

PAY EQUITY FOR COMMUNITY SECTOR WORKERS

Background: the crisis facing community services

The Councils of Social Service and our members providing community services across the country have long been concerned about the inadequacy of funding to community services. Funding has been declining while funders' expectations and client demand have risen. The Productivity Commission found that even for 'government-funded' services, community service organisations often receive only 70% of the cost of providing them. In addition, the failure to pay adequate indexation rates within funding arrangements is rendering the sector more and more vulnerable to rising cost pressures. This chronic and persistent underfunding is posing serious challenges for the sector's ability to support the people and communities it serves. The challenge is most evident in the diminishing capacity to attract and retain staff with the skills and experience necessary to provide effective social services.

What we want

1. Sustainable services to support the community.
2. National parity in wages across the sector, ensuring that community service workers are paid no less than the rates set by the Queensland Industrial Relations Commission in 2009.
3. A commitment from the Commonwealth Government to fund its share of the equal pay case in terms of higher wage costs for community services.
4. We want the Commonwealth's submission to FWA to indicate the Government's commitment to fund and resource higher wages across the sector, *at least* to the value of the Queensland decision.
5. We want an ongoing commitment to work with the community sector and other Australian governments to ensure that the vital work performed by community service organisations receives adequate and appropriate funding to sustain the support the sector provides for hundreds and thousands of people in Australia and their communities. This must include effective mechanisms through which to address community sector viability in the long-term, based on principled decisions about adequate funding across the sector and across the country.

What we don't want

1. Community service organisations to have to reduce their service levels and cut jobs to meet the outcomes of the equal pay case.
2. any indication by the Commonwealth that leads to an ERO outcome where community sector pay rates are lower than those ordered in Queensland in 2009.

In the 2010 *Australian Community Sector Survey* produced by ACOSS, 71% of respondent agencies indicated that low salaries made attracting and retaining staff more difficult. This finding reflected a steady growth over 5 years in the number of organisations facing this challenge. The issue of market-based wages was also identified in the Productivity Commission report on the *Contribution of the Not-for-Profit Sector (2010)*, which recommended that:

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: recommendation 10.2).

The ASU's application for an equal remuneration order (ERO)

Fair Work Australia is currently hearing an application by the Australian Services Union for an ERO for community sector, home care and disability workers across the country. The case stems from the significant disparity between the wages paid to workers in community services and those paid to workers doing equal or comparable work elsewhere. The wage increases proposed to address this are based on a similar case before the Queensland Industrial Relations Commission in 2009.

Already, Fair Work Australia has accepted that current rates of pay are low relative to comparable workers in the public sector; and that this wage disparity is largely based on the gendered nature of the community sector workforce, where 85% of workers are women (FWA interim decision, 16 May). FWA has called for further evidence on the value of that unequal pay, before making an order to redress it.

The campaign for funding

The ERO presents an opportunity to start addressing the problem of poor pay, which is one of the key factors undermining the sectors' viability. *But unless the organisations that employ these workers receive adequate funding to cover higher wage costs, they will not be able to cover higher wage costs and services will be unsustainable.*

The COSS network and our members have been seeking commitments from all funders, both government and non-government, that the significant wage disparity in this sector will be addressed, including through commitments to fund the outcome of the ERO.

Responses from governments

The Queensland, South Australian, West Australian and Victorian governments have all committed to funding for higher wages following the ASU's case. The Commonwealth has remained silent on a commitment to fund its share of the outcome.

The Commonwealth has indicated its support for the principle of equal pay. It also signed an agreement with the ASU at the outset of the case, providing the basis for a five-year implementation of higher wages. The Community Sector Wages Group is also a welcome step in terms of a process whereby governments, community sector employers and representatives, and unions can assess the implications of pay increases from the case.

However, in the absence of adequate commitments from the Commonwealth and remaining state and territory governments to fully fund the outcome, we risk losing this landmark opportunity to begin redressing the severe underfunding of the community sector, specifically through the disparity in wages of its workforce. These are workers whose experience, professionalism and dedication enable them to provide vital support to hundreds of thousands of people and communities in Australia every day. Yet the poor pay in this sector is driving away the existing workforce and preventing employers from recruiting new workers.



We need the Commonwealth Government to commit to funding its share of wage rises for community sector workers across the country at least in line with their Queensland counterparts. That share includes:

- Direct funding from the Commonwealth to the community sector;
- Any funding from the Commonwealth to states and territories for community services; and
- Industry support for the community sector, shoring up the viability of those organisations not yet over the line following increases to direct funding; and for the parts of the sector that receive little or no government funding.

Potential impacts of failure of Commonwealth to fund

Australia's not-for-profit sector employs nearly 900,000 people and contributes \$43 billion to the nation's GDP. The services and programs delivered are amongst the most critical frontline services and long-term supports for some of the most disadvantaged people in our community.

If the outcomes of the equal pay case are not fully funded by the Commonwealth there is the very real risk that these services will no longer be able to be delivered. Many community service organisations survive on extremely thin margins and if FWA delivers a significant wage increase they will require governments to ensure they are able to continue to operate at current levels.

Broad community support

ACOSS polling shows there is broad community support for the principles of the ERO. Our most recent polling shows that 91% of people surveyed believe community sector workers should be paid in line with workers in other sectors in similar roles.

Breakdown of survey results

Q. People who work in community services such as disability, aged care, family support, mental health and counselling are predominantly female and tend to be paid less than workers doing similar jobs in other industries. Do you think that workers in community services should be paid more, less or about the same as workers doing similar jobs in other industries?

	Total	Vote Labor	Vote Lib/Nat	Vote Greens	Men	Women	Age 18-34	Aged 35-54	Aged 55+
Paid more	32%	42%	25%	43%	29%	35%	34%	33%	29%
Paid about the same	59%	52%	66%	55%	61%	56%	51%	60%	67%
Paid less	3%	2%	4%	-	4%	2%	5%	2%	3%
Don't know	6%	3%	5%	2%	6%	7%	10%	6%	2%

State breakdown

	Total	NSW	QLD	VIC	SA	WA	OTHER
Paid more	32%	32%	30%	36%	23%	35%	37%
Paid about the same	59%	60%	57%	55%	66%	61%	55%
Paid less	3%	2%	4%	4%	5%	1%	-