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The Hon Adam Bandt MP
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

June 30, 2011

Dear Hon Bandt

Re: Equal remuneration application for community sector and disability workers, Fair Work Australia

I am writing to you on behalf of Community Information Victoria (CIVic) and our member agencies. We are the peak body for community information and support services in the state providing operational support, sector development, representation and advocacy to our 60+ member agencies. Our members are diverse and autonomous services who provide a range of services including emergency relief, financial counselling and microfinance to their local community, particularly those who are vulnerable and disadvantaged.

We are located in your electorate and we are seeking your support for full funding of decent wages for community sector workers.

In a case currently before Fair Work Australia, the Australian Services Union (ASU) is seeking an equal remuneration order for award covered workers in the social, community and disability services sectors. The case is based on the significant disparity between the wages paid to workers in community services and those paid to workers doing equal or comparable work elsewhere. 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 women make up 85% of the workers (FWA interim decision, 16 May).

The increases proposed to address this are based on a similar case before the Queensland Industrial Relations Commission in 2009, which increased community sector wages because it found that:

The current Award rates of pay do not properly reflect the work value [which] has been historically undervalued. ... Added to this is the incapacity of workers in this sector to bargain (Queensland Industrial Relations Commission, 6 May 2009).

Before making its application to FWA, the ASU signed a heads of agreement with the Commonwealth Government setting out the implementation of higher wages over five years, with a six month delay from the time of FWA's decision. This agreement provides the basis for affordable, sustainable funding increases from all Australian governments as well as others who provide financial support to the sector.

I am one of the hundreds of employers in the community sector who supports the claim for equal remuneration for this workforce. (To see more employers supporting this campaign, go to

http://www.acoss.org.au/equalpay/sector_statement/). 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.

The problem of poor pay for community workers is not new. In its 2010 *Community Sector Survey*, ACOSS found that 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 rates was identified in the Productivity Commission's report on the *Contribution of the Not-for-Profit Sector*, in which it 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).

Market wages are one component of total remuneration packages, but public sector conditions are also significantly better than those applying in the not-for-profit sector. The not-for-profit sector will continue to face workforce supply constraints while these disparities exist, especially at a time of increased demand for its services.

Yet, as the Productivity Commission also found, government-funded, not-for-profit community services typically receive only 70% of the cost of running the service. Services that receive little or no government funding face similar challenges when it comes to paying higher wage costs. Beyond the gendered dynamics that determine the ability to bargain for wages, under-funding in this sector is a significant factor in the wage disparity.

Unless the organisations that employ these workers receive adequate funding to cover higher wage costs, these services will not be able to continue. The Queensland, South Australian, West Australian and Victorian governments have all committed to funding for higher wages on the basis of this case. The Commonwealth Government's decision to convene the Community Sector Wages Group to assess the implications of pay increases from this case was also a welcome step, and may provide a starting point to examine ways in which the Productivity Commission's workforce recommendation can be implemented.

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 increase wages in line with the Queensland decision; and in a way that is sustainable both for those who fund us and for our own capacity to implement them.

I am writing to ask for your support to ensure that the Commonwealth:

- Announces a commitment to fully funding pay increases awarded by Fair Work Australia in this case; and
- Continues 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.

Yours sincerely,

Kate Wheller
Executive Officer
Community Information Victoria