

**Senate Standing Committee on Education Employment and Workplace  
Relations**

**QUESTIONS ON NOTICE  
Budget Estimates 2011-2012**

**Outcome 5 - Workplace Relations**

**DEEWR Question No.** EW0056\_12

**Senator Abetz provided in writing.**

**Question**

***Cost Pressures And Subsequent Funding Implications***

"The Parliamentary Secretary said that Government has considered the cost pressures and subsequent funding implications that may flow on from the case. What cost pressures come as a result of the equal pay case? a. What funding implications will there be as flow on effects of the case? b. Has the Government prepared any modelling or advice on the potential cost of the test case? c. Has the Government identified possible strategies for addressing any implications flowing from the case;"

**Answer**

- (a) It is not possible to precisely indicate the implications of the case until a final decision is handed down by Fair Work Australia (FWA). However, significant wage increases will have a direct impact on the social and community services (SACS) sector, funders of the sector and the broader economy.
- (b) The Government has attempted to assist FWA in assessing the possible whole-of-sector cost impacts of increased wages for SACS workers in a submission to FWA dated 8 July 2011. In that submission, the Government has estimated the annual ongoing cost to employers (after phase in) for workers within the scope of the case, of an average:
- a) 10 per cent increase in award wages would be around \$390 million;
  - b) 20 per cent increase in award wages would be around \$780 million; and
  - c) 30 per cent increase in award wages would be around \$1,165 million.

In addition to these costs, for workers not within the scope of the case but who may nevertheless receive a flow-on wage increase (for example, employees covered by the SACS Modern Award but not within the scope of the application and other employees in SACS organisations), the Government has estimated the annual ongoing cost of an average:

- a) 10 per cent increase in award wages would be around \$75 million;
- b) 20 per cent increase in award wages would be around \$155 million; and
- c) 30 per cent increase in award wages would be around \$230 million.

The estimates provided in the Government's submission to FWA do not reflect the Government's position with respect to the appropriate wage increase that might be awarded in the case, nor are they intended to be interpreted as wage increases that should be considered by FWA in the case. Rather, they are indicative cost estimates intended to assist FWA in its deliberations.

- (c) The Government has established the Community Sector Wages Group to assess the potential implications of the case and to examine how these implications can be most appropriately managed, taking into account the need to ensure a sustainable and effective sector. The Group is comprised of relevant unions, SACS providers and the federal, state and territory governments.