



1 December 2010

The Hon Julia Gillard MP
Prime Minister of Australia
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Dear Prime Minister,

In light of the Federal Government's recent submission to Fair Work Australia regarding the Application C2010/3131 Equal Remuneration Case (18 November 2010), Community Employers WA (CEWA) would like to express its serious concerns over the Government's lack of commitment to fund any increases in pay that arise from the Case, and request that the Government reconsiders its position.

In the lead up to the 2010 Federal Election, in response to salary and funding issues raised by Community Employers WA, the ALP stated that they "believe the community sector plays a vital role in delivering services to the most vulnerable in our community and it is important that it has the resources to do this job". It goes on to say that "this is why the Gillard Labor Government has committed to working through the funding implications of any increase in wages awarded as a result of this case cooperatively, in consultation with the States as well as the affected unions and employers."

We believe that this Government has not worked cooperatively with the sector on this issue and has put a serious question mark over the whole purpose, benefit and outcome of the Equal Remuneration Case, a Case on which you, as Deputy Prime Minister, signed the Heads of Agreement.

Not only does the Federal Government's submission make no commitment to funding any increases that arise from this Case, it in fact goes further and suggests that "these cost pressures can be at least partially mitigated through the Government and SACS service providers continuing to identify and implement more efficient ways of operating" and that "the Government would encourage SACS service providers, their employees and relevant unions to bargain collectively at the enterprise level on improvements in pay and conditions and employment and productivity" (Paragraph 9).

It also suggests that it "provides considerable support ... through tax concessions such as the Fringe Benefit Tax (FBT) and income tax exemptions" (Paragraph 8).

Regarding the Government's claim that the sector can find "more efficient ways of operating", this is simply not the case.

The sector is already significantly under funded, and pays its staff salaries and wages that are unfair and unjust. In its 2011/12 Pre-Budget Submission to the Western Australian Government, the WA Council of Social Service identifies that an additional \$213m per annum is needed for the WA community sector alone to continue to provide viable, sustainable services to, and in, the community.

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The sector cannot fund its current operations sustainably, and so any suggestion that it can make further efficiencies to fund pay increases is ridiculous.

In relation to enterprise bargaining, this is a tool that allows employers and employees to negotiate improved productivity for better pay and conditions. This assumes the employers have additional funds/profits with which to negotiate.

The idea that not-for-profit organisations can engage in enterprise bargaining is again absurd. As the name implies, these organisations do not have excess funds with which to negotiate. They already do not have sufficient funding to pay fair and just wages. The poor level of current wages is evidenced in the large discrepancy between community sector organisations and the WA State Government. After reaching the top level in the public service, the same base grade social worker will receive \$29,210, or 57%, more than their equivalent in the community sector.

In a sector that is not-for-profit and currently seriously underfunded, how does the Government seriously suggest that enterprise bargaining could be used as a tool to fund pay increases?

Regarding Fringe Benefits Tax and income tax concessions for non government, not for profit organisations, this is not considered a 'benefit' by the sector. Not all organisations are able to access it (it is limited to Public Benevolent Institutions) and it is also available in certain Government departments. Equally, not all staff are able to access it or wish to use it. There have been no indexation changes since its inception, and, that combined with changes to the taxation scales, it has eroded the value of salary packaging. Any advantage gained from salary packaging does not offset the significantly lower wages paid to workers in the non-government sector when compared to those undertaking similar, professional duties in a Government department.

Community Employers WA requests that the Government seriously reconsiders its position on providing funding for any pay increases that arise from the Equal Remuneration Pay Case.

Increases in salaries, without funding from Federal and State Governments, will be disastrous for the provision of community services in Australia. It will mean the reduction in, or cessation of, services to those at most disadvantage in our community.

We look forward to hearing your Government's revised position on providing funding for the sector to cover any salary increases arising from the Pay Case, and your future commitment to a sector that provides vital community services to the Australian public.

Yours sincerely,

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