

# Equal Remuneration Order Frequently Asked Questions

**An Equal Remuneration Order (ERO) was made to gradually increase wages for some employees in the Social and Community Services sector.**

## **Who does the ERO apply to?**

This order applies to staff employed under the Social, Community, Home Care and Disability Services Industry Award 2010 (SACS Modern Award). Specifically, the decision affects wages for:

- Social and Community Services employees; and
- Crisis Accommodation employees.

## **How is it applied?**

The ERO provides an additional Transitional Equal Remuneration Payment (TERP). The TERP is introduced over nine annual payments.

## **Over what timeframe does the ERO apply?**

The increase commenced in 2012 and will be fully applied by 2020.

## **Did Northern Territory Government agencies receive budget to pay to NGOs?**

Yes. Territory Families has received budget to reimburse NGOs who have been impacted by the ERO.

Funding was provided to agencies on the basis of the level of grants being paid in 2011. The rate of increase provided was 2.2 per cent of the estimated wages component of grants paid.

The level of grants paid may have changed over time, and agencies are required to plan to manage the ERO commitment within existing grant budget allocations.

## **If my organisation is under a tendered contract arrangement, rather than a grant arrangement, are we entitled to receive an ERO payment?**

Yes. All NGOs with legitimate ERO costs incurred through the delivery of services to the NTG are entitled to receive a payment.

This is different from CPI because the NTG has made a specific decision to treat ERO separately and there is an associated agreement between the NTG and Commonwealth Government related to supporting NGO's to meet these costs if it relates to the delivery of government services.

### **If my organisation is under a tendered contract arrangement does the CPI automatically get applied?**

No. Under the standard terms and conditions of the NTG tender contracts for goods and services engaged through a procurement process, a fixed pricing schedule applies. You are able to apply for a price adjustment if costs have changed, however the NTG is not obliged to agree to new pricing.

If it is the position of your organisation that you cannot operate without indexation, it is important that you incorporate this into pricing in the response schedule when tendering. This way, Territory Families can consider the full cost of your organisations tender response, prior to awarding a contract.

### **How does an NGO determine what ERO needs to be paid to an employee?**

An organisation is to ensure the ERO is being applied properly in accordance with the SACS award. The following link may be helpful in understanding more about how the ERO should be applied.

<https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates>

You can also contact NTCOSS on 8948 2665 for support and general information about ERO.

### **How does an NGO apply for the ERO payment?**

Each year, NGOs are to calculate their annual wages costs, inclusive of ERO increases. The calculations should reflect the number and classification of staff committed in the funding agreement. Should the overall funding provided in the grant not meet the costs of the ERO increases, then a submission can be made to Territory Families for additional funding.

It is noted that ERO increases apply in December each year, so the rate changes half-way through the financial year must be reflected in the calculations.

It is preferable that your ERO funding claim is received at the beginning of each financial year, so the agency can plan to meet this commitment when budgeting. If you require ERO funding and have not received this for 2018-19, please urgently contact Financial Services on 8924 4061 and ask to speak to someone about your ERO funding.

### **What amount of funding for ERO will be provided?**

Territory Families will reimburse all ERO costs for staff paid under the SACS award and confirmed associated with a grant funded program.

It is important to note that the ERO payment is not paid on budgeted salaries in a grant program where elements of that budget do not relate to staff paid under the SACS award.

This means that vacant positions or positions not paid under the SACS award will not attract ERO payments, which is fair as there has been no cost to the NGO.

This also means that if an organisation pays above the award wage, then these costs must be budgeted by the organisation and will not be met by Territory Families unless expressly agreed by the department when the grant funding budget is negotiated.

### **What should not be included in an ERO request for additional funding?**

An NGO should not include salary increases for staff not employed under the SACS award in an ERO request.

### **Is ERO related to CPI?**

## Equal Remuneration Order Frequently Asked Questions

No. Although both could be considered as indexation, the ERO payment is time-limited and specific to the arrangements in place under the SACS award which ends in December 2020.

Separately, your grant funding will be adjusted automatically for CPI and this occurs at the beginning of the financial year. From July 2019, the CPI will be reduced through the application of an efficiency dividend.

Please refer to the Territory Families Grants Efficiency Dividend FAQ document for further advice on CPI and the impact of efficiency dividends for Territory Families funded grants.

### **Why is the ERO calculated and applied differently to CPI?**

The ERO is paid specifically for staff employed under the SACS award and not for other staff who may be employed as part of a grant program.

The requirement of the NTG is to offset costs of an NGO impacted by the ERO payment. As Territory Families cannot determine what the actual ERO costs will be in advance, the payment must be calculated by the NGO.

### **Has Territory Families ERO payment methodology changed?**

Yes. Prior to 2018, Territory Families provided funding for ERO based on a rate of 2.2 per cent of the total annual salaries budget. Any underspend (which usually occurred as not all staff are paid under the SACS award) was to be repaid to the agency on acquittal of the grant.

Territory Families now requires NGO organisations to calculate their ERO costs so the correct amount can be paid.

### **Who should I contact in Territory Families regarding the ERO payment?**

You should discuss your ERO funding claim with your contract manager. Or you can contact Financial Services on 8924 4061 and ask to speak with someone about your ERO funding claim.

If there are any concerns with the information you have submitted, you will be contacted by Territory Families.

### **If I have submitted my organisation's supporting documents but have not received advice, or a payment what should I do?**

You should be provided with an acknowledgement receipt from Territory Families once your request has been received. If this does not occur within a few days, you should confirm that the contract manager has received the document.

A payment can take up to 30 days from the receipt of the documents. If your organisation has not received a payment within this timeframe, and you have not been contacted by someone from Territory Families about this matter, then you should contact your contract manager to clarify what is going on.

**For further details about ERO please contact your contract manager or Financial Services on 8924 4061.**