

WACOSS CONFERENCE NOTES, MAY 2006

Slow Boiling Frogs – Wages, Conditions and Viability Issues for the Non Government Human Services Sector

Lessons from a Successful Campaign – Mat Rowell, TasCOSS CEO

Introduction

- Thanks for your introduction.
- I'm going to talk about the experience that we had in Tasmania in achieving changes to the award that the sector uses to pay its staff, and also how we then convinced the Tasmanian Government to subsidise these changes.
- But first, let me say that it is rare for a successful public policy advocacy effort to be rapid and smooth, and that the example that I am about to describe to you is certainly no exception.
- The important preparatory work leading up to the decision by the Tasmanian Government to fully fund the cost implications of changes to our Community Services Award began a full two years before the eventual policy announcement.
- What looks, at surface level, to have been an easy process of rational, collaborative work between the community services sector and the state government, was in fact a process that began in fairly bitter struggle. I am pleased to report that the endpoint announcement signalled a significant maturation of the relationship, and we can be fairly confident that this relationship will continue to develop positively and sustainably.

There are three key strands to this story, two of which begin in 2002.

Strand one – changing the Award

- The first of these strands concerns the process of changing the relevant award.
- In early 2002, an initial claim was lodged with the Tasmanian Industrial Commission for a substantial variation to the Community Services Award – the state equivalent to your SACS award.

- This claim was lodged by the two main unions representing our sector, the Australian Services Union and the Health and Community Services Union, with the ASU taking the lead role.
- Initially, the aim was to base the claim on Pay Equity principles, arguing that our sector was underpaid in comparison to similar roles performed in government agencies and the private sector.
- It soon became apparent, however, that this would be an extremely difficult case to construct, and that moreover the Industrial Commission would be wary of the precedent-setting potential of such a case.
- It was decided to change tack, making the claim a Work Value case instead.
- Information was gathered from a selection of representative sector organisations on just how our work responsibilities have changed over the past decade, especially at the upper levels of the award where staff have increasingly taken on roles that were traditionally part of organisational governance. The added responsibilities arising from the extra complexity of client needs were also highlighted.
- From late 2002 and through 2003, TasCOSS participated actively 'on both sides of the barricades', working with the unions (representing employees) but also meeting with employer representatives in gatherings convened by the Tasmanian Chamber of Commerce and Industry. The goal of this approach was to seek a negotiated position that could allow the Industrial Commission to essentially 'rubber-stamp' the proposed changes agreeable to all parties.
- *Employers* were receptive to the TasCOSS argument that no comprehensive approach to workforce development in our industry could fail to address the low salary levels that applied at that time.
- Tasmanian CSA wages were considerably lower than those in other jurisdictions, and much lower than in comparable public service positions. Attracting and retaining appropriately-qualified staff was already a challenge for employing organisations and it was clear that resistance to wage increases would only worsen that situation.

- Those same employers were, however, suitably cautious about the implications of supporting award variations that may not be covered by increased government funding. Employers wanted assurances that the Tasmanian Government would guarantee supplementation of their grants to cover any increases ordered by the Industrial Commission.
- No government is ever likely to offer a 'blank cheque' on issues such as this, and the consistent response from the relevant Minister was that the Government would examine the outcomes of the Industrial Commission deliberations when, and only when, they were official.
- The outcome of protracted, mostly cordial, discussions with employer representatives was that while employers could not be seen to be actually supporting the union claim, they would agree to not present opposing evidence before the Commission – that is, they agreed to 'run dead'.
- In **October 2003** – these things take time – the matter was finally heard by the Industrial Commission. It had been decided on strategic grounds that the only sworn evidence to be offered would be presented by TasCOSS on behalf of the sector. (Other evidence from specialist community service organisations was offered by way of statutory declaration).
- The Policy Officer for TasCOSS responsible for industry issues presented evidence at length, with substantial cross-examination from the Deputy President of the Commission. Whilst the employer advocate declined to either offer evidence or to cross-examine, indicating instead that there was broad agreement with the specifics that had been offered in evidence by TasCOSS, the Deputy President had some experience of the sector and was incredibly challenging and rigorous in his own cross-examination.
- In **late January 2004**, the Commission handed down its decision, finding that there had been "*a significant addition to the work value of the classifications under review*", and directing the parties to have further discussions about the specific quantum of the wage increases that should flow from this decision.
- Union and employer representatives, with TasCOSS assistance, hammered out a phased-in, three-year series of proposed increases that would (roughly) bring Tasmania's sector into parity with most other states. These proposals were accepted without amendment by the Commission in **August 2004**, with the first round of increases to take effect in October that year.

- Initially Unions were seeking a phased in 20% increase. The eventual agreement was 12% phased in over three years, with a significant increase up front, 6% in the first year, and 3% in the following two years, with some changes to classifications in the award and the creation of a new top level 8 classification.
- At all major milestone points in this process, TasCOSS ensured that the Tasmanian Government was kept fully briefed, allowing officers to commence work on estimating the likely cost implications (and the timing of those cost increases) well in advance of any final Industrial Commission rulings.
- This was done through a collaborative agency – sector structure which was in place at the time, and through briefings and meetings with the Minister.

Strand two – assisting government to understand the importance of appropriately funded community service organisations

- At about the time that the industrial claim was being lodged – mid 2002 – TasCOSS and the funded community services sector were at war with the Tasmanian Government over the issue of indexation of funding. Indexation arguments are not uncommon across the states and territories.
- Despite assurances from the then Minister for Health and Human Services (the Tasmanian agency responsible for virtually all state-administered human services programs), CSOs were informed that annual grants were to be indexed by only 1.7% -- this in a year when CPI was running at 4%, when compulsory superannuation contributions increased from 8% to 9% of payroll, and when insurance premiums were rocketing in the post-HIH panic.
- The announcement fell less than two months prior to the 2002 state election, and TasCOSS responded by coordinating a very public campaign that focused on the failure of the government to support CSOs – and the fact that the Minister had misled the sector. Public forums, delegations to candidates, letter-writing campaigns and media statements combined to mightily piss off the Minister, who ordered her Department to cease formal communications with TasCOSS. Regular agency-sector meetings were cancelled (and indeed not reinstated for a full twelve months).

- Less formally, TasCOSS continued to work with Departmental personnel on the issue of constructing an appropriate indexation formula for the following year. In the aftermath to the election, a new and less hostile Minister was appointed. The new Minister recognised that the issue of appropriate indexation specifically, and the need to appropriately support CSOs generally, was an unnecessary irritation that was diverting attention from important collaborative agency-sector work on policies and practices. A new, more realistic formula was adopted and announced in the context of the 2003 state budget.
- That formula is still in place, realistically addressing basic sector-wide increases in costs, with no attempt to impose any form of 'efficiency dividend' and has been used by a number of states and territories as the benchmark in negotiations with their own governments and funders.
- The Tasmanian Government had learned that there was a political price to pay for misleading and underfunding its CSOs, and had taken a strategic decision to set in place funding structures that would permit more urgent and important agency-sector work to proceed.

Strand three – a shared crisis in workforce development

- One of those urgent and important issues was workforce development. The Tasmanian Government, like most governments, was facing increasing difficulties in recruiting and retaining qualified staff in a whole range of service sectors. No longer would they be able to fill vacancies in teaching, nursing and police ranks while offering salary scales substantially lower than north-island jurisdictions. In a sweeping series of policy shifts, generous wage offers were made to a wide range of unions to ensure parity across Bass Strait.
- In the Department of Health and Human Services, the workforce crisis was even more acute than in other agencies. Massive shortages in health professionals emerged in all sectors, including in human services where publicly-managed operations essentially mirrored those in the non-government sector (e.g., disability services).
- Senior managers recognised that appropriate compensation was no longer a negotiable option, and that realisation provoked an awakening about the parallel issues facing non-government organisations. TasCOSS and other peaks had been talking about

this issue for years, but it was now becoming very real for Departmental managers.

The three strands merge

- By the time the Industrial Commission handed down its ruling on varying our Award, the essential political and bureaucratic groundwork had been done. The Department of Health and Human Services had recognised that CSOs would not be able to absorb wage increases without services being jeopardised.
- Central agencies (Premiers and Treasury) had been given ample warning of an impending claim on extra funding. Cabinet was aware from the 2002 election experience that it would be unwise to take on the sector, and was by now used to agreeing to wage-parity expenditure bids from other sectors and professional groups.
- The Minister formally announced essentially the full funding of the wage implications within days of the Industrial Commission ruling, pointing to the decision as a continuation of the government's policy of supporting the sector (and reminding us all about forward pledges on indexation, too). The Department consulted fully with TasCOSS on the process of gathering information from CSOs to ensure that appropriate supplementation was forwarded quickly.
- In closing, from the outside, the grand finale would have looked remarkably simple and easy.
- To us insiders, it was the culmination of over two years of hard work and of risk-taking, especially with respect to our relationship with the Minister and Government of the day.
- The work and the risks were necessary and, ultimately, have paid off handsomely with a much more mature relationship with government and with a much deeper understanding on the part of government of the cost pressures facing our sector. In this rather terrifying era of WorkChoices, we may never have another major award variation to act as a 'platform' for our funding advocacy.
- Instead, we face the challenge of working with our governments to assist them to understand how to appropriately fund non-government organisations that will increasingly be basing their payroll structures around individual and collective agreements, not awards.

- In Tasmania, at least, we will face that challenge with some confidence – with a knowledge that we have prepared the ground these past two years and that our government will work with us, not against us, in sorting out the funding frameworks and mechanisms of the future.
- Thanks for your time.