

# NSW Implementation Plan

## NATIONAL PARTNERSHIP AGREEMENT ON PAY EQUITY FOR THE SOCIAL AND COMMUNITY SERVICES SECTOR

### PART 1: PRELIMINARIES

1. This Implementation Plan is a schedule to the National Partnership Agreement on Pay Equity for the Social and Community Services Sector (SACS NP) and should be read in conjunction with that Agreement. The objective in the National Partnership is to provide eligible service providers with funding supplementation to assist them in meeting the increased wage costs arising from the Fair Work Australia (FWA) Equal Remuneration Order (ERO) in respect of the social and community services (SACS) sector.
2. The Commonwealth is providing supplementation for its share of the wage increases for in-scope programs funded through existing National Specific Purpose Payments (SPP) and National Partnership Agreements (NP).

### PART 2: TERMS OF THIS IMPLEMENTATION PLAN

3. This Implementation Plan will commence as soon as it is agreed between the Commonwealth of Australia, represented by the Minister for Social Services, and the State of New South Wales, represented by the Treasurer.
4. As a schedule to the National Partnership, the purpose of this Implementation Plan is to provide the public with an indication of how the reform is intended to be delivered and demonstrate New South Wales' capacity to achieve the outcomes of the National Partnership.
5. This Implementation Plan will cease on completion or termination of the National Partnership, including the acceptance of final performance reporting and processing of final payments against performance benchmarks or milestones.
6. This Implementation Plan may be varied by written agreement between the Commonwealth and NSW Ministers responsible for it under the overarching National Partnership.
7. The Parties to this Implementation Plan do not intend any of the provisions to be legally enforceable. However, that does not lessen the Parties' commitment to the plan and its full implementation.

### PART 3: STRATEGY FOR NEW SOUTH WALES IMPLEMENTATION

#### Project information

8. This section provides details of processes already in place in New South Wales as part of the provision of supplementation (both State and Commonwealth) to eligible service providers to assist them with the increased wage cost arising from the equal remuneration order.
9. The majority of Commonwealth supplementation relates to disability funding. Hence, the information included in this Implementation Plan is focused on these programs. References to health and housing programs have been made where applicable.

#### **Eligibility of Service Providers to receive supplementation**

10. The ERO only applies to people employed on the Social, Community, Home Care and Disability Services Industry Award 2010 (SACS Modern Award). Specifically, the ERO affects employees described in:
  - Schedule B – Classification Definitions – Social and Community Services Employees
  - Schedule C – Classification Definition – Crisis Accommodation Employees
11. Supplementation will only be paid to funded organisations that employ staff under the SACS Modern Award or have enterprise agreements in place that apply SACS Award-linked pay rates.

#### **Method for calculating the supplementation**

12. The Department of Family and Community Services provides funding to non-government organisations for the delivery of disability and housing support services on a grant-funded basis. The Ministry of Health purchases services at a set price for the delivery of a specific service.
13. New South Wales does not distinguish between State and Commonwealth funding sources when providing grant funding to non-government organisations.
14. It is assumed that all organisations receiving grant-based funding within a program have the same SACS wage proportion and wage gap shortfall percentage. Accordingly, the amount of SACS supplementation is proportional to the total grant funding for a specific program.
  - The SACS wage proportion is the estimated proportion of funding used by organisations for SACS employee related expenditures.
  - The wage gap percentage is the annual percentage increase required to bring the SACS Award rates into line with the Modern Award rates.
15. Where services are purchased on a unit price basis, the supplementation will be apportioned according to the number of specific units (or care packages or individual support packages) that an organisation is funded for within each program.

#### **SACS supplementation relating to National Disability Insurance Scheme (NDIS) launch**

16. A proportion of Commonwealth SACS – ERO supplementation relating to the National Disability Agreement and National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services will be used to meet part of the Commonwealth contribution to the NDIS. Note that the Commonwealth funding under the SACS NP for other services will not be impacted.
17. This will be based on the methodology outlined in Clauses 14 to 19 of Appendix A of Schedule A of the Bilateral Agreement for the NDIS Launch. The schedule specifies that

the quantum of Commonwealth contribution reclaimed from these funding sources should be commensurate with expected NDIS client numbers.

18. The same method has been applied to SACS – ERO supplementation provided by the Commonwealth for disability related programs (as set out in Table 1) during the NDIS launch only.
19. The method used to calculate the Commonwealth’s contribution during transition to full scheme NDIS in 2016-17 and 2017-18 will be different to that used for NDIS launch. It will recognise the need to continue to fund those clients that have not yet transitioned into the NDIS. This is because Commonwealth disability funding is pooled with State funding and allocated to all clients in New South Wales, not just those in the NDIS.

Table 1: SACS payment to be used by the Commonwealth to meet part of the contribution to the cost of the NDIS.

(\$'000)	2013-14	2014-15	2015-16
National Disability Agreement	65	298	811
National Partnership on Transitioning Responsibilities for Aged Care and Disability Services	8	-	-
Total	73	298	811

#### Certification Process

20. To receive supplementation, organisations are required to meet the following criteria:
  - employ eligible SACS workers
  - supplementation provided is used for SACS – ERO employee expenses only.
21. Organisations were asked to confirm in 2012-13 that the supplementation provided will be used to fund ERO wage increases only, and are required to return any funding that is not used for this purpose. This certification is assumed to be current unless organisations advise their circumstances have changed.

#### Assessment of Hardship Claims

22. Claims for additional supplementation will only be considered by agencies where:
  - the estimated average SACS wage proportion is significantly lower than the actual SACS wage proportion
  - this has resulted in hardship for the non-government organisation
  - evidence is submitted to support this claim.

#### Communication Strategy

23. The NSW Department of Family and Community Services will provide ongoing advice and support to service providers about the supplementation process. This will occur at the sector level as well as for individual service providers. The disability sector has also been engaged through National Disability Services and other peak organisations.
24. Disability service providers will also receive regular communication through:
  - fact sheets distributed to each provider, peaks and the wider sector
  - email updates to providers as required

- website updates by both funding agencies and peak groups
  - specific contract documentation outlining detailed information applicable to each provider.
25. The Ministry of Health engages with relevant service providers as part of contract negotiations and reporting arrangements in the deed of variation.
26. Ongoing service provider forums will also be used to discuss specific issues as they arise.

**Estimated costs**

27. The maximum financial contribution to be provided by the Commonwealth to New South Wales as per the National Partnership Agreement is \$40.5m payable in accordance with reporting timeframes as set out in the Agreement (as set out in Table 2). All payments are exclusive of GST.

*Table 2: Commonwealth SACS supplementation to NSW*

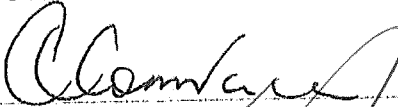
(\$'000)	2012-13	2013-14	2014-15	2015-16
Commonwealth SACS ERO Supplementation	2,971	7,793	12,148	17,581

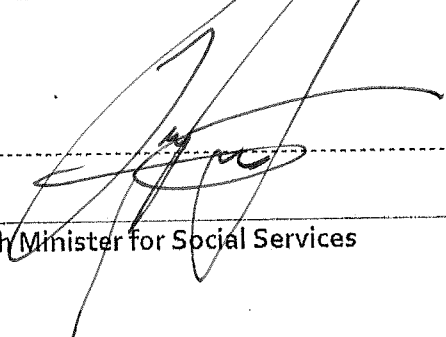
**Program logic**

28. The project elements detailed in this Implementation Plan will achieve the outcomes and objectives stated in the National Partnership by providing wage supplementation to Eligible Service Providers impacted by the ERO.

**Sign off**

The Parties have confirmed their commitment to this agreement as follows:

Signature  Date 12/5/14  
 NSW Treasurer

Signature  Date 17/6/14  
 Commonwealth Minister for Social Services