

TO
FAIR WORK AUSTRALIA

IN THE MATTER OF
THE APPLICATION BY THE AUSTRALIAN MUNICIPAL,
ADMINISTRATIVE CLERICAL AND SERVICES UNION AND
OTHERS FOR AN EQUAL REMUNERATION IN THE SOCIAL
AND COMMUNITY SERVICES INDUSTRY

C2010/3131

SUPPLEMENTARY SUBMISSION BY



COMMUNITY EMPLOYERS WA

December 2010

Introduction

Community Employers WA (CEWA) prepared a submission for Fair Work Australia, regarding the Application C2010/3131 Equal Remuneration Case that was lodged on 6 August 2010. This was supplemented by five witness statements on 22 October 2010.

Since this time, the Australian Government has prepared and lodged its submission with FWA (18 November 2010).

Response to the Australian Government's Submission

In its first submission, CEWA made its position, on behalf of employers within the community sector, clear with an unequivocal statement that:

“The pivotal issue regarding the success, or otherwise, of pay increases ordered by Fair Work Australia in this Case, is the commitment by Governments (at all levels) to fully fund these increases across all non-government, not-for-profit community service organisations”.

The ramifications of not receiving funding to cover any pay increases, was equally unambiguous:

“In the absence of additional funding, the only way organisations will be able to fund pay increases will be to stop, or significantly reduce, the services that they currently provide”.

The Australian Government's submission makes **no commitment** to funding any increases that arise from this Case. In fact, it 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).

CEWA has serious concerns about each of these points and addresses them separately.

Efficiency

The Government claims the sector can find “more efficient ways of operating”. This is simply not the case.

The evidence of Mr C Hall [See CEWA Submissions of the 6th August, Appendix 2 Witness statement] makes the following points

- The profound difficulty organisations have at present in attracting and retaining staff [See paragraph 9]
- The substantial inequities in the salaries paid to equivalent positions in government as compared with this industry sector. [See paragraph 10]
- The fact that the productivity Commission has acknowledged the inadequate salaries that are being paid in the sector. [See paragraph 11].
- The heavy dependence that organisations have on government funding, which at present have only increased by CPI. [See paragraphs 17 & 20]

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 Services identifies that an additional \$213m per annum is needed for the WA community sector to continue to provide viable, sustainable services to, and in, the community.

http://wacoss.org.au/images/assets/Latest%20News/WACOSS_2011_12_Budget_Submission_Final.pdf.

The sector cannot fund its current operations sustainably, and so any suggestion that it can make further efficiencies to fund pay increases is without any foundation in reality.

Enterprise Bargaining

In essence, CEWA supports the claim on the basis that the employees in the sector are not receiving a just wage for their work. [See CEWA Submissions of the 6th August, Appendix 2 Witness statement of Mr C Hall at paragraph 7; CEWA Witness Statement from ASeTTS of 22nd October at paragraph 12; CEWA Witness Statement from Relationships Australia at paragraph 10; CEWA Witness Statement from Valued Independent People Inc at paragraph 9; CEWA Witness Statement from Centrecare at paragraph 10]. Enterprise bargaining in most industry sectors is determined by funds that are available to pay in future wage increases. In this sector, given the way in which welfare is organised and managed in Australia, it is heavily dependent on government funding. Where this funding is limited, any enterprise bargaining increases will be constrained.

The consistent theme in the witness evidence provided by CEWA in this matter is that these organisations do not have excess funds with which to negotiate pay increases. [See CEWA Submissions of the 6th August, Appendix 2 Witness statement of Mr C Hall at paragraph 20; CEWA Witness Statement from ASeTTS of the 22nd October at paragraph 16; CEWA Witness Statement from Relationships Australia at paragraph 10; CEWA Witness Statement from Valued Independent People Inc at paragraph 14; CEWA Witness Statement from Centrecare at paragraph 14]. 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 the light of this discrepancy, it will not be possible for organisations to fund increases through enterprise bargaining initiatives.

As an example of the limitations that exist in this domain, the witness of statement of Ms C Broers, [CEWA Witness statement submitted on 22nd October 2010] notes at paragraph 14, that whilst there may be some incentive to attract and retain staff through offering leave incentives, it does not address the critical issue of improved salaries.

Fringe Benefits Tax

The Australian Government note at page 97ff of their submission the benefits of salary packaging as a means of supplementing an employee's disposable income.

However, 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, have 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.

CEWA therefore submit that this should not be taken into consideration in regard to this claim.

Summary

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. [See CEWA Submissions of the 6th August, Appendix 2 Witness statement of Mr C Hall at paragraph 25; CEWA Witness Statement from ASeTTS of 22nd October at paragraph 17; CEWA Witness Statement from Relationships Australia at paragraph 14; CEWA Witness Statement from Valued Independent People Inc at paragraph 13; CEWA Witness Statement from Centrecare at paragraph 13].

Community Employers WA believes the lack of commitment by the Australian Government to fund any increases in salaries arising from the Fair Work Australia Equal Remuneration Case, puts a serious question mark over the whole purpose, benefit and outcome of the Equal Remuneration Case.