

10th August 2020

To the Territory Economic Reconstruction Commissioners,

The United Workers Union (UWU) welcomes the opportunity to make a contribution to the NT Rebound consultation process.

UWU represents over 150,000 workers nationally, and 3,300 in the Northern Territory, on the frontline of the COVID-19 crisis. UWU is a new union created by workers to rebuild the power of working people and create transformative change for the many, not the few. Bringing together more than 45 industries, the work of our members spans the community, Aboriginal community controlled health services and Aboriginal community controlled organisations and essential supply chains. Without us, everything stops.

Our members are proud of the work they do. Paramedics, firefighters, Aboriginal Health Practitioners and healthcare members work around the clock saving lives; farm workers pick the fruit and vegetables we all eat; warehouse workers; and food process workers ensure stores have the goods they need; early childhood educators care for our children; cleaners keep our hospitals and schools safe; and aged care workers ensure the elderly live with dignity.

COVID-19 as a social crisis has brought new challenges. It highlights the need for local resilience and strong structures of social solidarity. The answers to the questions of the 1970s and 1980s are not the right answers for the 2020s. The present moment is throwing up new challenges, and that requires new thinking.

New thinking means a new model, and that new model is the Territory Model.

This submission does not contain a bullet point list of recommendations. It suggests a new way of doing things, and therefore points to a new direction in building community wealth. It is a direction that is not new globally but would be new in Australia. How this new thinking will play out concretely is an unknown. Community wealth building must be unique to the specific community.

There are certainly both key principles and specific ideas contained herein but ultimately the key question is thus; will the Northern Territory embark on this journey of community wealth building?<sup>1</sup>

### **The Territory Model**

The Territory Model is about bringing the Preston, UK, Cleveland, USA and Mondragon, Basque Country regional economic development models and making it relevant for the present context in the Northern Territory. This is a regional economic model that a state or territory government has the potential to deliver with current legislative, regulatory and budgetary capacities.

---

<sup>1</sup> See Presto Council's account of how it started on its own journey of community wealth building here:

[https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES\\_Preston\\_Document\\_WEB\\_AW.pdf?m=636994067328930000](https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES_Preston_Document_WEB_AW.pdf?m=636994067328930000)

The model is based on the underlying approach of community wealth building to provide for long-lasting and sustainable prosperity. This is a model that is designed to deliver better social, environmental and economic outcomes rather than seeking trade-offs between each of those three aspects.

The key principles of this model are employee and community empowerment, making finance work for local communities, working with local anchor institutions such as universities and hospitals around fair employment outcomes, progressive procurement of goods and services, and socially productive use of land and property.

The key with this model is that it invests in people and place locally, circulates income further around the local economy and leads to a genuine development of long-term social wealth.

### **Employee and Community Empowerment**

Even before COVID-19 struck, Territorian workers were experiencing hard times. Wages had flatlined. Job insecurity, wage theft and cuts to conditions like penalty rates were everyday realities.

Encouraging alternative business models can be one way of delivering greater prosperity for the NT. Cooperatives and mutuals, including worker cooperatives specifically, are a key part of the proposed Territory Model.

Worker cooperatives are enterprises owned and managed by workers. They describe a form of business where decisions are made on a 'one worker, one vote' basis rather than the 'one dollar, one vote' rule which dominates conventional workplaces. Workplace democracy is the next frontier of economic reform.

Worker cooperatives provide for a more equitable income distribution than conventional businesses. Financial decisions need to be ratified by the workforce so there is no room for a CEO's salary package to be over 100 times an average employee's pay. Instead, workers might decide to pay a high salary for the right CEO but they will be looking for an effective return on investment. After all, democratic enterprises require key expertise in specialist fields as well as high-quality managers.

There is ample global evidence in multiple jurisdictions to suggest that worker cooperatives are a viable enterprise structure. On many measures of enterprise-performance, worker-owned enterprises as they actually exist today come out in front of conventional corporations.

Worker cooperatives are more productive, resilient and socially responsible than their corporate counterparts. In 2016, Professor Virginie Pérotin of Leeds University Business School undertook a study of the available data on employee-run firms in Europe, North America and Latin America.<sup>2</sup> She found that staff in worker cooperatives work 'better and smarter' allowing these enterprises to more effectively organise production.

---

<sup>2</sup> See <https://www.uk.coop/resources/what-do-we-really-know-about-worker-co-operatives>

Worker democracy also provides for greater resilience in the face of adversity like public health crises such as COVID-19. Workers grappling with a period of economic difficulty are far less likely to initiate layoffs. Instead, they tend to preserve jobs through temporarily scaling back working hours. Furthermore, workers are far more likely to keep capital and investment in the communities where they live. The dislocation and disruption felt by those left behind by offshoring and outsourcing can, therefore, become a thing of the past.

There are thriving worker cooperatives in Australia today, such as the Earthworker Energy Manufacturing Cooperative, which makes solar hot water heaters in Morwell, Redgum Cleaning in metropolitan Melbourne, The Co-operative Life providing social care in New South Wales and the Resource Work Cooperative, which carries out a number of recycling services in Hobart. Australia's sector nonetheless remains tiny in comparison to Europe and North America. Across those two continents, hundreds of thousands of workers own their cooperative enterprises across a diverse range of sectors, from manufacturing to care and hospitality. This is no accident but a reflection of divergent policy settings in Australia.

In 2018, the notoriously gridlocked and then Republican-controlled US Congress managed to pass the Main Street Employee Ownership Act with bipartisan support.<sup>3</sup> The legislation directs the Small Business Authority to take measures to increase technical and financial assistance for start-up worker cooperatives. This measure is reflective of a raft of legislative measures at a state-level in the US that provides greater legal certainty for worker cooperatives, as well as ensuring there is a level playing field for cooperatives when it comes to competing for limited state funds for industry assistance. Meanwhile in Italy, the Marcora Law provides state-assistance for workers to buy-out existing firms. Since its introduction in 1985, the law has helped save or create over nine thousand jobs across 257 new worker-cooperative enterprises.<sup>4</sup>

Historically, cooperatives and mutuals have a strong grounding in the traditions of conservative and Labor politics in Australia. There is no reason why the Northern Territory cannot build up a worker cooperative sector employing thousands of people in well-paid secure jobs over the next decade. These are just the sort of jobs that anchor communities and provide hope for those who would otherwise depend on volatile sectors such as the fossil fuel extraction industry.

A government cannot simply mandate a cooperative and mutual sector into existence. It can, however, create a fertile ground for the emergence and thriving of new cooperatives and mutuals. Careful regard, therefore, should be given to the recommendations from the Business Council of Cooperatives and Mutuals. Other developmental measures that we will elaborate on further will also help create an economic and social environment for cooperatives and mutuals. In addition, senior public servants, parliamentarians and key civil society leaders should travel to and learn from other regional jurisdictions (COVID-safety permitting) such as the Emilia-Romagna region in Italy, the Basque country and Preston UK to study and learn from these living and breathing examples.

---

<sup>3</sup> See <https://institute.coop/news/democracy-work-institute-celebrates-passing-worker-cooperative-and-employee-ownership-0>

<sup>4</sup> See <https://www.ica.coop/en/media/news/marcora-law-supporting-worker-buyouts-thirty-years>

Another key component of employee and community empowerment is lowering incarceration rates by ensuring there are less non-violent members of our community going to prison. Decriminalising drugs such as marijuana and therefore decriminalising substance abuse frees up resources going to police people with health problems, and allows for a supportive environment in which more Territorians can reach their full capacities as people.

### **Making Finance Work Locally**

The Northern Territory government has an opportunity to make sure its government revenue better supports local communities through setting up a public bank. A public bank generates new revenue for the government, supports local jobs and helps support the establishment of new small businesses.

Currently, the government banks with the major banks whose primary offices are in Melbourne and Sydney. Darwin can support a new public bank that services the requirements of the Territory government, its agencies and departments. The funds of the Territory government should be managed by Territory public servants.

A thriving precedent model for this already exists in the Bank of North Dakota. The Territory could follow North Dakota's lead. North Dakota's bank is not a public consumer bank as such. It only has one branch office and it has minimal running costs. Only government departments, local governments and agencies can bank there.

What it does is act as an anchor stone for a thriving cooperative and community banking sector in North Dakota.<sup>5</sup> Part of the bank's mission is "to be helpful to and assist in the development of... financial institutions and public corporations within the state." As a consequence, North Dakota is the state with the highest per capita number of community banking customers across the United States. Regular North Dakotans interact with their public bank through local and community financial institutions.

The advantage of a public bank, established consistently with the North Dakota manner, is that it would have a more secure structure compared with former state banks in Australia. The new bank would not own any subsidiaries. It would not have a separate investment arm but a set of networked and conservative relationships with other Territory community and cooperative financial institutions spread through the regions. Thus, the new bank would only be exposed to the failure of any one community institution to the extent to which it loaned money to that individual institution.

At the conclusion of the Territory's contract with *the major banks*, it could simply take the sums of money it would have given to Australia's big banks and use it to found a new public bank for the Territory's tax revenue. The move would not have to cost the taxpayer any additional funds. It could set up one branch office to support it for its own banking needs with a supplemental relationship with other financial institutions such as Traditional Credit Union, Bendigo Bank or Bank Australia.

---

<sup>5</sup> For a summary of the history of the Bank of North Dakota see <https://ilsr.org/rule/bank-of-north-dakota-2/#:~:text=Contact%20Us-.Public%20Banks%3A%20Bank%20of%20North%20Dakota.institutions%E2%80%A6%20within%20the%20State.%E2%80%9D>

Ultimately, making finance work locally is part of a broader process of unlocking the power of procurement.

### **Fair Employment Outcomes**

Fair employment outcomes for public sector workers in the Northern Territory, workers in key anchor institutions such as universities, hospitals and councils, Aboriginal organisations and workers in contracted out public services and contracted workers within anchor institutions matters for general public prosperity. Such outcomes are not dependent on a strong economy but co-determinant of a strong economy. Employment outcomes included a living wage, job security and collective union rights is key to building generalised prosperity within communities.

While many of these employers in the Territory do have a good track record as employers - the central institutional innovation is for the Territory government to bring these anchor institutions together with union and other community stakeholders. The idea is for this network of community-based employers and representatives to work collaboratively to ensure the Northern Territory gets maximum community value and return on its public spending. It is through this dynamic of collaboration that opportunities for building the public good can be identified. For instance, it is through this collaborative process that in Cleveland, Ohio the local university and city hospital identified that they could progressively transfer their laundry contracts to a new worker-owned cooperative laundry called Evergreen Cooperative Laundry.<sup>6</sup> This laundry was through these contracts able to pay a living wage to its worker owners and thereby increase the take home pay of local laundry workers.

This is but one example of a potential outcome and other opportunities might come from supplying hospitality, food, food service, Aboriginal community controlled health services, cleaning, security and any other key support work to keep government and anchor institutions going. Even using this process to drive up standards in traditional corporate service providers, as the Victorian quarantine security crisis highlights, can exercise a significant public good that supports a prosperous community.

### **Progressive Procurement of Goods and Services**

The above collaboration not only drives fairer employment outcomes, an important public good in a society where the lack of worker purchasing power and chronic insecurity are driving significant social problems, but it also unlocks the power of procurement.

It is this focus on the power of procurement that can help drive broad-based prosperity. There is a significant amount of work to be done on driving up procurement standards to support not only local jobs but decent local jobs. Separate and in addition from that process, however, is an initial and ongoing tracking analysis.

Getting government departments, local councils, Land Councils and key anchor institutions together to identify the total spend on goods and services, and then work out how much (including contracted out public services such as ambulances) is spent within the Northern Territory, how much is spent in

---

<sup>6</sup> See <http://www.evgoh.com/ecl/>

Australia including sending money back to corporate headquarters, and how much leaks out of the country completely.

Running a collaborative analysis over this spending should identify which contracts could be opened up to greater competition and which should not be subject to competition and should therefore come fully within the public sector.

A prime example of a service that should come under the public domain for instance is the Northern Territory Ambulance Service. There is no way that competing and parallel emergency paramedic services should be encouraged. It is a public service, the government sets the prevailing wages and conditions standards for paramedics, emergency medical dispatch, patient transport and ultimately the government funds and runs this service as they currently do for police, fire service, correctional services and hospitals.

This work should be regarded as an ongoing process where senior public servants, procurement officers in anchor institutions and union and community representatives work together to identify the behaviours and patterns which influence procurement processes. In the Preston, UK example the local government and anchor institutions ended up agreeing to a statement of intent with the common and overarching aim of “long term collaborative commitment to community wealth building in Lancashire for influenceable spend.” This drove longer-term work in Preston and Lancashire for the local government and anchor institutions to increase the social and local economic benefits generated by their supply-chains and procurement policies. In the Preston example, this goes beyond just a greater emphasis on spending local but an ongoing commitment to direct spending as “to better benefit local workers, employers and business.”<sup>7</sup>

In the greater Lancashire area, this resulted in an additional £200 million per year in public and anchor institutions spend being retained within the local area in only a four year period.<sup>8</sup> Due to this value going to employ workers locally on a living wage and sometimes in worker-owned enterprises this was also accompanied by significant social gains.

### **Socially Productive Use of Land and Property**

For the good of sustained and continued prosperity the Northern Territory needs to move away from projects that lead to boom and bust cycles like big gas projects. The Territory Model being a community wealth approach articulated to the specific and present context will build prosperity beyond the reliance on extractive fossil fuel projects.

While the Territory Model should mean that gas projects do not need to be relied on to help the Territory recover, gas and other extractive and capital intensive projects should not be viewed as something that can be added on top of this approach. Capital pouring into gas will crowd out investment in other required areas such as renewable energy generation and export, agriculture, food

---

<sup>7</sup> See footnote 1.

<sup>8</sup> As above.

processing and building logistics in the Territory. This is known as Dutch disease and it is the downside of any singular commodity based boom.

Even then a gas-boom may work on its own terms for a short period but will work much like a caffeine shot to the economy - the crash will surely follow the high.

Any strategic approach to prosperity will take the scientific facts of the climate crisis as central to its strategy. The Territory will be far better served by positioning itself to export renewable energy and renewable fuels to the Asian markets. Beyond Zero Emissions' 2019 *10 Gigawatt Vision* for the Northern Territory should form the core of the government's response to building energy generation and export.

### **The process of community wealth building**

There is a productive power in democracy, there is power in using procurement and there is power in building up new renewable energy industries. The Northern Territory is in a position to make history and write a new future if it starts out on this developmental journey known as the Territory Model. As COVID-19 continues to rage around the world and holds back the rest of Australia, the Northern Territory has an opportunity to be a beacon of hope for people everywhere. Will the Territory take it? We wait in hope.

In unity,



**GODFREY MOASE**  
**EXECUTIVE DIRECTOR ALLIED INDUSTRIES**