



Media Release

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Pay equity test case threatens aged care jobs and services

A pay equity test case in the social and community services sector has the potential to cost jobs and result in service cuts, according to Aged and Community Services Australia (ACSA).

ACSA CEO Greg Mundy said Deputy Prime Minister Julia Gillard's heads of agreement with the Australian Services Union (ASU) to test pay equity provisions under the Fair Work Act was cause for alarm.

"This is the second time that Ms Gillard has reached an agreement with a union without also consulting relevant employers," Mr Mundy said.

"We are not opposed in principle to equal pay for equal work. But without a commitment from the Minister for Ageing, Justine Elliot, to fully fund any increases, and a commitment from Ms Gillard not to proceed without that undertaking, wage parity will mean redundancies and cuts to services for older Australians.

"Aged care services are already struggling under the current funding mechanism and the situation will deteriorate further unless appropriate measures are adopted to address the funding crisis.

"A conservative estimate of a 20 per cent increase for aged care workers on a weekly base rate of \$750 comes in at \$1.4 billion over a one year.

"If the Queensland decision, upon which the ASU application will be based, to award between 18 per cent and 37 per cent increases was to be adopted nationally, the costs would be prohibitive.

"Aged care services are the 9th largest employer in Australia. With the percentage of Australians over 65 set to comprise a quarter of the population in coming decades, the role of these services will have to expand to keep pace with demand.

"In 2009, paying salaries, meeting the costs of maintaining and building new facilities and providing elderly people with care and support in their homes, is already bordering on the impossible. The situation can only worsen if the Government does not first address the basics of aged care reform.

"In the interim, with the test case set to proceed to Fair Work Australia, Mrs Elliot must give an undertaking that the Government will meet the full costs of any pay rises sanctioned for the aged care sector."

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