



## ASU Submission

Australian Government  
Department of Social Services

### Developing a Not-for-Profit Sector Development Blueprint

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## The ASU

The Australian Services Union ('ASU') is one of Australia's largest unions, representing approximately 135,000 members.

ASU members work in a wide variety of industries and occupations in both the private and public sector. Relevantly, the ASU is the largest union of workers in the social, community and disability services sectors. Our members predominantly work in non-government, and not-for-profit organisations that support people experiencing or at the risk of experiencing crisis, disadvantage, social dislocation, or marginalisation.

We played a leading role in the Fair Work Commission's review of the *Social, Community, Home Care and Disability Services Award 2010* ('**SCHDS Award**'). More than half of all ASU members are women.

## Executive Summary

Critical Not-for-profit (NFP) providers supporting Australia's most vulnerable are struggling. Ongoing uncertainty for long-term sector funding coupled with increased demand for services means that workers are leaving the sector. Services cannot respond to the rising demand from the most disadvantaged and vulnerable people in Australian society because funding does not increase as demand increases. Funding arrangements must be indexed at least annually to account for increased labour costs and increased demand for services.

A highly skilled, qualified, professional, and sustainable workforce is essential to delivering high quality services. However, the sector struggles to attract and retain enough skilled, professional staff to meet the demand. Low rates of pay and poor employment conditions have far-reaching consequences.

Government can easily address funding issues by implementing a 'floor price' to ensure workers in the social and community sector are paid at appropriate classifications and in accordance with Award provisions. A floor price would encourage workers in the social and community services sector to develop a career and to support workforce development, sector stability and a better trained and qualified workforce.

Uncertainty about funding arrangements forces social and community services providers to put staff on rolling fixed short-term contracts and means skilled workers leave for secure employment in other sectors. Government can easily address funding issues by increasing the length of funding cycles to promote secure working arrangements. These should be at least 6 years in length and come with a binding obligation to offer staff permanent, secure employment.

## Recommendations

**Recommendation 1:** Government should actively engage with the Fair Work Commission and support applications by sector unions to vary the Social, Community Home Care and Disability Services Industry Award ('**SCHDS**') to provide for better classification and wage structures.

**Recommendation 2:** Government funding must ensure NFPs are able to provide professional development of their staff.

**Recommendation 3:** Government must support NFPs by removing gag clauses from community and disability sector funding contracts and provide adequate funding for advocacy to ensure that the full diversity of the community is represented.

**Recommendation 4:** Government must introduce 6-year funding cycles to support improved outcomes for clients through improved opportunities for organisations to attract and retain the best

staff and that provide social and community service providers with an opportunity to engage in the development of more comprehensive services to meet the multiple needs of clients.

**Recommendation 5:** Funding provided to service providers must be subject to the condition that they engage staff as permanent, secure employees with limited exceptions for long-term leave coverage and genuine special time-limited projects.

**Recommendation 6:** All grants, tenders & commissioning of services in the community services sector, should be underpinned by a minimum 'floor price' that ensures tenders account for professional wages and modern award minimum conditions.

**Recommendation 7:** Funding for all community services sector grants, should include funding specifically for portable accrued entitlements, regardless of the nature of their engagement.

**Recommendation 8:** Government procurement policy should be used to promote secure work arrangements in community sector tendering processes.

**Recommendation 9:** Government must address funding issues to ensure that funding arrangements for social and community service providers are indexed annually to account for increased labour costs and increases in demand for services.

## Introduction

Despite the important contribution the Not-for-profit (NFP) sector plays in enhancing the economic, social and cultural wellbeing of Australian's and the importance of a highly skilled, qualified, professional, and sustainable workforce, the Issues Paper is limited in outlining current workforce issues and it is evident there is an absence of necessary workforce policies and initiatives to build a robust sector.

The Blueprint needs to make it crystal clear that the workforce is paid and that volunteers are unpaid. Key workforce challenges and priorities of the paid workforce must form part of the 10-year vision to ensure workers remain in the sector.

This will only be achieved through better classification and wage structures linked to secure jobs and professional development and training.

Recent Government reforms have focused on short term funding and opening the sector to greater market forces to the detriment of quality service provision. The competitive tendering model incentivises providers to tender for funding using artificially low estimates at the cost of high-quality service provision.

Many providers will not ask for the funding they desperately need to provide high quality services. To make good the difference between the tendered cost and the actual cost, providers will go into debt, reduce the quality of services, or depress the conditions and wages of their workers, who are predominately female.

Low rates of pay and poor employment conditions have far-reaching consequences, affecting staff recruitment, retention, and the overall wellbeing of the workforce. Increased funding is urgently needed to improve wages and conditions for this highly feminised workforce who are more likely to experience a reduced salary and significant superannuation discrepancy relative to their male counterparts. Increased funding will also help close the gap between non-government social and community service workers and those working in public sector jobs of similar work value.

We note our previous submission to the Department of Social Services *Stronger, More Diverse and Independent Community Sector* consultation and understand this will be considered as part of the Blueprint's development.

## Chapter 2 - The not-for-profit sector in Australia

Disappointingly, the Issues Paper doesn't address workforce issues in any meaningful way. This is a significant failing because the need for a skilled and respected workforce with professional pathways, secure working arrangements, and fair pay and conditions requires urgent attention from all levels of government. These are burning issues in the sector but are not mentioned except in passing.

The skills demanded by social and community services workers has increased with changes to policy and require complex relational and communication skills to help clients pursue personal goals and support them to achieve these. A highly skilled, qualified, professional, and sustainable workforce is essential to delivering high quality services. We address those issues below.

The Blueprint correctly identifies other profound changes to the operating environment of charities. We agree that increasing interest from governments and philanthropy in funding outcomes will be a significant challenge for the NFP sector. We also agree that current funding arrangements are inadequate and will impact NFP activities.<sup>1</sup>

### **Fair pay and conditions**

Most social and community services workers are female and are employed under the SCHDS Award. Wages are not market-based like the private sector which is tied to WPI and other economic indicators. The Award sets minimum rates only, with most social and community sector employers unable to pay more than the basic Award wage. It is therefore critical that Government funds the increased cost of Award wage increases and other Award conditions, NES entitlements, and the superannuation guarantee, as well as funding to ensure work can be performed safely (e.g. adequate staffing, supervision, breaks for employees etc).

As identified in the Issues Paper low wages are a barrier to attracting and retaining a high quality, skilled workforce. Improved wages and conditions which help close the gap between non-government social and community service workers and those working in public sector jobs of similar work value would ensure the retention of a future SACS workforce.

Furthermore, the SCHDS Award classification structure dates from 1993. It may need adjustment to reflect contemporary expectations of work and build in career recognition and pathways. Government should support union applications to modernise the award classification structure.

### **Professional pathways**

Government can play a crucial role in supporting professional development in the social and community services sector by appropriately funding the sector. A survey by ACOSS found 51% of

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<sup>1</sup> Department of Social Services, Not-for-Profit Sector Development Blueprint Issues Paper [Online] <https://engage.dss.gov.au/wp-content/uploads/2023/11/not-for-profit-sector-development-blueprint-issues-paper.pdf>

organisational leaders disagreed with the statement “Funding enables provision of professional development”.<sup>2</sup>

Government support for professional development establishes and maintains professional standards within the sector and enable workers to adapt to changing societal needs. Ongoing training contributes to skill acquisition and retention, helping workers stay effective in their roles and retaining valuable expertise within the sector.

Government funding for professional development is an investment in the sector's capacity, capability, and overall effectiveness. Funding must ensure NFPs are able to provide professional development for their staff.

**Recommendation 1:** Government should actively engage with the Fair Work Commission and support applications by sector unions to vary the Social, Community Home Care and Disability Services Industry Award ('SCHDS') to provide for better classification and wage structures.

**Recommendation 2:** Government funding must ensure NFPs are able to provide professional development of their staff.

### Chapter 3 - Measurement, outcomes and quality of services

The Issues Paper correctly identifies that outcomes-based funding is not fit for all purposes and measuring outcomes creates new costs in service delivery.<sup>3</sup> The Issues Paper observes that should outcomes not be realised then NFPs risk not being paid.<sup>4</sup>

Program participants are people, and their lives never neatly align with program funding rules. In many cases, the full impact of quality service delivery is hard to quantify. Not enough is known about their lives, needs and preferences to predetermine appropriate outcomes. This makes it difficult to define 'outcomes' that reflect genuine achievements. It is likely that most 'outcomes' will be meaningless metrics. A outcomes-based funding model risks wasting resources collecting meaningless data. Service delivery will be reoriented towards achieving program metrics and away from person-centred approach to program delivery.

A recent Senate Inquiry into Employment Services found outcomes-based arrangements directly contributed to poor outcomes in that programme. The outcomes based funding arrangements are overly complex and it is unclear as to why contact compliance (the chosen metric) is a measure of performance.<sup>5</sup> They recommended the Australian Government review existing performance management arrangements to: simplify performance management and assessment arrangements; reduce the focus on blunt, time-based outcomes; consider additional measures such as job quality, human-capacity building and employer support; focus on working with providers to improve

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<sup>2</sup> Australian Council of Social Service, The profile and pulse of the sector: Findings from the 2019 Australian Community Sector Survey [Online] <https://www.acoss.org.au/the-profile-and-pulse-of-the-sector-findings-from-the-2019-australian-community-sector-survey/>

<sup>3</sup> Department of Social Services, Not-for-Profit Sector Development Blueprint Issues Paper [Online] <https://engage.dss.gov.au/wp-content/uploads/2023/11/not-for-profit-sector-development-blueprint-issues-paper.pdf>

<sup>4</sup> Ibid.

<sup>5</sup> Select Committee on Workforce Australia Employment Services, Final report on Workforce Australia Employment Services [Online] [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc\\_pdf/RebuildingEmploymentServices.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc_pdf/RebuildingEmploymentServices.pdf)

performance rather than imposing sanctions; and remove measures relating to contract compliance.<sup>6</sup>

An outcomes-based funding model can risk the up-front government funding needed to pay wages and often promotes job insecurity (due to the short duration of funding cycles). They also fail to consider the additional training and support needed by the workforce to deliver these programs to the community and limit NFPs ability to plan strategically and to innovate.

The growing professionalisation of the social and community services sector reflects growing expectations for outcome and growing recognition of the skills and expertise used by community sector workers. Community leadership is not at odds with best practice governance or management practices.

Should Governments insist on outcomes-based funding models, then it is imperative that unions along with workers are engaged in the process to ensure correct measurements are identified and that outcomes-based funding includes adequate wages, training, and professional development.

## Chapter 4 - Policy, advocacy, communications and engagement

The Issues Paper correctly identifies NFP advocacy as an important bridge between people, communities and governments.<sup>7</sup>

Advocacy should be recognised as a key component of the work of the community services sector. Advocacy plays a key role in influencing and changing policy systems and helps Government to understand crucial issues and the possible solutions.

Many NFP's are poorly supported to perform advocacy work and are cautious their advocacy may affect funding outcomes.

An ACOSS survey found:

- *2 in 3 organisations said they fund systemic advocacy from their own resources, without receiving government funding to do so.*
- *1 in 4 organisational leaders said their ability to invest in systemic advocacy had decreased in recent years.*
- *1 in 12 organisations said they have a funding contract which precludes them from using funding for systemic advocacy.*
- *Over 2 in 5 organisational leaders agreed that they need to be cautious about engaging in systemic advocacy because of their funding arrangements.<sup>8</sup>*

Advocacy should be properly funded and supported by government and should not include barriers such as gag clauses. This is the only way to ensure a strong, independent and innovative community services sector.

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<sup>6</sup> Select Committee on Workforce Australia Employment Services, Final report on Workforce Australia Employment Services [Online] [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc\\_pdf/RebuildingEmploymentServices.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc_pdf/RebuildingEmploymentServices.pdf)

<sup>7</sup> Department of Social Services, Not-for-Profit Sector Development Blueprint Issues Paper [Online] <https://engage.dss.gov.au/wp-content/uploads/2023/11/not-for-profit-sector-development-blueprint-issues-paper.pdf>

<sup>8</sup> Australian Council of Social Service, The profile and pulse of the sector: Findings from the 2019 Australian Community Sector Survey [Online] <https://www.acoss.org.au/the-profile-and-pulse-of-the-sector-findings-from-the-2019-australian-community-sector-survey/>

**Recommendation 3:** Government must support NFPs by removing gag clauses from community and disability sector funding contracts and provide adequate funding for advocacy to ensure that the full diversity of the community is represented.

## Chapter 7 - Leadership and staff development

The Issues Paper correctly identifies the NFP sector is experiencing critical staff shortages with NFPs competing with better-resources sectors to attract and retain staff.<sup>9</sup> The Blueprint also acknowledges how the NFP workforce has historically been undervalued and remunerated.<sup>10</sup>

The Issues Paper also correctly identifies “the fixed-term and project-based nature of much NFP funding affects the sector’s capacity to retain and develop its workforce” as well as identifying underpayment of workers under various modern awards is having an impact on the sectors reputation.<sup>11</sup>

The Blueprint acknowledges contract conditions affect the community sector and that 73% of fixed-term staff linked to funding cycles.<sup>12</sup>

The only way to combat critical staff shortages and undervaluation of the workforce is through long term funding cycles linked to permanent, secure jobs.

### 6-year funding cycles linked to permanent, secure jobs

The short duration of funding cycles in the social and community services sector leads to a very high incidence of fixed term employment and other types of insecure work. In addition, short-term funding can mean that essential services that have been made available to a particular community are withdrawn once project funding ceases. This is not ideal given the lengths social and community services go to in establishing trust, building relationships and meeting new community expectations.

Short term contracts require organisations to have a short-term vision. The goal of government funded programs and services should be the capacity to work to timelines that allow real change to be both measured and achieved.

The short-term nature of funding contracts acts as a disincentive to workers seeking greater job security. In addition, employers have less incentive to provide training to workers who are more temporary, thereby adding to worker disincentive to stay in the industry.

Longer funding lengths would help mitigate these issues along with firmer expectations imposed on community services providers to ensure that jobs are permanent, ongoing, safe, secure and adhere to industrial standards. Government should honour its pre-election promise to move towards longer, more stable funding cycles best delivered through 6-year contracts.<sup>13</sup>

Unfortunately, insecure employment is a well-established business model for many social and community services employers. Longer term funding contracts will not be enough to change

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<sup>9</sup> Department of Social Services, Not-for-Profit Sector Development Blueprint Issues Paper [Online] <https://engage.dss.gov.au/wp-content/uploads/2023/11/not-for-profit-sector-development-blueprint-issues-paper.pdf>

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Senator Jenny McAllister, Speech to ASU members, Blaxland - Restoring Respect for the Community Sector <https://www.jennymcallister.com.au/speech-to-asu-members-blaxland-restoring-respect-for-the-community-sector>.



employment practices at every employer. Government funding must come with enforceable requirements to offer employment on a permanent basis and to convert existing fixed-term employees to permanent.

Recently the Victorian State Government introduced a Fair Jobs Code for the Community Services Sector.<sup>14</sup> The initiative promotes secure employment and job security, promotes fair labour standards, encourages compliance with employment, industrial relations and workplace health and safety obligations. Under the Code, suppliers and businesses bidding for government contracts will require a Fair Jobs Code Pre-Assessment Certificate to show a history of compliance with employment, industrial relations and workplace health and safety laws.<sup>15</sup> This initiative needs to be established in all States across Australia.

**Recommendation 4:** Government must introduce 6-year funding cycles to support improved outcomes for clients through improved opportunities for organisations to attract and retain the best staff and that provide social and community service providers with an opportunity to engage in the development of more comprehensive services to meet the multiple needs of clients.

**Recommendation 5:** Funding provided to service providers must be subject to the condition that they engage staff as permanent, secure employees with limited exceptions for long-term leave coverage and genuine special time-limited projects.

## Chapter 8 - Government funding, contracting and tendering

The Issues Paper correctly identifies chronic underfunding in the NFP sector due to partial government funding, insufficient price indexation and welcomed wage correction through industrial award reform.<sup>16</sup>

The Blueprint also acknowledges the negative effects competitive tendering has had on the sector.<sup>17</sup> Government must address funding issues, through implementation of a 'floor price' to ensure workers in the social and community sector are paid at appropriate classifications and in accordance with Award provisions. A floor price would encourage workers in the social and community services sector to develop a career and to support workforce development, sector stability and a better trained and qualified workforce.

### The Government's current procurement and commissioning approach for community services

Most Not-for-profit organisations in the social and community services sector rely entirely or almost entirely upon government for their income. This income is paid in regular grant cycles, with funds expended entirely for the employment of staff and the delivery of programs to the community which are deemed by government to be essential for the safety and wellbeing of individuals, families, and communities. The social and community services sector which deliver these government programs are overwhelmingly feminised, with more than 80% of the workforce being women. Labour costs are

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<sup>14</sup> Victorian Government, About the Victorian Fair Jobs Code for the Community Services Sector [online] <https://www.dffh.vic.gov.au/fair-jobs-code#:~:text=The%20CS%20Code%20is%20a,employees%20and%20their%20representatives%3B%20and>

<sup>15</sup> Victorian Government, The new Victorian Fair Jobs Code – promoting fairer jobs and recognising good employers [Online] <https://localjobsfirst.vic.gov.au/news/news-items/the-new-victorian-fair-jobs-code-promoting-fairer-jobs-and-recognising-good-employers>

<sup>16</sup> Ibid.

<sup>17</sup> Department of Social Services, Not-for-Profit Sector Development Blueprint Issues Paper [Online] <https://engage.dss.gov.au/wp-content/uploads/2023/11/not-for-profit-sector-development-blueprint-issues-paper.pdf>

fixed as the industry is an Award reliant industry with less than 20% of workers covered by enterprise agreements (and most of those agreements mirror Award wages). Other features of this workforce include:<sup>18</sup>

- It has the highest growth rate in the Australian workforce.
- Approximately 80% of the workforce is female.
- Around 40% of the social and community services workforce is in part-time or precarious employment, without entitlements.
- A very high majority of the social and community services workforce is Award dependent.
- A very high majority of the workforce is employed in the not-for-profit sector and is entirely or almost entirely dependent upon government for its funding.
- While the immediate 'employer' for most of the workforce is most likely to be a not-for-profit organisation, the effective employer is whichever level of government funds the organisation.

Despite the successful ASU campaign for Equal Pay in 2012, and a high proportion of employees having tertiary qualifications, the social and community services sector continues to be mostly women working in jobs that are Award-dependent, with low incomes, and few opportunities for upskilling or career development. Careers are interrupted by caring responsibilities and short-term government funding contracts that see the largely female workforce having multiple employers across their working life, even though they generally remain in the sector. This has meant that upon retirement, women who have worked an entire lifetime in the social and community services sector are more likely to have no savings, no access to long service leave, very little superannuation, while also being less likely to own their own homes or have secure and affordable rental accommodation. It is noteworthy and not a coincidence that the fastest growing group of homeless people in Australia, notwithstanding COVID, is women over 55 years of age.<sup>19</sup>

Yet the social and community services sector, in which (most often) women workers are so undervalued, are indispensable for their economic contribution, particularly in regional areas. As we have said, they also have a growing public value in implementing government programs and delivering government services, extending far beyond the public funding that they receive. Despite a confounding failure to invest in the community sector workforce, the potential benefits to the economy and employment growth of this sector are enormous.<sup>20</sup>

### **Solution to this problem: Government procurement & commissioning policy can support recruitment, retention and career opportunities**

The largest component in all community services sector funding grants is always labour costs. For most not-for-profit organisations, this is around 70% - 80% of the total value of the tender. Since the 1990's, funding at all levels of government has been based upon 'competitive tendering'. This has resulted in organisations competing against each other to win government funding. As organisations race to have the lowest cost in this tender race, inevitably, they have tried to cut everything they can out of the labour costs, because this is the costliest part of their tender. Governments argue that competitive tendering encourages 'efficiency', and the 'best' will win tenders, leading to improvement in service

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<sup>18</sup> Evidence to the Equal pay case 2012 (Australian Services Union); Department of Human Services, 2017-18 Budget papers; Australian Government Workplace Gender Equality Agency, September 2016; Workforce Issues in the NSW Community Services Sector, University of NSW (2017); Australian Institute of Health and Welfare Working paper: Information relating to the community services workforce Canberra; ABS Job Outlook: <https://joboutlook.gov.au/occupation?search=alpha&code=4231>

<sup>19</sup> Not So Super, for women. Superannuation and women's retirement outcomes. David Hetherington and Warwick Smith. Per Capita (2017) and (unpublished data) from HESTA Superannuation

<sup>20</sup> Productivity Commission, Report on Government Services [Online] <https://www.pc.gov.au/research/ongoing/report-on-government-services>

quality by providing users with 'choice' about the services they access. The ugly reality is that competitive tendering has led to a downward pressure on community sector funding, particularly on labour costs. There has been an increase in women in the sector being employed as an 'on-demand' workforce, on insecure and fixed-term employment contracts. Competitive tendering has directly led to:

- A significant proportion of women being engaged on a part-time, fixed term contract or casual basis.
- Almost non-existent access to paid overtime.
- High turnover of employees due to short grants and contracts.
- Very limited access to long service leave due to short term funding grants and contracts
- Low wages which limits accumulation of superannuation benefits.
- Very high levels of unpaid work.
- Little or no training, or employees undertaking unpaid training in the employees' own time.
- Little or no professional (clinical) supervision.
- Little or no non-work support (training leave, Paid Parental Leave, Family and Domestic Violence Leave etc).
- Little or no end-of-employment support (redundancy, outplacement etc).

In response to this deteriorating funding situation arising from competitive tendering, we propose that all government tenders should be based upon a *floor price* below which no tender can be lodged. This would mean that all tenders would be required to include funding provision for basic standards, immediately ending the 'race to the bottom' on wages and conditions for women employed in the sector. As we continue to struggle through an economy in recovery from Covid and natural disasters, this new floor price will act to provide organisations and their women employees, who are themselves helping vulnerable people and communities to survive and rebuild, with job security, income protection when they are ill, injured or their employment is ended. A floor price in government funding in the social and community services sector *will immediately provide the security needed to encourage women workers to enter and remain in the workforce and develop a career in these growing sectors. It will also provide incentives to upskill, develop leadership aspirations and skills.*

A floor price below which no organisation can tender will encourage organisations in the sector to collaborate and share resources, working together rather than against each other in an endless competitive spiral downwards, particularly in regional areas, where social and community services are now a major source of employment and income generation in areas devastated by ongoing natural disasters. The floor price model we propose is based upon six elements:

Wages for all workers, cannot be lower than Federal Award (SCHADS Award) rates including:

- Annual wage increases.
- Correct classification stream and level.
- Allowances.
- Penalties and loadings.

Provision will be made in the price for accrual of portable leave entitlements including:

- Workers' compensation.
- Annual leave including 5 weeks annual leave for shift workers.
- Personal leave.
- Long service leave.

- Paid Parental Leave.
- Paid family and domestic violence leave.

Adequate overhead costs for all workers, regardless of the nature of their employment, including:

- Provisions for adequate supervision ratio depending on nature of service.
- Professional (clinical) supervision.
- Provisions for onboarding of staff – induction, buddy shifts.
- Provisions for regular team meetings.
- Provisions for ongoing professional development and training – including covering the cost and time of attaining any qualification requirement of the program.
- Provisions for Workplace Health and Safety Representatives to be trained and perform their work in accordance with legislation.

End of contract considerations for all workers, who do not receive a casual loading, including:

- Redundancy and notice requirements in case of contract not renewed.
- Outplacement services.

Continuity of service provisions including:

- Price should be modelled on maximising permanent employment (Fulltime and Part time) rather than casual or fixed term contracts or rolling contracts to retain committed and experienced workers.

Providers required to comply with industrial law, including:

- Requirement to consent to arbitration in contract.
- Capacity for dispute to be raised with the relevant funding body if industrial entitlements are not followed.

None of these are remarkable requirements for a government procurement process that prioritises the economic wellbeing of women. The model could be introduced at the commencement of the next funding round across all departments that commission social and community services and would have almost immediate impact on recruitment and retention of women workers across the sector.

**Recommendation 6:** All grants, tenders & commissioning of services in the community services sector, should be underpinned by a minimum ‘floor price’ that ensures tenders account for professional wages and modern award minimum conditions.

**Recommendation 7:** Funding for all community services sector grants, should include funding specifically for portable accrued entitlements, regardless of the nature of their engagement.

**Recommendation 8:** Government procurement policy should be used to promote secure work arrangements in community sector tendering processes.

## Indexation of funding

The Blueprint must consider wage indexation, not just price indexation. Government must address funding issues to ensure that indexation is paid to social and community service employers (including

funding for wages, staff training, occupational health, and safety (OH&S) obligations and relief staff) to support the sector and ensure quality service provision.

Most social and community services staff are employed under the SCHADS Award. Wages are not market-based like the private sector which is tied to WPI and other economic indicators. The Award sets minimum rates only, with most community sector employers unable to pay more than the basic Award wage.

It is therefore critical that Government funds the increased cost of wages and superannuation. Indexation must include an amount equal to the Annual Wage Increase for employees covered by the *2012 Equal Remuneration Order ('ERO')*<sup>21</sup>. Social and community service employers need sustainable funding models that allow them to plan for the long term. Predictable and stable funding is crucial for effective service planning and delivery.

Funding arrangement must provide for increased costs of running a service each year and that indexation of funding contracts should accurately reflect these cost increases. Failure to increase indexation and ERO payments will result in services and/or jobs being cut.

**Recommendation 9:** Government must address funding issues to ensure that funding arrangements for social and community service providers are indexed annually to account for increased labour costs and increases in demand for services.

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<sup>21</sup> In 2012, the Fair Work Commission made an Equal Remuneration Order covering Social and Community Services Employees in recognition of the gender-based undervaluation of their work. This order applies to every worker in the social and community sector, including NDIS workers such as disability support workers, support coordinators, local area coordinators, and back-of-house/administrative staff. The Equal Remuneration Order applies a loading to the SCHADS Award Pay rates for SACS Employees. A summary of the ERO rates of pay can be found at [Note 2 to Clause 15 of the SCHADS Award](#).