

2017-18 to 2020-21 Equal Remuneration Order supplementation funding package

Background

The Queensland Government has responded to the issues raised by the Community Services Industry regarding the impact of Community Services workers' wage increases arising from the Fair Work Australia 2012 Equal Remuneration Order (ERO).

The former Department of Communities, Child Safety and Disability Services (DCCSDS) worked with Queensland Treasury Corporation to model the impact of ERO increases to 1 December 2019. This modelling informed the government decision to make an additional contribution to fund ERO increases to the Social, Community, Home Care and Disability Services Industry Award (2010) rates for social and community services workers from 1 December 2017.

The outcome was the inclusion in the 2017-18 State Budget of a community services industry wages supplementation funding package of \$137.7 million over four years from 2017-18, increasing to \$52.2 million in ongoing funding from 2020-21. This funding package will significantly contribute to the sustainability of the community services industry and is part of the Queensland Government's commitment to ensuring a strong, sustainable community services industry.

This additional funding is part of the Queensland Government's ongoing support for equal remuneration. Since 2009, the community services industry has been supported to manage wage increases associated with the Transitional Pay Equity Order and ERO.

The component for Child, Family and Community Services, is \$82.4 million over three years from 2018-19, with a further \$10 million reprioritised by the department over two years in 2017-18 and 2018-19.

The \$82.4 million in new funding will be allocated as follows:

- \$66.1 million to the Child and Family Services service area; and
- \$16.3 million to the Community Services service area.

No additional funding has been provided in 2017-18 for Child and Family Services or Community Services. In line with the 2017-18 Queensland Government budget decision the Department of Communities, Disability Services and Seniors (DCDSS) and the Department of Child Safety, Youth and Women (DCSYW) will reprioritise \$10 million in existing funding over the two years 2017-18 and 2018-19 through a redistribution of the unspent funds that service providers have accumulated over a period of time. This will ensure State funds are used where they are most needed.

Over the last two years the former department had worked successfully with the disability services industry to apply a similar process in relation to unspent funds held by organisations providing specialist disability services, which has ensured State funds are used where they are most needed.

This document aims to answer some of the questions about the implementation of the supplementation funding package. For further information or clarification, please contact your contract manager, or send your question to grantsteammailbox@communities.qld.gov.au.

Commonly asked questions

Q: What is the purpose of the additional funding?

A: The funding contribution is in recognition of the financial pressures on funded non-government organisations from Equal Remuneration Order (ERO) increases to award wages which take effect each year from 1 December 2017 to 1 December 2019.

Q: How can my organisation use the additional funding?

A: Eligible organisations can only use supplementation funding to cover costs arising from the ERO. These costs include staff wages and staff on-costs (e.g. superannuation and leave entitlements) which may have increased because of the ERO.

Q: Will organisations also receive additional funding to cover operational expenses?

A: No. The additional funding is a discrete funding contribution based on government's acknowledgement of pressures from the ERO wage rate increases. It is not linked to operational expenses. Non-government organisations funded to deliver community services receive annual indexation increases for ongoing service procurement and operational grants to offset increased operational costs including minimum wage increases and increases in the consumer price index.

Q: What level of funding will non-government organisations receive?

A: To maximise the funding available, the Queensland Government is directing the ERO Supplementary funding to those services whose clients are vulnerable and/or dependent on service delivery. The supplementation is aimed at ensuring services to all fully supported and dependent clients are maintained. For services assisting other vulnerable clients who are not totally dependent upon their service providers, partial supplementation will be provided towards wages costs.

Q: How was the ERO Supplementation determined?

A: The ERO Supplementary funding modelling is based on the following assumptions/parameters:

- The funding base is ongoing service procurement and operating grants for Child, Family and Community Services where the Social, Community, Home Care and Disability Services Industry (SCHADS) Award applies
- Funded NGO Labour / Non-labour cost base: 75% : 25% reflects the State's annual indexation formula for ongoing grants and services funding
- State share only. The majority of services are State funded although some services, such as Women's Shelters are jointly funded by the Commonwealth
- Upper rate of the preserved Queensland Community Services and Crisis Assistance Award 2008 including Transitional Pay Equity Order and the SCHADS Award for a CSW level 4 worker
- 1 December ERO increase (seven months in first financial year / five months in next financial year)
- Funding rate dependent on service prioritisation.

Q: What is the basis for prioritisation?

A: DCDSS and DCSYW will prioritise funding to services providing critical services to dependent and vulnerable Queenslanders. For example, services such as Child Safety Residential Services where children and young people are fully supported by, and dependent on, their service provision. Secondary services such as Counselling and Intervention and Information Advice and Referral services will receive a contribution at a lower rate. This approach is similar to the approach adopted with the initial prioritisation of the 2009-10 State budget funding.

Q: What does reprioritisation mean?

A: The \$10 million in reprioritised funding will be funded through a redistribution of unspent funds that service providers have accumulated over a period of time. This will ensure State funds are used where they are most needed. The department will consult with the sector to determine an administratively effective approach to the redistribution of the unspent funds before December 2017. Unspent funds from funding agreements remain public moneys and are able to be recovered under section 22 of the *Community Services Act 2007*.

Q: Are any services not going to get additional funding?

A: ERO supplementary funding will be available for 'eligible' services, in general that is, those organisations with service agreements in the Child and Family and Community Services streams who are respondent to the ERO.

Similar to the previous supplementation approach, supplementation will be tiered, with organisations providing services to the most vulnerable Queenslanders receiving close to full supplementation for those services, with other services receiving a tiered contribution towards wages costs.

Services not in scope to receive ERO supplementary funding include:

- Neighbourhood Centres and Community Centres' community services are not in scope due to the increase in base funding levels provided in 2016-17; and
- Services with workers that are not generally respondent to the ERO such as those delivered by government related entities.

Q: Will there be State supplementation for Disability Service Providers?

A: Disability Services providers will not be allocated an additional State contribution for the period 1 December 2017 to 30 June 2019. Disability Service providers will be able to continue to use

unspent funds to offset additional costs as per previous advice provided to the sector.

Disability Services-funded organisations will continue to be allocated Commonwealth wages supplementation, based on the Commonwealth's contribution, pursuant to the National Partnership Agreement on Pay Equity in the Social and Community Services Sector for disability services and homelessness services from 1 December 2012. Supplementary funding will continue to be added to the base funding in 2017-18 and 2018-19.

Q: Why are some organisations getting more funding than others?

A: Many non-government organisations provide a range of different services for a diverse group of clients. ERO supplementary funding will be allocated per Funding Schedule for the services provided by each organisation to the priority client groups. The overall level of contribution for each organisation is therefore unlikely to be the same as it will depend on the nature of the services provided.

Q: What other measures is the Queensland Government taking to support NGOs?

A: Both departments will continue to partner with the community services industry to identify ways to increase productivity in service delivery, the workforce and the workplace — for example, by reducing overhead costs, improving administrative efficiency, deploying technology, and removing barriers to productivity. We will also continue to support community services organisations to manage issues around sustainability and ongoing viability. This includes moving to five-year service agreements where possible, and continuing to apply indexation to ongoing service procurement and operational grants (Funding Schedules) annually.

Q: What support is there for organisations experiencing difficulty in delivering services within existing contract due to increased wages?

A: Organisations experiencing difficulties in delivering outputs as per contractual arrangements

with the department are encouraged to make early contact with their contract manager to discuss what is possible within the existing contractual arrangement. Proposed variations to contractual arrangements are to be negotiated as part of the standard cycle of Service Agreement/Funding Schedule reviews under the output based funding framework.

Q: Will service providers be able to offset unspent funds between Funding Schedules for the purpose of offsetting the approved ERO supplementation amount?

A: DCDSS and DCSYW are working together and will take an organisational-level approach to the offset. Where organisations have unspent funds in excess of the approved ERO supplementation amount across multiple Funding Schedules, those organisations will be able to determine which Funding Schedules will have unspent funds reduced. Funding Schedules' unspent funds balance will be rebased in accordance with the organisation's advice.

Q: Will organisations have to apply for the funding, and are there any conditions attached?

A: Non-government organisations will not need to apply for the additional funding. The approved ERO supplementary funding will be advised by the department. Organisations will not be required to separately acquire the approved ERO supplementation funds.

Q: How will organisations know if they are going to receive supplementary funding?

A: A letter will be sent to eligible organisations advising of the level of additional ERO supplementary funding they will receive for each Funding Schedule over the next four years including the reprioritisation of unspent funds. (Note that this letter does not commit or guarantee the continuity of each Funding Schedule past the Funding Schedule's end date).

The letter will also advise that:

- organisations with sufficient unspent funds as at 30 June 2017 to offset the approved ERO

supplementation amounts in 2017-18 and part year 2018-19 will be advised that unspent funds up to this value are able to be used for this approved purpose;

- organisations with insufficient unspent funds as at 30 June 2017 to offset the approved ERO supplementation amounts in 2017-18 and part year 2018-19 will be advised that additional funding will be provided via a contract variation up to the level of the approved supplementary funding; and
- to ensure funds can be used where they are most needed, organisations holding unspent funds in excess of their assessed ERO supplementary funding in 2017-18 and part year 2018-19 will be asked to return an additional pro rata amount of accumulated unspent funds for redistribution to those organisations with insufficient unspent funds.

Q: How will organisations be notified of the amount of supplementation they will receive?

A: Supplementation for eligible organisations will be implemented via either a variation to Funding Schedules or an approval to use unspent funds to offset approved ERO supplementary funds.

Q: When can organisations expect to receive the money?

A: Funding to Child and Family and Community Service providers is planned to be rolled out starting Quarter 3, 2017-18, via either a variation to Funding Schedules or an approval to use unspent funds to offset approved ERO supplementary funds.

Q: Will funding arrangements commencing post 1 July 2017 be eligible for ERO supplementation?

A: Funding arrangements entered into post 1 July 2017, will assume that the service's cost are based on the current award rates and will only receive ERO supplementation in the following financial year(s).