

Sustainable Services

To meet the current and growing needs of the community we exist to serve, it is vital that community service organisations are funded to a level which not only allows them to survive but grow, thrive and innovate.

The rate and extent to which services are funded by State Government has been lean at best but is falling further and further behind what can be considered viable to stay open, meet legal obligations and operate effectively. Many organisations are noticing growing unmet need across a number of areas.

Through our peak bodies and as individual organisations, the sector has campaigned for several years for sufficient funding. While some gains have been made, it is currently inadequate and falling behind.

Organisations have introduced efficiencies and restructured their operations as far as possible and are now starting to reduce the services they can deliver. Reduced funding leads to decreased ability to attract and retain suitably qualified and experienced staff and deliver quality outcomes.

This campaign comes only as a result of feeling that all other available options have been exhausted.

There are several factors contributing to the funding gap

- The Equal Remuneration Order (more detail on the separate fact sheet)
 - o A Federally mandated increase to many employee wages over several years; the cost of which has not been fully factored into the funding provided by Government to deliver services, meaning the same volume and quality of services are expected for relatively less funds
- Procurement Methods
 - o The mechanism by which the Government scopes and procures its services is flawed and inconsistent. There is poor understanding of increasing volume and complexity of community needs, responses to meet those needs and the true cost of delivering quality services. Funding contracts roll over with no or little consideration of the changing costs of delivering those contracts, are allocated on a short-term basis with no certainty for the future and are extended/ended with very short notice. It can take many months for Government to award funding contracts after they are put out to market.
- The Cost of Doing Business with Government
 - o The cost of changing and/or increasing regulation and reporting is not factored into funding. In July 2017, a number of State Government agencies 'merged' to become Department of Communities (DoC); that merging process is far from resolved. The cost and effort of doing business with a Department that is frequently in conflict with itself or requires duplication of effort is not recognised.

Rationale for the Funds Requested

While it is difficult to provide exact details of the funding gap over a diverse, Statewide and multi-pronged sector, there is sufficient experience of viability issues within the sector to confirm there is systemic underfunding.

There have been many reports pointing to ongoing viability issues within the sector; some of which have been commissioned by Government itself.

The Government has been unable to provide rationale on which to base its current funding decisions and lacks evidence that demonstrates that funding is at an appropriate level in the face of the sector's concerns.

The funding requested is to:

- Ensure sustainable ongoing funding of services currently being delivered
- Meet an identified gap in areas considered of the highest priority:
 - o Homelessness
 - o Family and Domestic Violence
 - o Mental Health

Investment in services as requested will avoid the inevitable and significant cost caused by unmet need on other public health and social services as severity of the issues escalates. It will also avoid the very real impact on people's lives.

ERO Summary Fact Sheet

The Commonwealth Fair Work Act allows the Fair Work Commission (FWC) to make orders to ensure that there will be equal remuneration for men and women workers for work of equal or comparable value. An ERO may increase an employee's remuneration, including in stages, but it must not provide for a reduction in an employee's remuneration. It overrides the provisions of a modern award, enterprise agreement or FWC order where it is more beneficial than these instruments.

- In 2012, the FWC issued an ERO impacting the remuneration paid to staff falling under the Social, Community, Home Care and Disability Services Award (SCHCDS) 2010;
- The ERO provides for 'above Award' pay increases for social and community service workers of between 23% (Level 2) and 45% (Level 8) above the SCHDS award rate for employees over an eight-year period commencing December 2012 to December 2020;
- In August 2013, the ERO was extended by the WA Industrial Relations Commission, to cover workers under the State system;
- Pay rates in the Award are adjusted twice a year;
 - On 1 July following the Fair Work Annual Wage Review
 - On 1 December using a formula linked to the final ERO rates
- The Federal Government set funds aside to supplement payments for the full term of the ERO, when it was first legislated in 2012;
- Several other State governments have specifically allocated funding to cover the additional legislated costs being incurred by service providers to pay the legislated ERO;
- Many WA State government funded contracts either pre-date the ERO or have been rolled over a number of times, without any substantive opportunity to reprice or amend service levels;
- Three independent studies over the last 3 years have evidenced the extent of the impact of the ERO on services. These have mainly focused on homelessness services;
- Supplementary funding of \$1.9M was provided to sixty-one 24/7 homelessness service providers in May 2019 for 12 months. This was stated as equating to a 9% increase in annual State funding for 2019-20 with services not being asked to submit evidence to support claims for supplementation in 2019-20; and
- Many organisations have restructured, cut costs where possible and in some cases, have stopped providing services where they are no longer financially viable. This is now a critical issue to the future sustainability of services.

Whilst it is acknowledged that the State Government did provide 15% top up funding in 2011 (and a further 10% to a number of organisations in 2013), that money was not to cover the ERO. It was paid in recognition of the longstanding imbalance of salaries for workers in the sector in comparison with similar roles in Government.

The NFP sector employs women in a relatively larger proportion than any other sector and the ERO was meant to address the low wages, particularly for a female dominated industry, but if the State Government does not increase funding, women will be disadvantaged with both short term and long tail effects (less money in super means less for the women when they retire, LSL and other leave entitlements including personal leave).