many running deficits. It is easy, though perhaps lazy, to therefore make the analogous reference to family budgets and belt tightening, particularly in post-GFC economies. The metaphor quickly breaks down in the face of the evidentiary inequality and inequity, both globally and locally. It is now clear that the current economic circumstances, and therefore the socio-economic well being of our communities, are a product of political choice, not of inevitability.

Public Sector unions have spent decades attempting to respond to the effects of neo-liberal policies. They have fought, sometimes successfully; sometimes not, wave after wave of privatisation, job losses, casualisation, wage restraint and work intensification.

A constant refrain from communities who have been fed the neoliberal ideology since the 1980’s, and for apologists alike, is that as a society we can’t afford quality public services; Governments are in debt, there’s no money available and we need to pay for it somehow. Privatisation is not supported in Australia\(^1\), but it seems to be tolerated in the absence of a viable option.

One of the key factors that are changing the view that there is no option is the growing exposure of tax avoidance.

In 2014 Australia played host to the G20 at a time when the world was increasing its focus on tax avoidance. This period saw the first timely, albeit independent, actions of some unions and civil society organisations in addition to strong leadership from trade union leaders such as Sharan Burrow, General Secretary of the ITUC. This ranged from a group of Christians staging a mock tax haven, Oxfam having world leaders portrayed in 'budgie smugglers'\(^10\), and a group of nurses promoting the Robin Hood Tax\(^11\). The action to arguably have the greatest impact was a report by United Voice, a predominately female, hospitality workers’ federation from a group of Christians staging a mock tax haven, Oxfam having world leaders portrayed in 'budgie smugglers'\(^10\), and a group of nurses promoting the Robin Hood Tax\(^11\). The action to arguably have the greatest impact was a report by United Voice, a predominately female, hospitality workers’ federation (MUA) and led by the International Transport Workers Federation (ITF), generating community outcomes with that of Qatar, and the structures of resource rent taxes, comparing Australian revenue tanks and civil society organisations have seen ideas such as the so-called 'Buffett Rule' brought into the realm of the politically possible (receiving cautious endorsement even from the conservative press). In 2015, the CPSU escalated its efforts to increase the public debate around the Buffett rule in the lead-up to the national conference of Australia’s major progressive party, the Australian Labor Party (ALP), resulting in a change to the party’s policy platform. And although the Buffett rule has not yet been implemented, the ALP has shifted its policy to more progressive taxation policies such that when next the government changes there will certainly be progress made on tax.

This work has been supported through the global exposure of tax havens and secrecy jurisdictions. Both the Panama Papers and the Paradise Papers received significant coverage in Australia\(^13,14,15\) increasing the pressure on politicians and government agencies to act.

A campaign designed to question the tax practices of Chevron in Australia, instigated by a labour dispute with the Maritime Union of Australia (MUA) and led by the International Transport Workers’ Federation (ITF), generated community outrage, parliamentary hearings, changes to legislation and a significant tax bill for Chevron. The campaigning drew attention to the deficits in resource rent taxes, comparing Australian revenue outcomes with that of Qatar, and the structures of some companies within the extractive industry; thin capitalisation, profits allocated to offshore subsidiaries and arm’s length loans. This campaign and the resultant community awareness has allowed progressive political parties in Australia to develop progressive tax policies.

These efforts are collectively shifting the tax debate in Australia, and tax policy reforms previously considered too radical to be realistic are becoming part of mainstream discussion.

But in the face of all of this, the old king’s allies are rallying. Corporate Australia is demanding that the Federal government follow through on its... continued on Page 24...
promise to drop the corporate tax rate to 25 percent. This includes advertising from the Business Council of Australia targeting cross bench politicians who are key for getting the vote passed in the Senate. In the face of repeated public criticism of the tax cut\(^1\), the Government and their allies are clinging to the neoliberal mantra of trickle-down economics. One such criticism appeared as an opinion piece by the government owned ABC’s Chief Economics Reporter. The piece was controversially pulled by the ABC for being factually incorrect, breaching editorial guidelines. Public outrage at the piece being pulled saw it re-posted; without any notable changes\(^2\). A policy approach that just a decade ago would have faced little opposition is now a talisman for the future, with a growing number of champions.

Times are changing. There is now a growing counter trend as private and public-sector trade unions, and their members, in partnership with civil society organisations, turn their attention to the cause of austerity and inequity rather than the symptoms. It is within this context that a group of Australian public-sector unions, through their global union federation, Public Services International, are working together to undermine the tenants of neoliberalism. They continue to criticise free trade agreements and de-regulation. The People’s Inquiry into Privatisation, and the resulting report Taking Back Control, were the first response.

One of the key recommendations in that report was that companies involved in tax avoidance measures, should be exempted from tendering to run, or buy, government services. And so, tax justice campaigning is the next front. They recognise that real change in this context requires local change with a global view. They will focus on obtaining changes to Australian taxation laws and target the global loopholes that allow billions of dollars in forgone revenue. They will be doing so with a strong message for the need for quality public services, and the affordability of a better world.

It will take a combination of work. If Stiglitz is to be proven correct about the old king being on his last legs. Unions and their members have a key role to play in partnership with civil society organisations. Together they will need to generate and maintain the social movement that pressures progressive politicians to implement tax justice measures. To paraphrase John E. Lewis; if not us then who, if not now...

Notes

1 Read more at https://www.businessinsider.com/joseph-stiglitz-says-neoliberalism-is-dead-2016-9#RlXJksQVeJ4shi6fw.99
4 https://www.theguardian.com/us-news/2017/sep/02/socialism-young-americans-bernie-sanders
5 http://www.actionaid.org/australia/privatisation-womens-rights
7 http://www.world-psi.org/en/taking-back-control
9 http://www.micauna.org/blog/h-christians-create-mock-tax-haven-in-brisbane-prior-to-g20-141111
10 https://www.theguardian.com/world/video/2014/nov/14/protesters-world-leaders-lifesaver-protect-oxfam-g20

Trade handbook

ICTUR’s Researcher Ciaran Cross has written a new discussion paper, *Legitimising an unsustainable approach to trade*, which examines the incorporation of labour, environmental and sustainable development provisions in the EU’s free trade agreements (FTA). The paper has been co-published with German NGO Powershift and several other partners, and is available to download from the Transnational Institute website (www.tni.org).

The paper examines whether the overall objectives of these FTAs are truly compatible with a meaningful approach to labour rights, environmental protection and sustainable development? And if not, what are these provisions actually doing? Often the inclusion of labour clauses in particular seems designed for little more than promoting the ‘buy-in’ of trade unions to agreements that threaten not only jobs, but also public goods and the environment.