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The Hon. Julia Gillard, MP  
Prime Minister of Australia  
Parliament House  
CANBERRA ACT 2600

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Telephone 02 6285 1366  
Facsimile 02 6285 2399

PO Box 326  
Curtin ACT 2605  
22 Theodore Street  
Curtin ACT 2605  
admin@catholicssocialservices.org.au  
www.catholicssocialservices.org.au  
ABN 18 810 059 716

Dear Prime Minister

### Fair Work Australia: Equal Remuneration Case

I refer to the application by the Australian Services Union (ASU) and other unions for an equal remuneration order for award covered workers in the social, community and disability services industry. The application seeks to increase rates of pay for these workers by between 18% to 38%. The proposed increases are based on similar increases granted to Queensland workers last year through its state industrial system.

Catholic employers fully recognise the need for increased pay rates in this industry and appreciate the basis for the Fair Work Australia (FWA) decision of 16 May, which recognised that current rates of pay are low relative to comparable workers in the public sector in particular. We also note that the issue of market rates was referred to in the *Productivity Commission Research Report 2010* about the *Contribution of the Not-for-Profit Sector*. Recommendation 10.2 of that report stated:

*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.*

This was an encouraging recognition of both the disparity in rates of pay and the consequential difficulties that have directly flowed from that disparity. In this sector it is generally acknowledged the relevant market comparator is the public sector.

While market wages are one component of total remuneration packages, it is relevant that public sector conditions are 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. In this regard, the Productivity Commission identified both the problem, and in part, the solution (i.e. Recommendation 10.2 above).

The final FWA decision will inevitably have a cost impact on our agencies delivering valued social services throughout Australia. To avoid a reduction in services or, in

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the worst case scenario, potential closure of services, we will need to secure supplementary funding to cover the cost of implementing any increase. Therefore, we welcome your Government's decision to convene an Advisory Group to assess the potential implications of pay increases from this FWA case.

While these processes are underway, we would ask that you:

- commit to fully funding pay increases awarded by Fair Work Australia in this case.
- make a public statement to allay growing concerns in the sector about sustainability of services and the effects this will have on the disadvantaged Australians they serve.
- convene a national working party of representative groups to examine ways in which Recommendation 10.2 of the Productivity Commission report can be implemented.

Catholic Social Services Australia is working closely with the Catholic Commission for Employment Relations (CCER) on this matter. CCER represents Catholic employers in Independent schools, social welfare, systemic school employers, and Parish/Diocesan and religious institutes. Mr Tony Farley, Executive Director of CCER, and I would welcome an opportunity to discuss these issues with you or your colleagues.

Yours sincerely



Paul O'Callaghan  
Executive Director  
Catholic Social Services Australia

- cc. The Hon. Barry O'Farrell, MP, Premier of NSW  
The Hon Anna Bligh MP, Premier of Queensland  
Hon Mike Rann, MP, Premier of South Australia  
Hon Lara Giddings MP, Premier of Tasmania  
Hon Ted Baillieu, MP, Premier of Victoria  
Hon Colin Barnett MP, Premier of Western Australia  
The Hon Katy Gallagher MLA, Chief Minister, Australian Capital Territory  
Hon Paul Henderson MLA, Chief Minister, Northern Territory  
Mr David Smith, National Secretary, Australian Municipal, Administrative, Clerical and Services Union  
Ms Kathy Jackson, National Secretary, Health Services Union  
Mr Bill Ludwig, National President, Australian Workers' Union  
Ms Louise Tarrant, National Secretary, Liquor, Hospitality and Miscellaneous Union  
Mr Angelo Gavrielatos, Federal President, Australian Education Union  
Mr Tony Farley, Catholic Commission for Employment Relations