

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

Inquiry into the Workplace Relations Amendment (WorkChoices) Bill 2005

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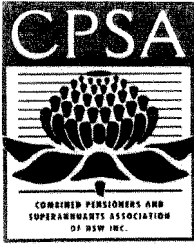
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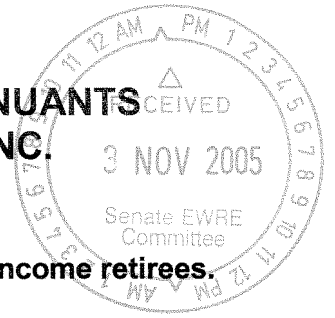
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**COMBINED PENSIONERS AND SUPERANNUANTS
ASSOCIATION OF NEW SOUTH WALES INC.**

Founded 1931. Celebrating 75 years of service in 2006.
Serving pensioners of all ages, superannuants and low-income **retirees**.

Consumer Protection Awards – 2002, 2003, 2004



**SUBMISSION TO THE SENATE EMPLOYMENT,
WORKPLACE RELATIONS AND EDUCATION COMMITTEE**

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**Inquiry into the Workplace Relations Amendment
(WorkChoices) Bill 2005**

Introduction

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) is a non-profit, non-party political membership based organisation serving the interests of pensioners of all ages, superannuants and low-income retirees. It has around 140 branches and affiliates with a combined membership of over 15,500 throughout NSW. CPSA also serves the interests of its membership and broader constituency at the local, state and federal levels.

The Workplace Relations Amendment (WorkChoices) Bill 2005 and pensions

There are over 3 million pensioners in Australia. They represent over 15 percent of the population and a still higher percentage of the adult population. The Workplace Relations Amendment (WorkChoices) Bill 2005, if it becomes legislation, is likely to have a profoundly negative impact on the rate of the pension. This is because of the way the pension is calculated as per the *Social Security and Veterans' Affairs Legislation Amendment (Male Total Average Weekly Earnings Benchmark) Act 1997*.

The Base Pension (ie: not the Pension Supplement) is indexed twice a year based on 25 percent of Male Total Average Weekly Earnings (MTAWE).

How can the proposed industrial relations changes affect this process? The MTAWE figure includes the earnings of men on the minimum wage as well as higher paid workers. However, the Australian Government intends to take the minimum wage setting powers away from the Industrial Relations Commission and give them to what will be called the Fair Pay Commission. According to a report in the 1 July 2005 *Herald Sun*:

"[The] Workplace Relations Minister Kevin Andrews' office has confirmed the Government's new 'Fair Pay Commission' would not make its first minimum wage decision until late next year and then could delay the implementation of the pay rise 'adjustment' even longer."

Any reduction of the minimum wage or penalty rates will mean a huge drop in wages for shift workers. In other words, the benchmark of MTAWE could very well go down and, as a result, the pension will be less. And as the Australian Government is unlikely to propose legislation to control prices, the buying power of the pension will drop.



The aged care and disability services sector

CPSA's membership and broader constituency includes people older people, people with disabilities and their carers. In some cases, these people require social services provided by residential aged care, the Home and Community Care (HACC) Program and the disability sector. However, workers in the human services sector, especially workers involved in frontline service delivery, are not very highly remunerated. This is partly because the sector's workforce is predominately female and the clients are older and/or have a disability. Women tend to be disadvantaged compared with men in the workforce. Using the statistical measurement of Average Weekly Ordinary Time Earnings (AWOTE) it seems that:

"AWOTE for full-time adult females was less than for males in all industries. Full-time adult females earned approximately two-thirds (63%) of male full-time adult ordinary time earnings in the finance and insurance industry, rising to 95% in the accommodation, cafes and restaurants industry" (ABS, 2005).

In the disability services sector and aged care many of the jobs are part-time – another factor contributing to low wages overall in those sectors. And older people and people with disabilities face marginalisation and discrimination even in today's relatively enlightened times. It is a combination of all these factors that means human services professionals are not paid as well as they should be commensurate with their skills and qualifications.

Disability services sector workers in the not-for-profit sector are paid under the Social and Community Services (SACS) Award. The highest remuneration category under the SACS Award is Community Services Worker Grade 6 (year 2) at \$55,333 per annum. Staff at that level tend to be managers of not-for-profit organisations. Frontline staff who work most closely with clients with disabilities usually fall into the classifications of Community Services Worker Grade 1 through to 3. They are paid \$25,515 to \$39,987 per annum. Their shift allowances range from 15 percent to 75 percent depending on when they work. Even at the most senior levels (let alone entry level) staff in this sector are not highly paid. Many workers hold degrees in social work or the equivalent. And sometimes tertiary qualifications are a requirement for gaining employment.

Shift allowances and other incentives which attract staff to work in the disability services sector are clearly under threat from the proposed industrial relations changes. The Australian Services Union (ASU), which represents workers in the non-government disability services sector, points out that:

"There are currently 60 rights covered by the SACS Award. Under [the] Government's plans, [a]wards will be progressively cut back – to 16 then probably

8 rights. That would mean pay rates above the minimum rate, penalty rates, allowances, redundancy pay would be cut from the [a]wards...The [G]overnment has refused to guarantee that minimum wages would be increased to keep in touch with the cost of living. Funding bodies are unlikely to just grant increases in funding for wages without these minimum increases” (ASU, 2005).

Without attractive remuneration, workers in the sector are unlikely to remain there for very long. It is already difficult to recruit staff to the disability services sector because of the long hours and onerous responsibilities relative to pay. If wages and conditions are to worsen under new industrial relations legislation then it is likely more people will leave the sector in order to take up less demanding work – even if it means giving up a job from which they gain real satisfaction.

In aged care there is a similar situation. Aged care nurses tend to be paid less than their colleagues in the acute care sector. In a 5 August 2005 media release, Australian Nursing Federation (ANF) Federal Secretary Jill Iliffe said:

“Nurses working in aged care earn nationally about \$200 per week less than their colleagues in the public sector but are still expected to have the same level of qualifications and experience to undertake their work.”

To underline Iliffe’s point, a comparison between the Public Hospital Nurses’ (State) Award and the Nursing Homes, &c., Nurses (State) Award in NSW reveals that a first year Registered Nurse (RN) in a public hospital receives a weekly rate of \$811.40. A first year RN in a residential aged care facility only gets \$731.40 per week.

Like workers in the disability services sector, aged care nurses are clearly not paid at a level commensurate with their skills and responsibilities. However, because of their hours of work they are entitled to penalty rates and shift allowances. As previously mentioned, these entitlements are in danger from the proposed industrial relations legislation. And aged care, as with disability services, suffers from staffing shortfalls – especially at the professional levels. If the legislation is passed it is likely to have an extremely damaging impact on the aged care sector.

Conclusion

The Workplace Relations Amendment (WorkChoices) Bill 2005 will in all likelihood have indirect but very real negative consequences for pensioners in terms of their incomes. More directly, the impact on disability services and aged care should not be underestimated. Beleaguered services for people with disabilities and older people are likely to be stretched to breaking point if qualified

professionals seek jobs with more pay and/or less responsibilities. This is happening now and the proposed industrial relations changes will in all likelihood accelerate the process.

CPSA calls on the Australian Government to rescind the Workplace Relations Amendment (WorkChoices) Bill 2005.

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