

# Queensland 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 and should be read in conjunction with that Agreement. The objective of the National Partnership Agreement is to provide Eligible Service Providers with wage supplementation to assist them in meeting the increased wage costs arising from the Fair Work Australia (FWA) Pay Equity Order in respect of the social and community services (SACS) sector and a related decision from the Queensland Industrial Relations Commission (QIRC).
2. This Implementation Plan describes the method for calculating and allocating supplementation to Eligible Service Providers.

### 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 Queensland, represented by the Minister for Communities, Child Safety and Disability Services.
4. As a schedule to the National Partnership Agreement on Pay Equity for the Social and Community Services Sector, the purpose of this Implementation Plan is to provide the public with advice on how the reform is intended to be delivered.
5. This Implementation Plan will cease on completion or termination of the National Partnership Agreement, 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 State Ministers responsible for it under the overarching National Partnership Agreement.
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 QUEENSLAND'S IMPLEMENTATION

### Project information

8. On 1 February 2012 Fair Work Australia (FWA) handed down a decision on the equal remuneration case that will increase wages for employees in the SACS sector by 23 to 45 per cent, over nine equal instalments commencing on 1 December 2012 and ending on 1 December 2020.
9. The decision applies to workers covered only by Schedule B and C of the Social, Community, Home Care and Disability Services Industry Award 2010.

#### **A. The method used for calculating the supplementation for eligible service providers**

10. The Queensland Government funds SACS related organisations through Service Agreements to provide services to the Queensland public on an output based service provision and reporting model. This means that departments pay organisations a set price to deliver a specific quantum and type or types of service. Prices have been developed through a range of mechanisms.
11. Many Services are jointly funded by the Queensland and Commonwealth Governments through the Specific Purpose Payments (SPPs) and National Partnership Agreements described in Schedule A to the National Partnership Agreement.
12. Funding models consist of both salary (which includes wages, superannuation, and allowances) and non-salary components (which can include: utility expenses; administrative expenses such as postage, stationery, printing, bookkeeping fees; insurances expenses; vehicle operating expenses; office administration; rates or rent expense; training and development expenses). Queensland funding models generally use a wage ratio of 80/82 per cent salary and 20/18 per cent non-salary.
13. The Commonwealth supplementation calculated for Queensland includes an estimated percentage of eligible service providers who are respondents to the QIRC pay equity decision, with the balance of eligible providers being assumed by the Commonwealth to be respondents to the FWA Modern Award.

The FWA pay equity decision will bring SACS Modern Award respondents in line with those Providers that are respondents to the higher QIRC pay rates when it is fully phased-in, in 2020-21.

14. The Commonwealth's methodology for the calculation of SACS supplementation uses:
  - a. a proportion of the total funding passed through to eligible service providers under each of the National Specific Purpose Payments (i.e. 14 – 73 per cent) and the National Partnership Agreements (i.e. 73 - 85 per cent)
  - b. a wage component dependant on specific program assumptions (70 per cent compared to Queensland's range between 34 to 78 per cent)
  - c. varying Pay Equity Order rates depending on which Pay Equity decision organisations in Queensland are subject to (up to 30.46 per cent for the wage gap awarded by FWA and up to 25.8 per cent awarded by QIRC), and
  - d. assumption of the percentage of eligible providers subject to the different Pay Equity Order rates in Qld (63 per cent FWA and 37 per cent QIRC).

15. Queensland will reflect the Commonwealth's methodology in the calculation of the funds to be distributed. The formulae used to calculate the increase on the Commonwealth wage component is:
  - a. determining the proportion of the total funding passed through to eligible service providers under the National Specific Purpose Payments (i.e. 14 – 73 per cent) and the National Partnership Agreements (i.e. 73 - 85 per cent)
  - b. determining the commonwealth wage component (70 per cent)
  - c. determining the percentage value of the Commonwealth calculated supplementary offer to the total value of the eligible Commonwealth wage related funding
  - d. applying this percentage as an increase to the Commonwealth wage related funding component for each eligible provider.
  
- B. SACS supplementation during the transition to the National Disability Insurance Scheme (NDIS)**
  16. The Queensland Government does not begin the transition to the NDIS until 1 July 2016 and will reach full scheme by 1 July 2019, therefore funding does not need to be withheld during the period of this SACS NPA Implementation Plan.
  17. In relation to the treatment of SACS supplementation during the transition to the NDIS, the Queensland Government undertakes to agree with the Commonwealth the methodology for calculation of the amounts to be retained, and the actual amounts for subsequent years, by no later than 1 January 2016.
  
- C. The jurisdiction's strategy for engaging with the sector**
  18. The Queensland Government has had extensive engagement with non-government organisations on pay equity supplementation since the original QIRC decision in 2009. This engagement has included:
    - a. State-wide consultation
    - b. Consultation on the proposed Commonwealth Fair Work Regulation in 2010 and 2011 through regular forums, senior-level partnership forums, and in conjunction with the consultation undertaken in late 2011
    - c. Targeted confidential consultation on the proposed conditions of the NPA with peaks and key representative organisations
    - d. Continuous engagement with the sector through Ministerial correspondence
    - e. Engagement with individual providers through normal contract management and monitoring functions.
  
  19. Service providers will receive communications about SACS funding supplementation and the implementation process through:
    - a. Letters of advice direct to each Provider through each funding Agency
    - b. Departmental Web Sites
    - c. Fact sheets
    - d. Forum presentations
    - e. Emails

#### **D. Adjustments to funding offers**

20. If Eligible Service Providers believe their funding offer is too high they must contact the relevant Queensland funding agency.
21. If an Eligible Service Provider believes the supplementation paid is not consistent with the methodology described in Part A15 of this Implementation Plan, it may request a review by the relevant Queensland funding agency (i.e. Department of Communities, Child Safety and Disability Services, Department of Health, Department of Housing and Public Works).
22. Requests for the review need to be lodged in writing within 30 days of the Eligible Service Provider receiving notification of the total funding supplementation increase.
23. The process for requesting a review is:
  - a. Submit a request together with supporting documentation to the relevant agency.
  - b. If the request to review is accepted, the relevant agency will assess the funding supplementation provided to the organisation.
  - c. The relevant agency will make an assessment of the Eligible Service Provider's claim and make a determination<sup>1</sup>. The determination outcome can include: an increase in supplementation, a decrease in funding supplementation, or no change. Where practicable, the process is expected to be completed within 30 days of receiving all relevant information.

#### **Estimated costs**

24. The maximum financial contribution to be provided by the Commonwealth for the project to Queensland is \$97.8 million payable in accordance with Part 5 and Schedule A.3 of the National Partnership Agreement on Pay Equity for the Social and Community Services Sector. All payments are exclusive of GST.
25. The Commonwealth contribution can only be moved between years with the agreement of the Commonwealth.

#### **Program logic**

26. The project information 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 Pay Equity Order.

#### **Risk management**

27. A risk management plan is in place. Risks have been actively identified, entered into a risk log and categorised in terms of impact and likelihood.

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<sup>1</sup> In the event of a Provider representing a concern of organisation viability and/or service sustainability, the relevant Queensland funding agency will refer to and apply the existing provisions and practices of contract management and service review.

## Relevant Queensland Context

28. As noted above under Project Information, the Queensland Government funds organisations to provide services to the Queensland public through a Service Agreement contract that specifies the service/s and the units of services to be provided directly relative to the funding given. The National Partnership recognises this funding model under clause 17.
29. Accordingly Clause B12 (a) Schedule B – Implementation Plans for the Calculation and Allocation of Supplementation of the National Partnership will not apply for Queensland.

## Sign off

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

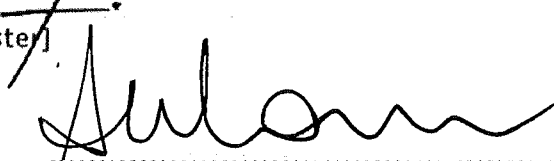
Signature



Date

15 OCTOBER 2014

[By State/Territory Minister]



29.4.15

Signature

Date

[By Commonwealth Minister]