

3 December 2019

The Hon. Dominic Perrottet MP
52 Martin Place
SYDNEY NSW 2000

Via email: office@perrottet.minister.nsw.gov.au



Dear Treasurer

Re: Indexation and Equal Remuneration Order supplementation

I am writing on behalf of NCOSS members to seek commitment from the NSW Government to address indexation and Equal Remuneration Order (ERO) supplementation issues in future funding arrangements for community sector organisations in NSW.

As you would be aware the NSW Budget 2019-20 indexed funding for community services at only 1.75%. Although the later adjustment to 2% was welcomed, this is still inadequate to meet the 3% wage increase mandated by the Fair Work Commission.

Annual indexation should reflect the real increase in costs associated with service provision, including annual increases to the national minimum wage and operating costs such as rent, electricity and council rates. Indexation that does not adequately cover these costs means organisations must reduce service levels. This comes at a time when there is rising demand in our communities for crisis accommodation, domestic violence support, financial counselling, emergency relief and other essential services.

It should also be noted that the community services indexation is inconsistent with indexation set for some other NSW Government-funded sectors, such as 2.5% indexation set by the NSW Ministry of Health.

The situation will be further compounded if Equal Remuneration Order (ERO) supplementation payments come to an abrupt end.

In 2012 the NSW Government committed \$1.33 billion towards providing ERO supplementation payments on top of baseline funding for relevant contracted programs. The ERO was a landmark decision that recognised and sought to address pay equity for the predominantly female community services workforce. With the upcoming expiry of the legislation that has guaranteed ERO supplementation, there do not appear to be any plans for such payments from the NSW Government to continue beyond June 2021.

As you know the community services sector is one of the largest industries in NSW and employs more than 12.5% of the NSW workforce. It is a growth industry that, if properly supported, can provide jobs and bolster economic opportunities across our regions. But together, inadequate indexation and cessation of ERO payments from July 2021 will impact the industry's viability, threatening the provision of essential services to NSW communities and job security for frontline workers.

NCOSS seeks your support to ensure that contractual arrangements for community sector organisations include annual indexation of 3% and ongoing ERO supplementation that is built into baseline funding.

I would welcome the opportunity to meet with you to discuss these and related matters.

Yours sincerely

A handwritten signature in cursive script, reading "Joanna Quilty". The signature is written in a dark grey or black ink on a white background.

Joanna Quilty
Chief Executive Officer
NSW Council of Social Service

cc The Hon. Gareth Ward MP, Minister for Families, Communities and Disability Services