



30 January 2015

Hon Joe Hockey MP
Federal Treasurer
Commonwealth of Australia
C/ Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Transmitted via email: prebudgetsubs@treasury.gov.au

Dear Treasurer,

RE: 2015/16 Pre-Budget Submission

The purpose of this submission is to provide Community Employers WA's (CEWA) brief comments on several key employer issues for consideration and inclusion in the upcoming Federal budget and to provide **three recommendations**. Whilst we appreciate the challenging economic times the government faces, we are also mindful of the critical importance of maintaining a sound level of support for those who are disadvantaged and in need across our community.

Commonwealth Indexation of Contracts for Social Services

With the move to longer term contracts, it is increasingly important that there is a standardised mechanism to support the sustainable provision of services. The current arrangements for indexation are inconsistent across government departments and provide minimal capacity for organisations to maintain and enhance the services provided.

By way of a simple example, if we assume Inflation of 3% pa, on a 5 year contract, in the later years of that contract, expenses will need to be reduced by approximately 12%, just to maintain pace with inflation. Given that the majority of costs are salaries, it effectively means that 10—12% of staff will need to be retrenched over the term of the contract, just to stay solvent. The consequence of this is that services suffer for the people who are supported under government funded programs with a likely commensurate reduction in either the level or the number of people who are assisted.

In 2008 the State Government of Western Australia agreed that this is an unacceptable position and implemented an indexation policy for the Non-Government Human Services Sector. See https://www.finance.wa.gov.au/cms/uploadedFiles/Government_Procurement/Policies/nghss_indexation_policy.pdf?n=7528

This policy has worked well for the past 7 years and provides employers with a greater level of certainty and consistency of funding to support the critical services they deliver. Additionally, it provides employees with confidence that they will be more appropriately remunerated for the important work they do. It will also enable boards to implement longer term strategies with the confidence of sustainable funding levels.

RECOMMENDATION 1

That the Commonwealth Government in consultation with the Community Services Sector, draft and implement a wage indexation policy for services funded by the Government which are provided by the Non-Government Social Services Sector.

Homelessness Funding:

The National Partnership Agreement on Homelessness (NPAH) continues to be a critical source of funding for Community Services organisations and it enables them to maintain the provision of support and accommodation to the more than 100,000 people who sleep rough across Australia each night. Last year, there was significant uncertainty as to the continuation of this funding and as a result, many employers were left in a position of being unable to commit to staff, clients and their Boards, as to the sustainability of their operations.

After extensive lobbying across the country, the operational funding was rolled over for 12 months, with the capital funding terminated. The loss of the capital funding meant that there would be no new investment in services through this funding source, reducing the capacity of the sector to provide additional accommodation and support. Even once the announcement was made, it took until June 2014 for agreements to be finalised – a matter of weeks before the funding was due to expire.

From a good governance and service delivery continuity perspective, this was an unacceptable position. The fundamental nature of the services provided, the clear evidence base of the effective outcomes achieved by the NPAH funded organisations and the ongoing need for support, are all testament to the importance of this program being continued.

NFP Community Services Employers and Boards believe it essential that there be continuity of funding and that it be provided for a longer term than 12 months. The Commonwealth Government has an important role in conjunction with the State governments in funding the Community Services Sector to support the homeless in our communities.

RECOMMENDATION 2

That the Commonwealth Government renew and extend the National Partnership Agreement on Homelessness funding into a 5 year contract and that it include both Operational and Capital funding.

Increased Partnership and Collaboration with the NFP Community Services Sector:

Over the past several years, there has been growing concern at the sustainability of community services and the relationship between the NFP community sector and governments. In Western Australia, this concern led to the establishment in 2010 of a Partnership Forum between the NFP Sector and the State Government. The mission of the Partnership Forum is essentially

“ to bring together leaders from State Government agencies and the not-for-profit community sector to improve outcomes for all Western Australians through a genuine partnership in the policy, planning and delivery of community services in Western Australia.

The Partnership Forum is working to fundamentally change the relationship between the public sector and the not-for-profit community sector. The goal is to create a strong and genuine partnership built on respect and a shared responsibility for building a better society for all Western Australians.”

It is commonly accepted that NFP Community Services organisations are an important contributor to the provision of Human Services across Australia. There are numerous key differences and characteristics of these organisations including:

- A stronger sense of community connectedness and a net contributor to social cohesion and social capital
- The opportunity for people across communities to volunteer time, resources and skills
- Capacity to raise donations and encourage philanthropy
- A significant level of longstanding investment in assets and infrastructure for the benefit of the community
- A potential partner for Corporate Social Responsibility to be embedded into for-profit organisations and where long-term partnerships can be created
- A stronger degree of trust, empathy, compassion and respect with clients and in the wider community
- The reinvestment of all monies solely towards their constitutional aims and objectives

- The value of the financial investment by government, and philanthropic and corporate partners, is enhanced by the Mission focus of NFP entities which often includes cross subsidisation or the provision of additional services
- A greater willingness to cross subsidise services so that there is broader geographical and service coverage
- A higher level of preparedness by employees to work in and support the Values and Mission of the Community services organisation
- A higher level of social innovation and capacity to respond to changing circumstances driven by Mission
- A greater willingness to deliver services in regional and remote communities.

Our concern is that the changing dynamics of government funding and social services is creating a significant risk to the sustainability of the services provided by NFP organisations . Whilst at an individual level this could be argued to be within acceptable ‘market norms’, the potential impacts on the fabric of civil society are far greater. The need to support the innovative and localised nature of the sector is critical for many communities across Australia. This isn’t simply about filling an order or providing a clinical consultation to achieve a statistical measure – it is about building and retaining human relationships and connectedness.

Many Community Sector leaders are increasingly concerned about the future sustainability of services in an individualised world. What used to be called the Common Good is moving towards the ‘what’s in it for me’. We believe this needs to change and the steps towards achieving this change are around partnership, collaboration and mutual respect.

RECOMMENDATION 3:

That the Commonwealth Government establish a Partnership Forum with the NFP Community Services Sector modelled on the WA Government approach and objectives. The primary purpose of the Commonwealth Partnership Forum will be to create a collaborative and effective partnership, with a committed focus on building a stronger and more sustainable Civil Society to support people suffering disadvantage in our communities.

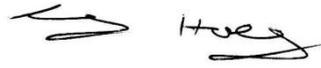
Australia is at an important juncture across many areas of our economy. For the NFP Community Services sector, the rollout of NDIS, the increasing pressure on budgets at all levels and the heightened globalisation of services, are but three areas which are presenting challenges. Overarching these is the question around **the sustainability of services**. CEWA members remain committed to continuing to work effectively with all levels of government and with the people we support.

We look forward to the Government's adoption of our three recommendations and would be pleased to discuss them further with you.

Yours sincerely,



Tony Pietropiccolo
Co-Chair



Chris Hall
Co-Chair

CEWA is a registered Employer Organisation with the Industrial Relations Commission of Western Australia, and represents non-government, not-for-profit employers in the community services sector of Western Australia. CEWA has 130 members comprising many of the largest and smaller Community Services Sector employers in WA, and continues to grow in numbers and influence. Our members employ in excess of 10,000 staff and are supported by over 10,000 volunteers. A list of our members is attached in Appendix 1.

APPENDIX 1

CEWA Members as at December 2014

Aboriginal Legal Services of WA Inc
Accordwest
Activ Foundation Inc
Advocacy South West Inc
Advocare
Albany Youth Support Association
Alzheimer's Australia WA
Anglicare WA Inc
ARAFMI
Armadale Community Family Centre
Association for Services to Torture & Trauma Survivors (ASeTTS)
Association for the Blind WA
Asthma Foundation WA Inc.
Australian Red Cross WA
Baptistcare
Beehive Industries of WA
BJL Connecting Communities
Bluesky Community Group
Brightwater Group
Bunbury Pathways '92 Inc.
Burdekin – Youth in Action
Calvary Youth Services Mandurah Inc
Care Options
Centacare Employment and Training
Centacare Family Services
Centrecare Inc
Child Inclusive Learning and Development Australia Inc (CHILD Australia)
CLAN WA
Coeliac Western Australia
Communicare
Community Housing Coalition of WA
Community Legal Centres Association (WA) Inc
Community Vision Inc
ConnectGroups
Consumers of Mental Health WA
Continence Advisory Service of WA
Cyrenian House
Derbarl Yerrigan Health Services Inc
Escare Inc
Ethnic Communities Council of WA
Ethnic Disability Advocacy Centre
Extra Edge Community Services
Family Support WA Inc
Financial Counsellors Association of WA Inc.
FPWA Sexual Health Service
Fremantle Multicultural Centre Inc

Good Samaritan Industries
Gosnells Women's Health Service
Headwest
Health Consumers Council (WA) Inc
Holyoake The Australian Institute For Alcohol & Drug Addiction Resolutions
Hope Community Services
Identity WA
Inclusion WA
Interchange
Ishar Multicultural Women's Health Centre Inc
Kids Camps Inc
Koolkuna (The Eastern Region Domestic Violence Services Network Inc)
LAMP Inc
Lifeline WA
Linkwest
Margaret River Community Resource Centre Inc
Meath Care Inc
Melville Cares Inc
MercyCare
Metropolitan Migrant Resource Centre
Midland Joblink Inc.
MIFWA
Mission Australia
Mosaic Community Care Inc
Multicultural Services Centre of Western Australia Inc
National Disability Services WA
Ngala Family Resource Centre
Nulsen
Outcare (Inc)
Palmerston Association Inc
Parkerville Children Youth Care Inc
Pat Thomas Memorial Community House Inc.
Patricia Giles Centre
Peel and Rockingham Volunteer Resource Centres
Peel Community Living
People with Disabilities (WA)
Perth Home Care Services Inc
Relationships Australia (Western Australia) Inc
Richmond Fellowship
Rise Network
Rocky Bay Inc
Ruah Community Services
Secca
Serenity Lodge
Shelter WA
Silver Chain
South Coastal Women's Health Services
Southcare Inc
Southside Care
St Bartholomew's House
St Patrick's Community Support Centre

St Vincent de Paul Society
Swan City Youth Service
Swan Emergency Accommodation
Technology Assisting Disability WA
Tenancy WA
The Gowrie (WA) Inc
The Salvation Army
The Spiers Centre Inc
The WA Aids Council
Therapy Focus Inc
Uniting Aid
UnitingCare West
Uniting Church in the City
Valued Independent People Inc
Vincentcare
Volunteer Task Force Inc.
WA Blue Sky Inc
WA No Interest Loans Inc.
WANADA
Wanslea Family Services Inc
We Can Community Services
Westcare Inc
Western Australian Association for Mental Health
Western Australian Council of Social Service Inc
Women's Council for DFV Services (WA)
Women's Health Resource Centre
Women's Health Services
Women's Healthworks
Yaandina Family Centre
YMCA Perth
Youth Focus
Youth Futures WA