

Analysis of FWA decision on ASU's Equal Remuneration Order application for community sector workers, 1 February 2012

Key points of FWA decision

- FWA granted wage rates as agreed by the Commonwealth Government and the ASU in November 2011: ranging from 19-41%.
- These rates are in the order of the Queensland equal pay decision of 2009.
- FWA found that the implementation should be phased over 8 years, not the 5 years originally sought by the ASU: 8 years in 9 instalments starting December 2012.
- A further 4% to be spread out over 8 years; which the ASU sought as 4% over 4 years. This component is comparable to the Queensland equal remuneration component, but it is to be spread out over the longer implementation period, ie 4% over 8 years (9 instalments also).

Additional detail

- Salary packaging explicitly provided for (there was some concern about whether it would be covered).
- Increased rates to be paid over equal instalments. (There had been some speculation about more money paid earlier on in implementation for those who would receive less overall.)
- FWA commented that opponents to application underestimated rate of growth in public sector wages, ie Decision is moderate within forecasts of wage growth.

Context of the decision

- This is a milestone/great step towards ensuring viable, effective social services by requiring appropriate levels of pay for the staff we depend upon to deliver those services.
- This decision is the first step in addressing the historical undervaluing of community sector workers.
- But employers of not-for-profit community services don't control the purse strings. The next, vital step is for those who fund community services, including government and non-government funders, to work with community services to develop funding models that ensure workers are paid adequately.
- We will continue to work with the Commonwealth Government, and we urge all state and territory governments to continue working with their community sectors, to ensure that this historic decision is implemented in the interests of good community services for the people who most rely upon them.

ACOSS position on equal pay

- ACOSS has called for:
 - Pay equity across the social service sector, specifically market-based wages.
 - Full and new funding to cover any pay rises.
 - Funding of increased wages from government and non-government sources of funding across the States, Territories and the Commonwealth.
- We have called for funding from all sources, including both government and non-government, to recognise and address the need for higher wages for community workers.
- We have also called for an industry support package in recognition of the level of support needed beyond direct supplementation of existing funding, including for parts of the sector providing much-needed services that do not receive or rely on government funding.

- Our position on equal pay is informed by consecutive findings of ACOSS' annual community sector survey showing that attraction and retention of staff is the single biggest challenge facing not-for-profit community services.
- The effectiveness and sustainability of social services is being increasingly undermined by the sectors' dwindling capacity to attract and retain quality, effective staff. Decent wages are crucial to ensuring that these vital services continue.
- As the provision of social services has increasingly been outsourced by governments to community organisations, so the responsibility to fund appropriate wages is as much an issue for government and non-government funders as it is for services themselves.
- The Productivity Commission's 2010 report into the NFP sector recommended market-based wages for community workers

About the case

- In March 2010, unions representing social and community sector and disability workers lodged an application for an equal remuneration order with Fair Work Australia. The application aimed to increase the pay of workers covered by the Social, Community, Home Care and Disability Industry Award (formerly SACS award).
- The case is a key milestone in addressing unequal pay for women. The Fair Work Act 2009 introduced changes that enhanced the ability of Fair Work Australia to make orders that provide for pay equity between male and female employees. The Act now refers to a right to equal pay for work of *comparable* value as well as *equal* value. The case for community sector workers was the first test of these new provisions.
- National case before FWA was based on the Queensland Industrial Relations Commission decision on 2009, which found

How many people are employed in this sector?

- There are around 200,000 workers affected by this case.
- The number of people employed in community services industries increased by 40% between 2000 and 2009. Employees in community services were predominantly female (81%).
- A social worker working around 38 hours per week earns roughly \$800 per week in the community sector compared with over \$1000 in government or for-profit sectors.²
- Many prospective employees are dissuaded from accepting employment due to the low salary rates of the Social, Community, Home Care and Disability Services Award 2010 (SCHCADS) (formerly SACS). Even for dedicated workers already in the sector, the growing pressure to work longer hours to meet the needs of increasing numbers of clients is becoming untenable.

How much are community sector workers currently paid?

- The award rates of pay for social service and community sector workers are very low. As there are very few enterprise agreements in the social services and community sector, many organisations pay at or only slightly above award wages.
- Paying at award rates is also structured into funding agreements, which means employers don't have the discretion to increase pay to appropriate levels.

Productivity Commission recommendation on community sector wages:

'In order to ensure that not-for-profits can sustain their workforces, and as wages are a major factor in the successful recruitment and retention of staff, Australian governments purchasing community services need to base funding on relevant market wages for equivalent positions. Costings need to take into account the skill sets required to perform the purchased services and be indexed appropriately to market wage growth within that industry sector' (PC 2010, *Report into the Contribution of the Not-for-profit sector*).

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