FACT SHEET

The historical undervaluation of the SCHADS Award

Summary

The Fair Work Commission's finding that SCHADS Award classifications have been undervalued for reasons related to gender. The decision describes a structural feature of the award that relates to the way the Australian wage system was rebuilt in the late 1980s and early 1990's. Community and social services wages were set by reference to a classification framework that used male-dominated trade work drawn from the Metal Industry Award. The work in the community services sector failed to recognise key skills required in caring and community work.

This is a watershed moment for the sector.

Indicative Cost

The recurring cost depends on an organisation's workforce mix, because the increases are concentrated in particular roles.

Most community services in Western Australia are delivered under government funding agreements costed against the current rates and classification structure. Because the decision resets minimum rates, and because the size of the effect depends on the mix of classifications in a given service's workforce, the change flows through to the cost of delivering funded services to differing degrees. The Fair Work Commission has maintained its view that the new structure will not require significant additional Commonwealth NDIS funding for disability support work; that view concerns NDIS pricing and does not extend to State-funded programs.

1. The system-wide benchmark

> Between 1987 and the early 1990s the Commission restructured the federal award system through the Efficiency and Restructuring Principle (1987) and the Structural Efficiency Principle (1988). A key focus of these principles was to establish classification structures across all of its awards that recognised 'training and skills acquired'. The Metal Industry Award was used as the template for this review. In particular the C10 rate, the Certificate III trade-qualified metalworker became the reference point for the entire system. Alignment to the C10 rate was treated as a condition of an award being a "properly fixed" minimum-rates award.

2. Gender bias

> The Commission's own gender pay equity review, outlined in the 2023/2024 National Wage Case has since identified the problem. Reviews in the aged care industry, and 5 'key awards' have now been completed. The general conclusion is that the earlier approach to determining work value has excluded key 'caring skills' from being evaluated and have therefore undervalued to the work done in the community and services industry. Skill itself was defined by reference to trade work: the technical, manual and machine-based competencies set out in the metalworker classifications. The interpersonal, relational and emotional skills that characterise caring and community work did not fit that template and were rendered invisible. The Commission has described this mischaracterisation and disregard of 'invisible' skills as lying at the heart of the gendered undervaluation of care work.
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> The 2012 Equal Remuneration Order (ERO) recognising gender-based undervaluation in the sector, and went some way in addressing the undervaluation. It added a percentage increment to award rates to compensate employees in the sector. However, it did not do the more extensive analysis that has been undertaken in the Gender Under Valuation review.

3. The correction

> The gender-based undervaluation decision replaces the current structure with one built on a different benchmark. Drawing on the Commission's Aged Care Work Value Case, it sets rates against a 'Caring Skills' benchmark and one that values the skills of the work directly. For the first time, community sector classifications are anchored to a measure of caring skills rather than to the rate for a male trade. That is the structural significance of the decision. It removes the benchmark through which gender bias entered the award, rather than adjusting the figures the benchmark produced. A correction has now been proposed to the classification structure for workers in the sector.