

August 2019

Future cuts to the ERO supplementation payments to NGO grants by the Commonwealth Government

You will be aware of the additional funding from the Commonwealth and state governments to NGO grants to cover the 2012 Fair Work Commission decision to address the gender undervaluation of work and associated wage levels. This took the form of Equal Remuneration Orders and the Commonwealth and state government funders made additional funds (ERO supplemental funds) to grants to cover the wage increases over the ten-year period. The last of these ERO payments will cease in the 2020/2021 year.

Our sector has been informed that the Commonwealth Government will no longer pay the ERO from this time and the base rate of affected grants will not increase to include this ERO supplementation. If the base grants for programs currently receiving the ERO payments are not increased in the 2021/2022 year with these supplemental payments, it will essentially deliver a funding cut for organisations delivering essential health and social services to communities.

We are advised that as a result of the ERO supplements, wages have been increased by up to 45% over the ten-year period. We also estimate from feedback provided to us by members, that this failure of the ERO supplement payments to be rolled into the base amount of federal grants will result in a 10–20% reduction in the grants value. This will be catastrophic for smaller services who don't have the reserves to cover this loss or the capacity to remain viable with the loss of staff this may cause.

NADA is working with ACOSS, and the state and territory AOD Peaks Network to lobby the Commonwealth government to resolve this issue. I will be communicating with NADA members closely during the coming months to seek your collective assistance with this advocacy campaign.

NSW Ministry of Health

With respect to NSW Health as a major funder of non government AOD services, NADA has sought advice through the Ministry's NGO Advisory Committee, about the state's ERO supplement payments for those NGO grants that qualify. We have been formerly advised that as at the end of this year 2019/2020, the ERO supplements will be rolled into the future base grants of all NGOs who have been receiving it since 2012. So, all previous NSW state ERO supplement payments including this year and 2020/2021 will become embedded into base grants into the future starting from 2021/2022 financial year. This is good news for our members.

Australian Government Department of Health

NADA and the AOD Peaks Network will be meeting with the senior staff from Alcohol and other Drugs Branch in Canberra next month to raise a number of concerns, including the ERO supplement payments.

For more information

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