

VCOSS Pay Equity Forum

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History and nature of the industry

- Service and “care” work
- Charitable and volunteer origins
- Increasing government funding from 1970’s, and especially from 1990’s
- Feminised workforce
- Award regulation – CYSS award 1983, wider award coverage in 1990’s
- Award coverage coincided with bargaining in other industries from mid 1990’s.

Balancing wage levels

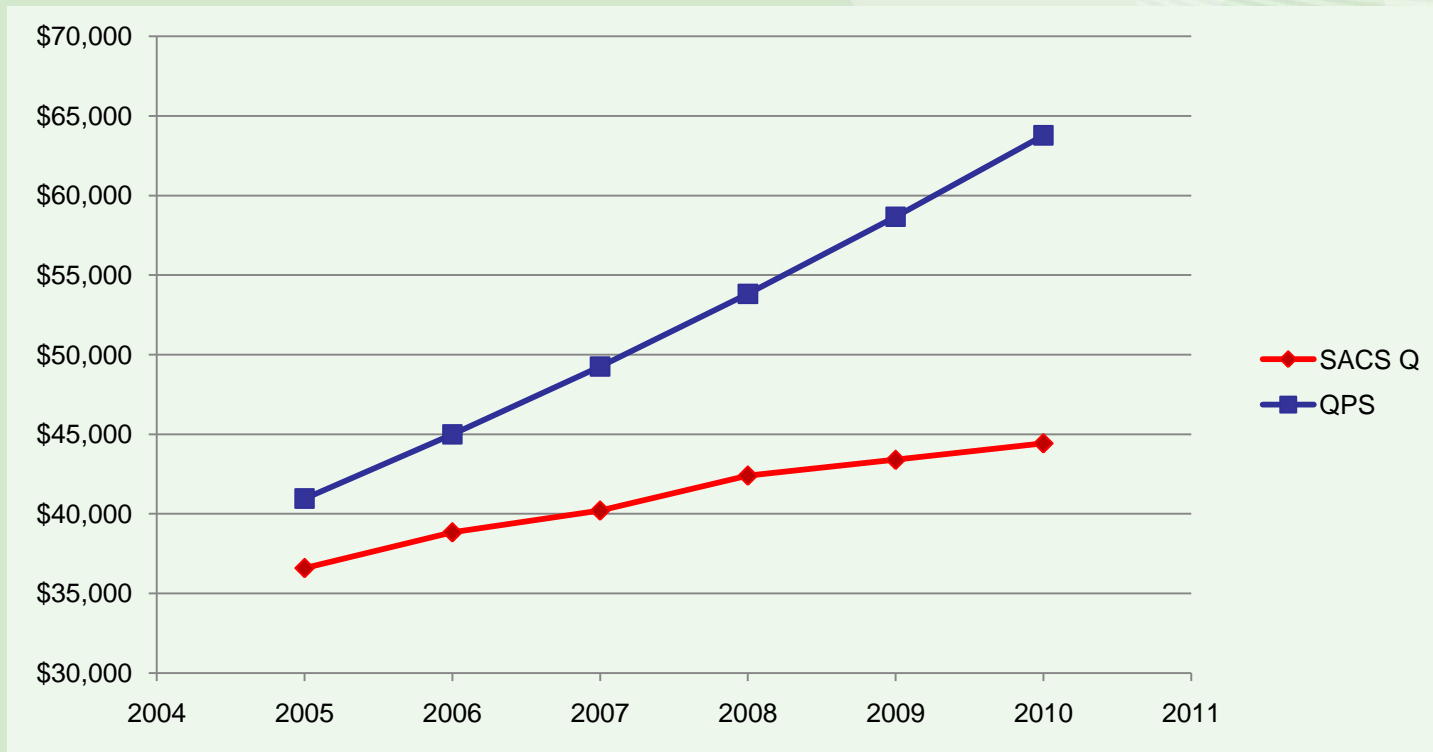
For employers, generally preferred wage levels are a trade off between

- wages high enough to recruit, retain, motivate
- wages low enough to be able to afford to deliver on mission, objectives and new initiatives

Recruitment and Retention

- For employers, wages deal probably OK in late 1990's – lower wages than comparators, but competitive because of other benefits
- Wages less competitive with each passing year – gap widening
- Crisis point in many parts of the industry, wages are now simply not competitive

Wages Gap – Qld Example



History of wage movements for new graduate commencing in 2005 at Level 3.4 in *SACS Qld* award, compared with new graduate commencing at Professional Officer Level 2.1 (*State Government Departments Certified Agreement 2006*). Includes incremental progression.

Options – stay on current safety net

- Wage gap compared to industries such as public sector will continue to grow by around 2% pa (gap between safety net and bargaining)
- End up as low wage, low skill and low performance sector
- Not viable
- Government unable to deliver on social inclusion agendas
- Quality & availability of services for clients affected

Options – choose to pay more

- **Funded organisations**
 - Over award or enterprise bargaining constrained by funding policy
 - Refusal to fund discretionary pay increases
 - Failure to fully fund award wages
- **Both funded and self funded organisations**
 - Very limited capacity to make “customers” pay higher prices

Options – Imposition of increases

- Employers have no choice but to pay
- If unfunded, means cutting programs and outcomes
- Coincides with other pressures for changes to funding arrangements (eg, Productivity Commission report)

Current Pay Equity case

- Federal precedent
- No guarantee Qld approach will be adopted by FWA
- Stronger opposition from some employer groups
 - Other industries concerned about flow on
 - Concerns about funding
- Funding – governments still in “*rabbit in headlights*” mode, position unclear

Gender based pay equity

- Employers in the sector generally committed to social justice principles, in various forms
- Some employers explicitly feminist
- Support for pay equity as a principle

Equal Remuneration principles

- Previous federal law dealt with equal pay for work of *equal value*
 - Narrow definition
 - In practice requires evidence of discrimination
 - Structural/system issues not relevant
- State legislation (esp Qld & NSW, also Tas and SA) provided for equal pay of *equal or comparable value*

State Jurisprudence

- Using broader definition (comparable value) NSW then Qld conducted comprehensive pay equity inquiries
- Principles established for tribunals
- For SACS industry, culminated in Qld Pay Equity case (2009)

Equal Remuneration under *Fair Work*

- *Fair Work Act* adopts same criteria as Qld & NSW – equal or comparable value
- Explanatory memorandum and Ministerial comments – acknowledge state precedents, and suggest therefore no need for separate federal principles in legislation
- But – remains to be seen whether FWA will be persuaded that the Qld and NSW precedents are relevant

Outcomes?

- **Decision uncertain**

- Expect union evidence re pay inequity will be compelling
- But, uncertainty about principles to be followed by FWA
- Expect argument about appropriate comparators

- **Funding uncertain**

- In Qld, funding for increases was largest single line item in state budget (*good news*) – but only met approx 80% wages gap (*bad news*)

Implementation

- ASU/Commonwealth Heads of Agreement – implement over 5 years (6 month delay, then 4 ½ yrs phase in)
- Qld decision implemented over 3 years with no delay
- 25% increase averages at 5% pa, compared to 8.3% pa in Qld
- If decision by end 2010, significant effects not likely until mid 2012

Further work

- Funding Campaign to fund outcome of pay equity case—ACOSS/VCOSS
- Addressing wages gap through:
 - -Developing wages policy/funding arrangement with governments/funders
 - -Addressing workforce development issues