

Future cuts to ERO Supplementation

An ACOSS Briefing Note

Updated - July 2019



Background – the Equal Remuneration Order and Supplementation

In 2012 the Fair Work Commission made a landmark decision that addresses the gendered undervaluation of work performed in much of the community services sector. As a result, wages increased by up to 45% over 10 years, and most governments across Australia, including the Federal Government, provided additional funding to ensure that community sector organisations could address the gender based inequality in wages paid to workers in our sector, and maintain essential services to communities.

Since 2012, the Federal Government has delivered additional funding (in the form of ERO supplementation payments) to certain organisations whose grants program commenced prior to 2012, to meet the higher wage costs that they have incurred as a result of the 2012 Equal Remuneration Order (the pay equity decision). Organisations whose grants program commenced since 2012 have had the costs of meeting the ERO factored into their grant, or were expected to tender prices that reflected the increases they would be facing in wages costs relating to the ERO.

Future cuts to ERO supplementation

ACOSS has been informed that the Federal Government will no longer pay ERO Supplementation from July 2021 on most grants. The base rate of affected grants will not increase to include the supplementation.

If the base grant for programs currently receiving ERO supplementation does not rise to incorporate the ERO payments, it will result in significant funding cuts for community sector organisations delivering federally funded programs. This will mean cuts to the services that people in communities across Australia rely on. It also means that the gains in gender equity achieved as a result of the Equal Remuneration Order will be diminished by job cuts in the community sector's predominantly female workforce.

This issue affects all organisations who are receiving ERO Supplementation from the Federal Government. It also affects organisations that have contracts with state governments that are funded jointly with the Commonwealth (i.e. National Partnership Agreements) that receive ERO supplementation, although as we understand it, the new National Partnership Agreement on Legal Assistance Services will include funding for ERO payments, incorporated into baseline funding from 2021/2022.

Legislative guarantee of ERO supplementation until 2021/2022

Funding for ERO payments is secured (until June 2021) by an act of the Commonwealth Parliament, the [Social and Community Services Pay Equity Special Account Act 2012](#). Under this act, the last payment to the special account occurs on 1 July 2020, which is why ERO payments cease in July 2021. The payment to the special account in 2020 is \$554 million.

Advocacy so far

ACOSS has raised this issue with the Minister for Families and Social Services (Hon. Senator Anne Ruston) and the former minister (Hon. Paul Fletcher MP), the Shadow Minister for Families and Social Services (Hon. Linda Burney MP) and other parliamentarians, along with bureaucrats in the Department of Social Services. ACOSS also made this issue a key election priority for the 2019 Federal Election, and tracked party policies on this issue via our election tracker. Neither the Government or Opposition have yet made any commitments to resolve this issue.

What is required to fix this problem?

The solution to this problem is simple – either the Commonwealth must ensure that:

- ERO supplementation continues; or
- The base rate of grants where ERO supplementation currently applies permanently increase so as to incorporate the current rate of ERO supplementation.

Community organisations are making staffing and other strategic and operational decisions now that will be impacted by this issue in 2021. The community sector needs certainty, well in advance of the end of the legislative guarantee of this funding. That is why the next Federal Budget must include a specific appropriation in the forward estimates to ensure the ongoing provision of this funding.

Now is the time to take action – what you can do to campaign to fix this issue

1. Write to your local MP

We have provided a template letter (attached) for organisations and individuals to raise this issue with your local member of parliament.

2. Organise advocacy meetings

Always follow up correspondence with a phone call and seek appointments to meet and discuss the issue.

3. Get the campaign's key messages out there

Use every opportunity: in meetings with MPs, ministers/shadow ministers, government departments and representatives; at conferences and public events; with colleagues and your networks; in newsletters and articles or letters to the paper.

4. Keep ACOSS or your local COSS informed

Keep ACOSS or your local COSS as informed as possible by: copying them in to correspondence; letting them know the outcomes of any direct advocacy meetings/conversations you have had; joining efforts coordinated through ACOSS or your local COSS to get this issue resolved in the sectors favour.

Template letter to send to politicians

Date

Address

Dear

Equal Remuneration Order Supplementation must continue

I am writing to you on behalf of (name of organisation). The (name of organisation) is a (type of organisation). Our service (what it does, for who, and where). We have a (committee/board of management) who come from (the community and/or private sector) and give their time freely and with dedication. The (name) is a very important part of our community and for our clients in particular because (what is special about it). Every year we assist (how many) people.

We are located in your electorate and we seek your support to resolve a major issue that we are faced with – impending cuts to the funding that we receive to pay wages to our staff (Equal Remuneration Order Supplementation).

In 2012 the Fair Work Commission made a landmark decision that addresses the gendered undervaluation of work performed in much of the community services sector. As a result, wages increased by up to 45% over 10 years, and most governments across Australia, including the Federal Government, provided additional funding to ensure that community sector organisations could pay fair wages and maintain essential services to our communities.

Now, we have been told that this funding will cease in 2021/2022. That means a cut of approximately (insert amount you receive in supplementation here) to our organisation, which is (percent) of our wages bill.

(Insert organisation name) cannot absorb these cuts. If this issue is not fixed it will mean hard decisions about the future of our programs, and will result in cuts to services in our community.

I urge you to support the continuation of this funding so that we can continue to employ staff and deliver our services in a way that assists individuals and communities who need it most. I will contact your office to arrange a meeting with you as soon as possible to discuss this issue. I look forward to meeting with you soon to explain why it is so important to receive your support.

Yours sincerely,