

South Australia

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 on Pay Equity for Social and Community Service Sector is: *The Parties commit to providing the Eligible Service Providers with wage supplementation to assist them in meeting the increased wage costs arising from the Pay Equity Orders.*
2. This Implementation Plan sets out South Australia's strategy 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 the State of South Australia, represented by the Minister for Communities & Social Inclusion.
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 an indication of how the project is intended to be delivered and demonstrate South Australia's 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 any final agreed 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.
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 SOUTH AUSTRALIA IMPLEMENTATION

Assessing Eligibility and Broad Calculation Parameters

8. South Australia will release to Eligible Service Providers a maximum of the total amount of supplementation agreed for and provided under the National Partnership Agreement on Pay Equity for the Social and Community Services Sector, as described in Schedule A of the National Partnership Agreement, plus the agreed share of funding to be contributed by the State.
9. South Australia will require any organisation seeking supplementation to provide a declaration that it is an Eligible Service Provider as set out in clause 16 of the National Partnership Agreement on Pay Equity for the Social and Community Services Sector. Further information will be sought as deemed necessary to verify the eligibility of any service provider to receive supplementation.
10. To the extent possible, records will be maintained to describe the amount of supplementation offered and paid to providers under its various grant and fee-for service programs.
11. South Australia will adopt standard parameters to be included in the calculation of any supplementation offer:

(a) The SACS wage gap percentage to be used in all calculations will be taken as a benchmark, being the difference between the award wage rates effective as at 1 December 2012, as relate to a Community Services Worker Level 4, Pay Point 1 under the relevant State Notional Agreement Preserving State Award (NAPSA) and the modern award as awarded by Fair Work Australia. The relevant percentages to be factored each financial year for the duration of the National Partnership Agreement are described in Table 1.

Table 1: Wage gap percentages to be used in Supplementation Funding Offers

Financial Year	Grant Programs		Fee for Service*	
	Annual	Cumulative	Annual	Cumulative
2012-13	1.64%	1.64%	1.64%	2.82%
2013-14	2.82%	4.46%	2.82%	4.46%
2014-15	2.82%	7.28%	2.82%	7.28%
2015-16	2.81%	10.09%	2.81%	10.09%
2016-17	2.82%	12.91%	2.82%	12.91%
2017-18	2.82%	15.73%	2.82%	15.73%
2018-19	2.81%	18.54%	2.81%	18.54%
2019-20	2.82%	21.36%	2.82%	21.36%
2020-21	2.82%	24.18%	2.82%	24.18%
2021-22	1.17%	25.35%	1.17%	25.35%

*The annual increase in 2012-13 for fee-for service applies to individual units of service purchased from 1 December 2012 to 30 November 2013.

(b) South Australia will deem that a maximum percentage of any funding provided to an organisation under its grant funding programs, or advanced under a fee for service arrangement, will be the Deemed Wage Component impacted by the Pay Equity Orders. This percentage may vary between programs funded under different National Specific Purpose Payments or National Partnership Payments.

Estimated costs

12. The maximum financial contribution to be provided by the Commonwealth to South Australia for the project is \$14,215,480, payable in accordance with milestones/ performance benchmarks set out in Table 1 and in Part 5 of the National Partnership Agreement. All payments are exclusive of GST.
13. The estimated contributions to South Australia are as set out in Table A.5 of the National Partnership Agreement on Pay Equity for the Social and Community Services Sector
14. A proportion of Commonwealth funding from payments due under this agreement in relation to the National Disability Insurance Scheme (NDIS), will be retained by the Commonwealth as the Pay Equity Order supplementation has already been included in the calculations for programs that will be funded through the NDIS. The amounts to be retained are set out in Table 2.

Table 2: Funds to be retained by the Commonwealth.

	2013-14	2014-15	2015-16	Total
National Disability Services SPP	12,287	89,080	199,923	301,290

Grants Based Funding Calculations

15. South Australia will calculate an initial offer of supplementation based upon each distinct program that is funded.
16. The State will consider only the net funding provided by the State as being eligible for recalculating supplementation. The State will not make any supplementation offer for other revenues sourced, or generated in the course of delivering a program, even where these other revenues are reinvested back into the program being funded.
17. The State will calculate supplementation offers on grant funding as being:
 - (a) Total eligible program funding; multiplied by
 - (b) Wage Gap Percentage described in Table 1; multiplied by
 - (c) Deemed Wage Component impacted by the Pay Equity orders.
18. Letters of Offer will be issued to eligible providers, summarising the funding offer and the certification required from providers to confirm their eligibility.
19. Letters of Offer will describe the need for providers to return any surplus funding, where the supplementation paid is found to have been too high.

Fee-for-Service Supplementation Calculations

20. A fee-for service arrangement describes a service which has been purchased based upon a pre-determined unit cost, usually, but not exclusively, hour or session costs.
21. The State has determined that the cost of any agreed unit of service includes a deemed wage component which is impacted by the Pay Equity Orders. This deemed wage cost component will follow the same percentages as agreed for grant based program funding.

22. Normal price increases in fee for service rates will be negotiated throughout the life of the National Partnership Agreement. To coincide with State Government funding cycles, rate increases will normally be negotiated to take effect as from 1 July in any year.
23. The State will communicate an offer for normal price growth, consistent with the indexation parameters adopted by the State Government for any given financial year.
24. In addition to normal price growth, an offer for supplementation on each pre-determined service rate will be communicated to the service provider, by way of a letter of offer. The supplementation offer will be calculated as being:
 - (a) The service rate: multiplied by
 - (b) Wage Gap Percentage described in Table 1; multiplied by
 - (c) The Deemed Wage Component
25. Letters of Offer will be issued to eligible providers, summarising the rate offers and the certification required from providers to confirm their eligibility to receive the supplementation offered.

Review of Funding Calculations

26. South Australia will communicate a process whereby any eligible provider may seek a review of the supplementation calculation where a provider is able to demonstrate:
 - (a) The deemed wage component used in the supplementation calculation is at least 5% lower than the actual percentage of program costs funded through, or in part by, a State grant or fee for service program; and / or
 - (b) Other factors exist which may significantly impact upon the eligible organisation, or its ability to continue to deliver contracted services, if further supplementation is not awarded.
27. A provider may also request a review where any current or future program has been assessed as out of scope in relation to eligibility for supplementation, and the provider believes that the nature of the program and workforce warrants being included for supplementation purposes. If the provider is deemed to be in scope the supplementation will be provided based on the actual expenditure up to the limit of the original offers to organisations in the same program stream. Supplementation in excess of the relevant formula used in the initial offer for similar programs would need to meet the criteria set out in clause 26.
28. Organisations will be required to provide evidence to substantiate their claims. Such evidence may include:
 - (a) The number of full time equivalent employees (FTEs) by classification level;
 - (b) Evidence that employees are covered by the modern award or the pre-Modern Award SACS Industrial instruments;
 - (c) Actual payroll data;
 - (d) Analysis of the additional costs being absorbed by organisations as a result of the increases under the Pay Equity instruments.

29. These reviews will be completed as soon as is practicable. The State will allow organisations to accept the original supplementation offer whilst further investigations are undertaken into an eligible service provider's claim.
30. The State may initiate any review that it deems necessary to ensure that a funded program remains in scope for supplementation purposes, and that specific providers continue to meet the eligibility requirements to receive supplementation.

Risk management

31. 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.

Relevant South Australia Context

32. In developing this Implementation Plan consideration has been given to the South Australia context. Key factors that have influenced the proposed direction include:

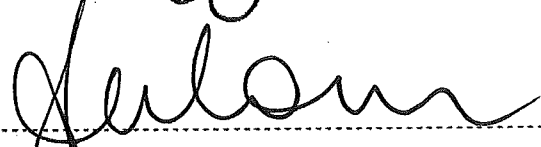
(a) The implementation of the launch site for the National Disability Insurance Scheme, targeting children aged 0 – 14. The launch site challenges the thinking around how people with disability access their funding and the need to be able to support clients transitioning from a State based system into a Commonwealth system.

(b) The State Government Program of individualised funding. Individualised funding opportunities will be offered to many clients receiving State funded disability supports over the first 3 to 5 years of the National Partnership Agreement. Opportunities include a cashing out option, and funding packages will need to allow for the costs associated with the impacts of the Pay Equity orders.

Sign off

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

Signature  Date 20/5/2015
[By state/territory Minister]


Signature Date 27/7/2015
[By Commonwealth Minister]