

Senate Standing Committee on Education and Employment

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2014-2015**

Outcome 2 - Workplace Relations & Economic Strategy

Department of Employment Question No. EM1660_15

Senator Siewert provided in writing.

Question

Wages for charities

Major cost for charities is wages, and many employees are paid at quite low levels in the NFP sector. The issue for many charities becomes that over the term of a contract, cost saving have to be made so that employees can be paid fair and just wages. This often results in less services, the retrenchment of staff or staff being paid the bare minimum and sometimes having to effectively work more for less. In 2008 the WA Government introduced an indexation policy that works well – based on CPI and wage indexation and sets an annual composite indexation rate. Is the Govt. looking to standardise the indexation policy across agencies in a similar ways?

Answer

The Department of Finance has advised that the Government has in place a framework for the indexation of government spending that has been in place since 1996-97. The framework applies to Commonwealth own-purpose expenses and some Specific Purpose Payments. The framework does not apply to personal benefit payments which have separate arrangements typically stipulated in legislation.

Indexation is intended to recognise the impact of price and wage changes in providing agreed service levels. It is not intended to fully compensate for changes in prices and wages, as to do so would run counter to the Australian Government's intention to provide incentives to manage programs efficiently and to pursue productivity improvements.