

# Tasmanian 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 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.
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 the State of Tasmania, represented by the Minister for Human Services.
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 Tasmania'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 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 Tasmanian 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 TASMANIAN 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 (hereafter referred to as the Equal Remuneration Order or ERO).

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 Tasmanian Government funds SACS related organisations to provide services to the Tasmanian public using a number of grants-based funding models developed through a range of mechanisms. Some services are funded under unit-price-based funding arrangements which mean that the Tasmanian Government pays organisations a set price to deliver a specific service. In other cases the funding levels have been set through processes such as competitive tendering.
    11. Funding has maintained its currency through annual indexation. The adequacy of ongoing funding is monitored through a number of measures that examine the cost, quantity and quality of the services being provided. These measures include annual grant acquittals, a quality and safety framework and service delivery reporting.
    12. Many services are jointly funded by the Tasmanian and Commonwealth Governments through the Specific Purpose Payments (SPPs) and National Partnership (NP) Agreements described in Schedule A to the National Partnership Agreement.
    13. Funding models consist of both salary (which includes wages, superannuation and allowances) and non-salary components (which can include accommodation, motor vehicles, office administration and management overheads). In Tasmania typically grant funded organisations have a ratio of costs whereby approximately 85 per cent of their costs are salary related and approximately 15 per cent are non-salary related. However, this ratio may vary and is often as low as 80 per cent or as high as 90 per cent and is largely dependent upon the type of service being delivered and the model of service delivery.
    14. To assist in calculating the cost of the ERO and its impact on community sector organisations in Tasmania, a salary census (referred to as the Community Sector Salary Census 2012) was undertaken. All grant funded services in Tasmania that were potentially impacted upon by the SACS decision were invited to participate in the census.
    15. A detailed analysis of the census returns was undertaken and this enabled the Tasmanian Government to estimate at award rates the amount of the SACS costs for each organisation at each salary classification point, including shift penalties and other salary related on-costs.
    16. Through analysing the census returns the Tasmanian Government established a methodology for calculating the levels of annual ERO supplementation to be provided to eligible service providers over the implementation period. The methodology consists of three elements:
      - a. a range of benchmark classification codes under which similar services are grouped together;

- b. a table of annual benchmark increases that are to be applied to each of the benchmark codes. These reflect the ERO wage increases forecast to be incurred in the benchmark groups over the implementation period; and
  - c. adjustment codes that enable a reduced rate of supplementary funding to be paid in circumstances where the services do not require full supplementation. For example, where they may utilise a different staffing structure, a greater mix of non-SACS staff or incur a greater percentage of non-wage costs.
17. Through this benchmarking process the funding supplementation over the implementation period will range depending on the type of service and whether the eligible service provider has a typical service delivery model. The maximum increases for the benchmark groupings range from approximately 21 per cent for the provision of in-home support (where salary classifications tend to be lower) through to approximately 34 per cent for specialised counselling and therapeutic support services.
  18. Under the Tasmanian Government's funding methodology all other cost components, including overheads and employee classifications not within scope of the FWA decision, are held constant.
  19. A uniform approach to calculating and distributing SACS ERO supplementary funding has been applied to all eligible service providers funded by the Tasmanian Government. This is irrespective of whether a Program is solely funded by the Tasmanian Government or whether it is jointly funded between the Commonwealth and Tasmanian Governments.
  20. Services are deemed as eligible where funding is received under a Funding Agreement with the Crown in Right of Tasmania (the Crown) and have evidenced that employees are engaged under the SACS Award for the delivery of those funded services. This evidence was included in information submitted by provider organisations in the Salary Census undertaken in July 2012.
  21. Eligible services agree to the total funding adjustment offer through endorsement of the Funding Agreement between the organisation and the Crown.
  22. Clause 2.3 of Funding Agreements with the Crown state that providers must not use the ERO Payment for any purpose other than payment to eligible Staff as additional remuneration pursuant to the ERO.
  23. Eligible service providers provide financial accountability reports to the Crown endorsed by an independent auditor.

#### B. SACS supplementation relating to National Disability Insurance Scheme launch

24. A proportion of Commonwealth funding from payments due under the SACS NP will be retained by the Commonwealth to meet part of the Commonwealth contribution to the cost of the National Disability Insurance Scheme (NDIS) launch sites. This is

because of requirements under the Commonwealth's *Social and Community Services Pay Equity Special Account Act 2012*.

25. The amount of payments from the National Disability SPP that will be contributed to the National Disability Insurance Scheme is based on the methodology outlined in Clause 14 and 16 of Appendix A in Schedule B of the Intergovernmental Agreement for the National Disability Insurance Scheme Launch.
26. SACS supplementation has been adjusted for the estimated NDIS component of grants. The amount to be retained is proportionate to the expected number of NDIS participant numbers in Tasmania's launch site(s) and to the total expected participants in Tasmania. The proportion to be retained will be reduced by the amount of these grants being repaid to the Commonwealth in-kind. Table 1 details the amounts to be retained by the Commonwealth.
27. The amount of payments made under the National Disability SPP that will be counted towards the Commonwealth's contribution will be reviewed and amended consistent with any changes to client phasing or financial contributions within the launch site. The amount of SACS payments to be contributed directly to the National Disability Insurance Scheme by the Commonwealth will be agreed by Tasmania and the Commonwealth at least 30 days before each payment is due.

Table 1. SACS payment to be retained by the Commonwealth to meet part of the contribution to the cost of the National Disability Insurance Scheme

	2013-14	2014-15	2015-16
Disability SPP SACS Supplementation Retained	\$17,000.00	\$28,000.00	\$38,000.00

#### C. The jurisdiction's strategy for engaging with the sector

28. The sector has been engaged regularly through the Peaks Network, which is a joint committee of peak bodies representing the community services, housing and community health, drugs and alcohol and mental health sectors and the Department of Health and Human Services.
29. An Equal Remuneration Steering Committee and an Equal Remuneration Working Group were specifically established to manage the implementation of the SACS pay equity case. Group membership consists of representatives from a broad range of service providers and peak bodies.
30. Service providers have received communications about SACS funding supplementation and the implementation process through:
  - a) The Funded Agency Channel
  - b) Fact sheets
  - c) Network forum presentations
  - d) Emails

#### D. Funding offers and adjustments to funding offers

31. The process for providing ERO supplementation consisted of a formal letter of offer, a formal acceptance and a review process.
32. Where an Eligible Service Provider believes that the calculation of supplementation is not consistent with the methodology described in Part A15 of this Implementation Plan and the services being delivered, it may request a review by the relevant Tasmanian funding agency.
33. Given the complexity of the ERO and its possible significant impact on Eligible Service Providers no time limit was set for the lodgement of requests for review. The Tasmanian Government, through agencies such as the Department of Health and Human Services (DHHS), continues to receive, review and action requests for a review of ERO supplementary funding.
34. The process for requesting a review is:
  - a) Submit a request together with supporting documentation (including a Salary Census form) to the relevant Tasmanian funding agency.
  - b) If the request to review is accepted, DHHS will conduct a detailed assessment of all funding supplementation provided to the organisation against the Salary Census.
  - c) The relevant agency will make an assessment of the Eligible Service Provider's claim and make a determination. The determination outcome can include: an increase in supplementation, a decrease in funding supplementation, or no change.
35. The letter of offer sent to eligible service providers clearly stipulated that if providers believe that their funding offer is too high they must contact the relevant Tasmanian funding agency. By accepting the letter of offer eligible service providers agreed to this provision.

#### Estimated costs

36. The Commonwealth will provide supplementation funding to Tasmania in accordance with Table A.6 of the SACS NP. These funds will be dispersed by the State to eligible funded SACS organisations.
37. Annual payments referred to under clause 36 will be provided to Tasmania by the Commonwealth following the provision of relevant reports in accordance with *Part 4 Performance Monitoring and Reporting* of the SACS NP by the DHHS to the Commonwealth Department of Social Services.
38. The total funding to Tasmania will be reduced by the proportion of funding to be retained by the Commonwealth to meet part of the Commonwealth contribution to the cost of the National Disability Insurance Scheme as detailed in Table 1 of this Implementation Plan.
39. The Commonwealth contribution can only be moved between years with the agreement of the Commonwealth.

#### Program logic

40. 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 ERO.

**Risk management**

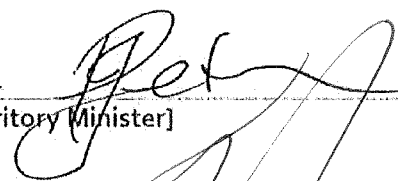
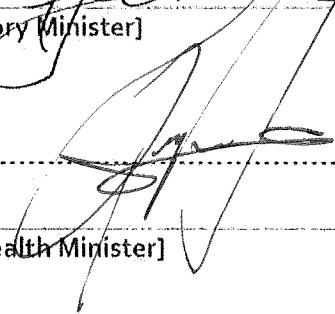
41. Risks have been actively identified and categorised in terms of impact and likelihood.

**Relevant Tasmanian Context**

42. As noted above under Project Information, the Tasmanian Government funds organisations to provide services to the Tasmanian public using a number of grants-based approaches that include unit-price-based funding for some services. The SACS NP recognises this funding model under clause 16 and 17.

**Sign off**

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

Signature		Date	26/8/14
-----			
[By state/territory Minister]			
Signature		Date	8/10/14
-----			
[By Commonwealth Minister]			