



Review of Industrial Relations  
Arrangements in the ACT  
Community Sector – Key  
Deliverable 2

Mapping of Industrial and Funding  
Arrangements

December 2009





## Table of Contents

<b>Executive Summary</b>	<b>3</b>
<b>Purpose</b>	<b>5</b>
<b>Approach</b>	<b>6</b>
<b>Mapping of the Funding Arrangements in the ACT community sector for organisations funded through Service Funding Agreements</b>	<b>7</b>
<b>Mapping of the Industrial Arrangements in ACT community sector for organisations funded through Service Funding Agreements</b>	<b>12</b>

## Executive Summary

The mapping of the funding and industrial arrangements of ACT community sector organisations which receive funding from the ACT Government has identified a range of issues.

In relation to the **funding component**, the current arrangements:

- Are guided by two key pieces of ACT legislation – *The Financial Management Act 1996* and the *Government Procurement Act 2001*;
- Confirm that funding from Government in the form of a Service Funding Agreement is, for many organisations, only one of up to four overall sources of funding available to them;
- Are likely to be improved by the development and application of more guidance to organisations at the tactical planning level. At present, from a mapping perspective, the extent of guidance and its logical flow does not appear to be as clear or complete as it might be between:
  - high level strategic outcomes and objectives (contained in documents such as the *Social Compact* and the *Community Sector Funding Policy*);
  - tactical objectives in guidance such as service specification development, service volume and demographics and service funding agreement outputs, and
  - the detailed service descriptions and output measures in Service Funding contracts
- Confirm, based on the survey data, that the attribution of funding to employment related expenses varies considerably across the funded programs, as does the allocation of funding between administration and management functions and service delivery functions within organisations.

In relation to the **industrial component**, the current arrangements:

- Are primarily based on the ACT SACS Award, with variations for individual organisational needs, and historical arrangements;
- While this Award was a widely used basis for employment terms and conditions, the type of instrument used to formally express the terms and conditions varies across the sector, and includes Memorandums of Understanding, Multi-Enterprise and Multi-Business Agreements and Enterprise Bargaining Agreements.

- Finally, from 1 January 2010, the ACT SACS Award was replaced as part of the national Award Modernisation process with the new *Social, Community, Home Care and Disability Services Industry Award 2010*. This new national Award replaces a range of State and Territory based Awards, including the ACT SACS Award, creating a new set of minimum employment conditions for community sector workers.
- At the same time as the new Award took effect, the National Employment Standards (NES) also came into effect, applying to all employees in the national workplace system (including most ACT community sector workers). Under the NES, employees have certain minimum conditions. Together with pay rates in modern awards (which also generally take effect from 1 January 2010) and minimum wage orders, the NES makes up the safety net that cannot be altered to the disadvantage of the employee.
- It is critically important for organisations to understand that, whilst the NES have been incorporated into the new *Social, Community, Home Care and Disability Services Industry Award 2010*, the NES are enforceable and obligatory in their own right, as are all aspects of the *Fair Work Act 2009*.



## Purpose

### **Key Deliverable 2**

The requirement outlined under this key deliverable is to identify and map industrial and funding arrangements across ACT funded community organisations.

## Approach

The approach to this component of the Review involved the following steps:

In terms of the mapping of the funding arrangements:

- Discussions with key staff within the ACT Department of Disability, Housing and Community Service about the elements and operation of the funding arrangements within the ACT community sector in relation to the design and delivery of funding to community organisations through Service Funding Agreements;
- Interviews with a selection of ACT Community Sector organisations to discuss their views on the operation of the funding arrangements;
- Analysis of data obtained in relation to funding arrangements from organisations through the survey of ACT Community Sector organisations undertaken during late October and early November 2009, as part of the overall Review process.

The information and data obtained through this process has been distilled and is presented in this Report to provide a map of the key components of the funding arrangements in the ACT community sector.

In terms of the other component of the Review, the mapping of the industrial arrangements in the ACT community sector involved:

- An analysis of the industrial arrangements currently operating within the ACT community sector as part of the detailed comparative analysis of the ACT community sector and its relative positioning nationally in relation to all other jurisdictions;
- Analysis of data obtained in relation to the industrial arrangements from organisations through the survey of ACT Community Sector organisations undertaken during late October and early November 2009, as part of the overall Review process.

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# Mapping of the Funding Arrangements in the ACT community sector for organisations funded through Service Funding Agreements

## Key Funding Sources for ACT Community Organisations

The ACT community sector obtains funding for the provision of the services offered by each organisation from one or more of a variety of sources. The key sources of funding identified during the Review are those shown in the following diagram.

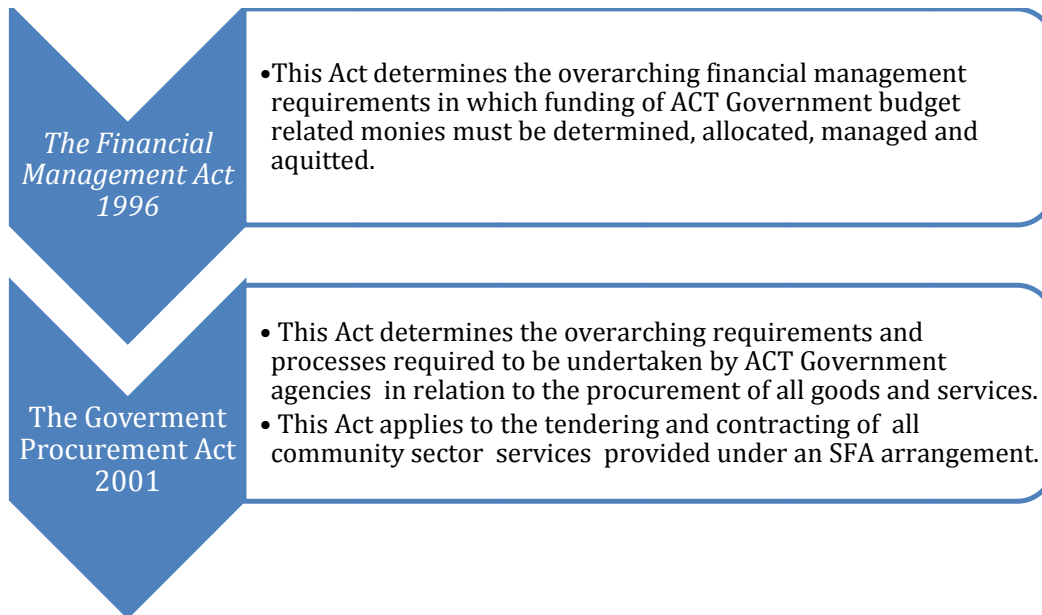


For some organisations, the ACT Government funding through Service Funding Agreements is the primary source of funding for their operations. For others, it is simply one of the range of funding sources that are accessed in order to operate the organisation.

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## Key Components of the Legislative Framework Relating to Funding of ACT Community Sector Service Funding Agreements.

The operations of the Service Funding Agreements in the ACT community sector are governed by two key pieces of legislation:



## Key Components of the Service Funding Agreement Policy and Operating Processes

In addition to the overarching legislative requirements, the key components of the funding arrangements for ACT funded community sector organisations are as follows:



## Operations of Service Funding Agreements

Based on the data obtained from the Survey of Community Sector organisations undertaken as part of the overall *Review of Industrial Arrangements in the ACT community sector*, some data on the operations of the Service Funding Agreements of organisations which provided responses to the survey request provide an insight into how the funding framework is applied to the delivery of services in the sector at present.

### Service Funding Agreement Value

n	Mean	Median	Std. Deviation
142	\$405,795.71	\$125,167.50	\$767,642.96

There was a wide distribution of funding level across the sector with an average total SFA value of \$405,796 and a large standard deviation (\$767,643). The median (middle) value was \$125,168.

This data exemplifies the wide range of monetary value associated with the range of SFA's in operation in the ACT community sector.

### Percent of Service Funding Agreement attributable to employment related expenses

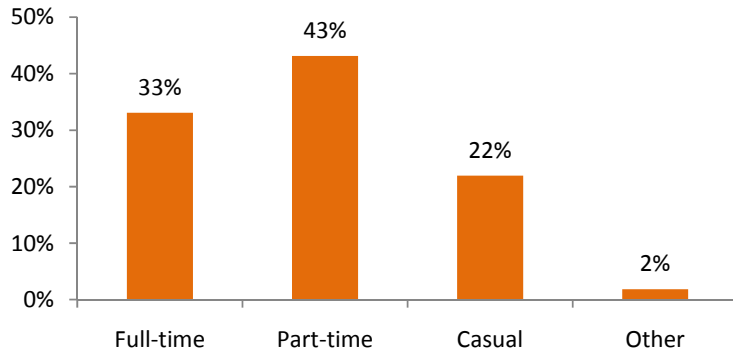
n	Mean	Median	Std. Deviation
171	66.83%	75.00%	29.55%

The average amount spent on employment related expenses (calculated by multiplying the SFA value with the mean percentage spent on salary and related expenses) was \$271,193.27 for the 08/09 financial year. A more conservative estimate of the typical amount spent on employment related expenses per SFA (based on the median percentage spent multiplied by the median SFA value) is \$93,875.63.

The large standard deviation in relation to the responses to this question tends to indicate that the funding allocation to employment related expenses varies considerably across SFA's. This variation may be attributable to a range of reasons, including:

- Differing service functions that require different levels of employment related costs;
- The funding model that focuses on the delivery of outputs, enabling different organisational service delivery models to operate in relation to the production of the outputs.

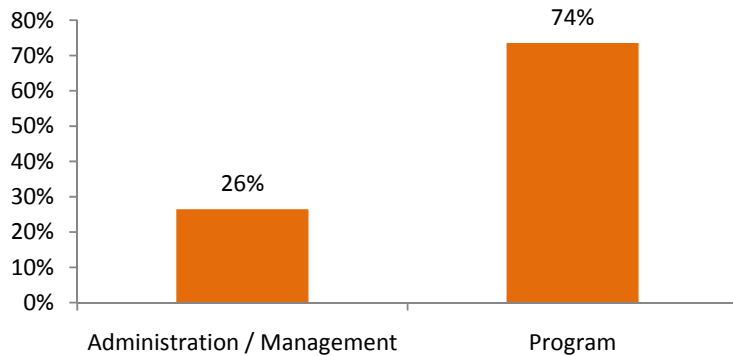
**Total number of workers (paid workers, not volunteers) allocated to each SFA, in Full Time Equivalent terms?**



Base: 164

Most workers employed under Service Funding Agreements (SFA's) were classified as part-time workers (43%) followed by full-time workers (33%) and casuals (22%).

**Split in functional roles performed under the Service Funding Agreements (administration/management workers versus program workers).**



Base: 159

Under the current SFA's, the majority of workers perform program roles (74%), while just over a quarter of workers perform administration or management roles (26%).

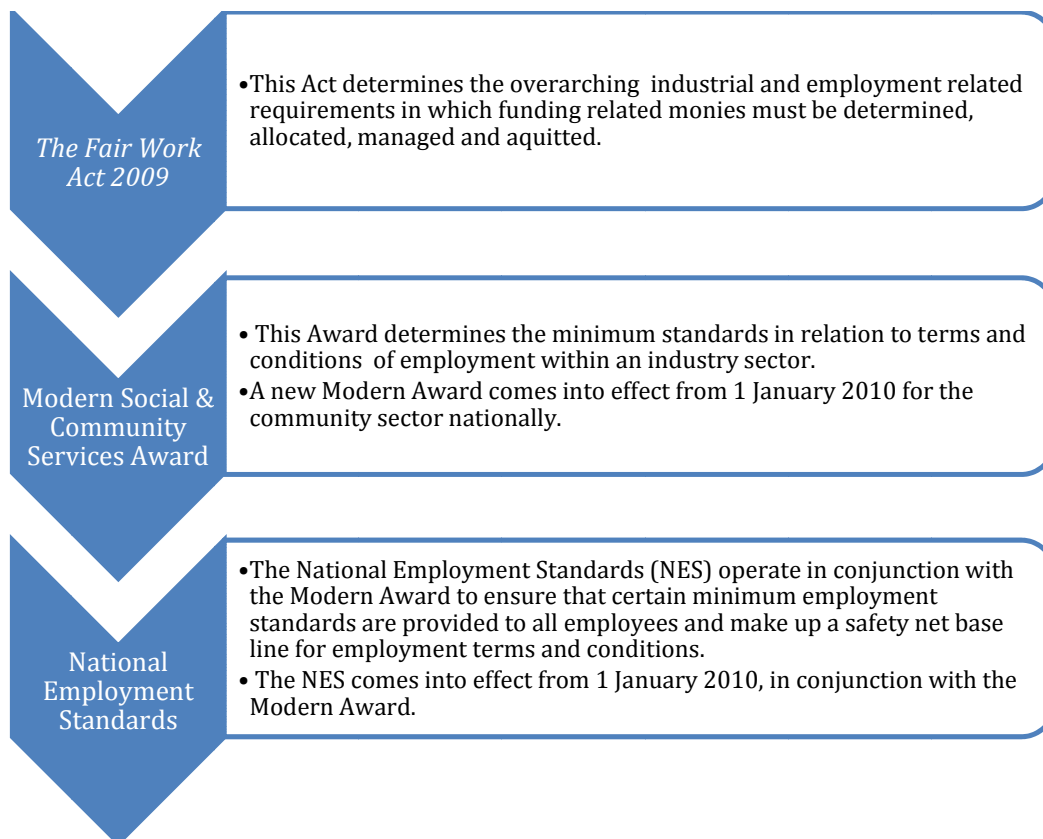
This information shows that, on average based on the data obtained through the recent survey, organisations funded under SFA's have established an operating model that sees just approximately 26% of all SFA employment related funding applied to management and administrative functional roles to deliver the outputs required by the SFA's.

## Mapping of the Industrial Arrangements in ACT community sector for organisations funded through Service Funding Agreements

The industrial arrangements across organisations providing community sector services to the ACT community through Service Funding Agreements (SFA's) have been extensively examined as part of the overall Review process.

### Key Components of the Legislative Framework and Associated Employment Frameworks Relating to the Industrial Arrangements for Community Sector Organisations Operating Service Funding Agreements.

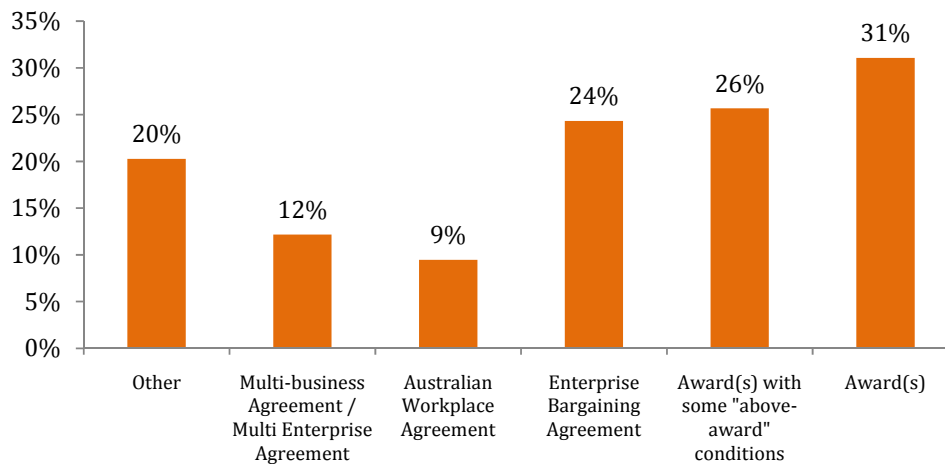
The operations of the Service Funding Agreements are governed by a key piece of legislation and two associated employment frameworks:



## Operation of Industrial Arrangements

Based on the data obtained from the Survey of Community Sector organisations undertaken as part of the overall *Review of Industrial Arrangements in the ACT community sector*, and the extensive research work undertaken to inform the comparative assessment of ACT community sector industrial arrangements with a range of industrial Awards and Agreements, the following key data components provide a summary view of the current industrial arrangements in the ACT community sector.

### What is the basis for the establishment of ordinary base rates of pay for ACT community sector organisations.



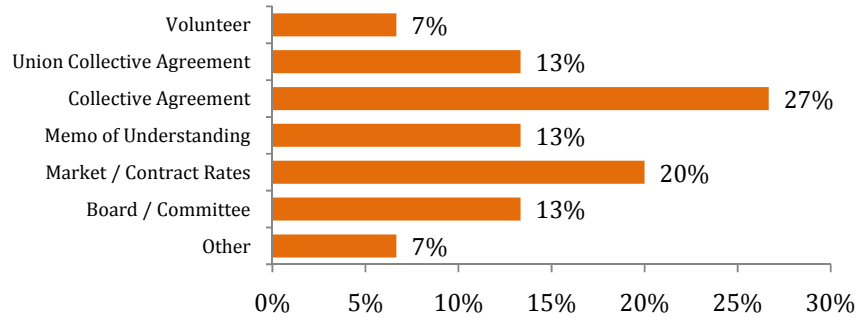
Base: 74

Most ordinary base rates of pay are drawn from Awards (31%), followed by Awards with some above-award conditions (26%), and Enterprise Bargaining Agreements (24%).

**Note:** Percentages here total more than 100% as respondents were allowed to indicate more than one response.

In practical terms, what this means is that the ACT SACS Award provided the primary basis for employment for most workers within the ACT community sector up until 31 December 2009. Changes from 1 January 2010 to replace this Award (and a range of other State and Territory Awards) as part of the Award Modernisation process means that, with effect from that date, the minimum terms and conditions must be drawn from the new Award.

**Where ‘Other’ arrangements are used to establish ordinary base rates of pay for community sector organisations, what is used?**

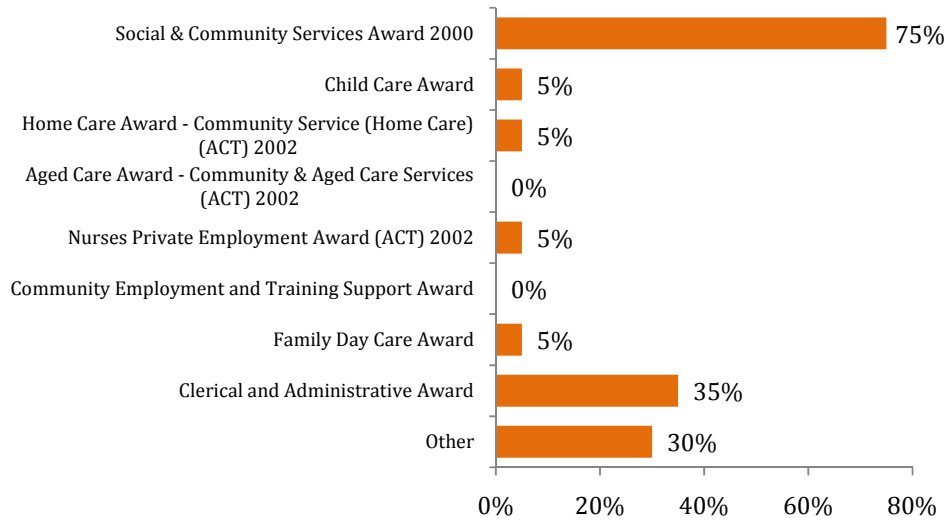


*Base: 15*

Of the small number of respondents who drew base rates of pay from other sources, the sources indicated were union or unspecified collective agreements (40%), market or contract rate agreements (20%), memoranda of understanding and board /committee decisions (equally 13%).

This data confirms that the ACT SACS Award was the predominant basis for employment arrangements in the ACT community sector prior to 1 January 2010, since it was used as the basis for the development of collective agreements making up the majority of responses in the ‘Other’ category.

**The names of Awards used by ACT community sector organisations and number of workers employed under them.**



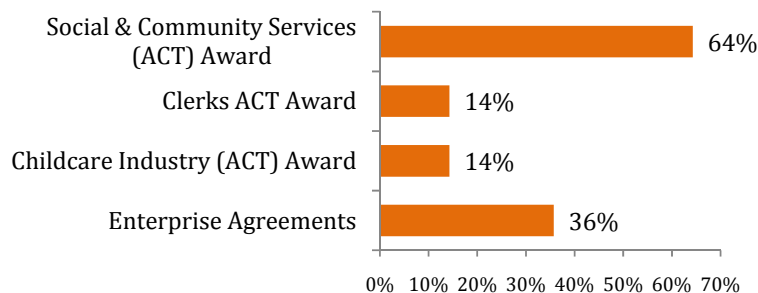
Base: 20

The majority of respondents indicated that their organisations used the Social & Community Services Award 2000 (75%) followed by the Clerical and Administrative Award (35%).

**Note:** Percentages in this graph total more than 100% as respondents were able to answer for more than one category.

This data confirms that the primary industrial instrument within the ACT community sector to establish the terms and conditions of employment for the majority of community sector workers is the ACT SACS Award.

**Where 'Other' Awards are used by ACT community sector organisations to establish terms and conditions of employment, what are they?**

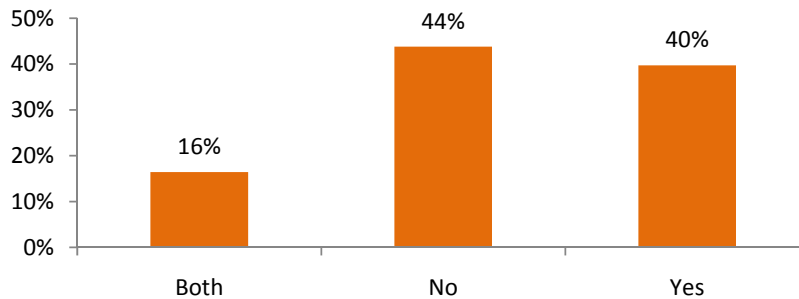


Base: 14

A small number of organisations used ‘other’ awards including the Social and Community Services Award (64%) and enterprise agreements (36%). The Clerks ACT Award and the ACT Childcare Industry Award were also mentioned (equally 14%).

Within this small number of organisations that indicated that they use ‘Other’ employment arrangements for their employees, the majority of organisations also use the ACT SACS Award as the basis of employment – either directly, or through an Enterprise Agreement primarily structured around the ACT SACS Award core terms and conditions.

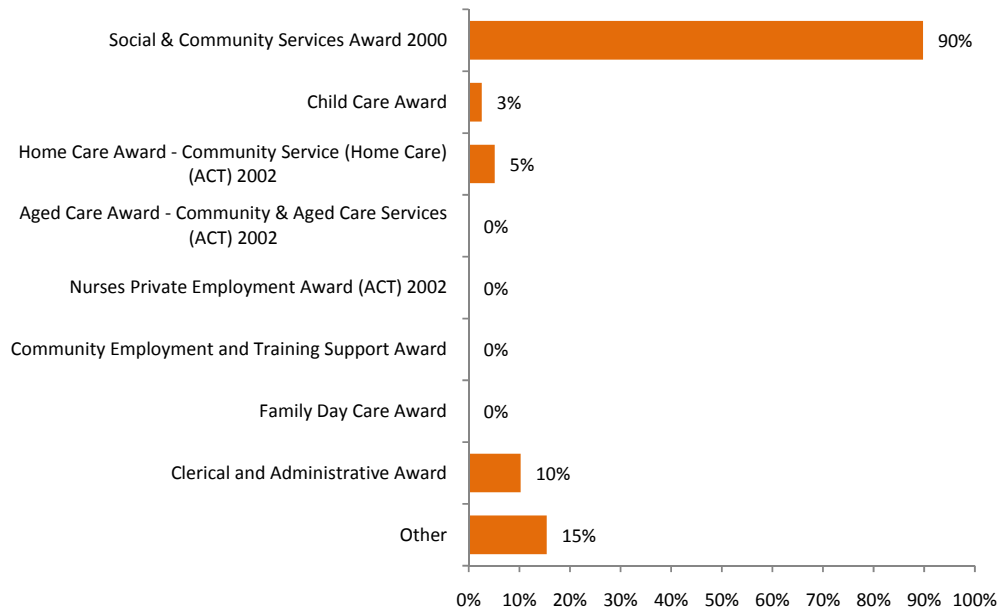
### Where do community sector organisations draw their classification structures from?



Base: 73

Slightly more respondents indicated that their organisation does not use a classification structure drawn directly from an Award for all services provided under an ACT Government community sector Service Funding Agreement (44%), than those who do (40%). Sixteen percent (16%) indicated that they use both.

**Where organisations use an Award to determine classification structure(s), which Award do they use?**

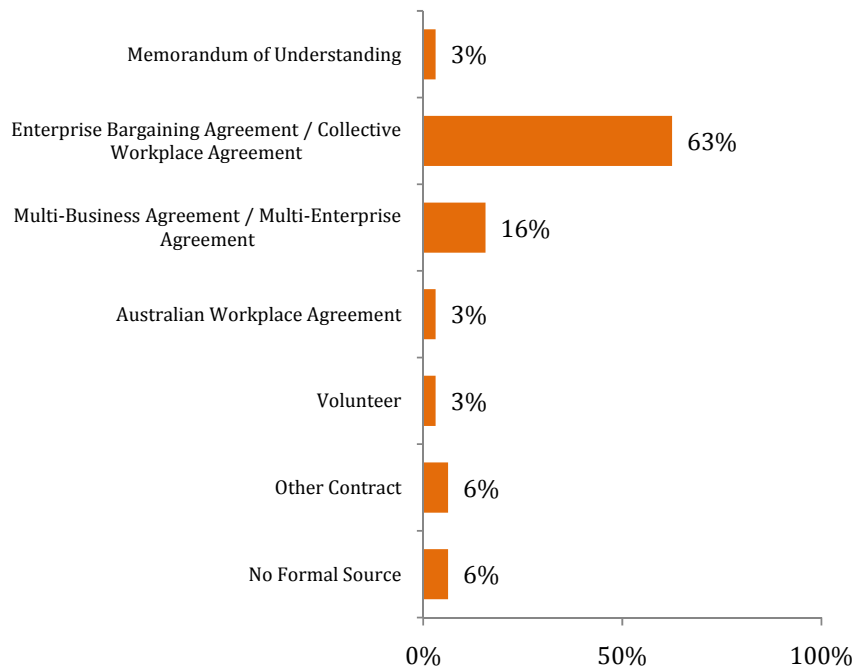


Base: 39

Almost all respondents (90%) indicated that their organisations use the Social and Community Services Award 2000 for community sector workers, and 10% use the Clerical and Administrative Award.

**Note:** Percentages in this graph total more than 100% as respondents were able to answer for more than one category.

**Where the classification structure(s) for a community sector organisation are not drawn directly from an Award, where are they drawn from?**



Base: 32

For those respondents who indicated that they do not use a classification drawn directly from an award, the majority (63%) said that they use an Enterprise Bargaining Agreement or Collective Workplace Agreement.

Given that, in the ACT community sector, most Enterprise Bargaining and Collective Agreements use the ACT SACS Award as the basis for the development of alternative structures, that award remains the primary reference point for the establishment of classification structures for most ACT community sector organisations.