



29 January 2014

Senator Richard Di Natale
Chair
Senate Select Committee into the Abbott Government's Commission of Audit
PO Box 6100
Parliament House
Canberra ACT 2600

Transmitted via email: coaudit.sen@aph.gov.au

Dear Senator Di Natale,

RE: Senate Select Committee into the National Commission of Audit

The purpose of this submission is to share with the Senate Select Committee, Community Employers WA's (CEWA) perspectives and input on the National Commission of Audit.

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 now has 120 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 in turn by over 10,000 volunteers. **A list of our members is in Appendix 1.**

For the purpose of this Commission of Audit submission, CEWA focused on seven key areas:

Sustainability of Service provision

In undertaking the review of the Federal Government's budget, we believe it is critical that budget cuts are not made either directly to the NFP Community Services sector or that impact indirectly on the capacity of the sector to deliver services efficiently and effectively.

It is widely accepted that the Community Services sector operates with a high degree of **efficiency and trust** across many areas of Australian society and in many cases, provides fundamental support to those most in need. Additionally, demand for the services provided by the NFP Community Services sector continue to increase at an estimated 7-8% per annum across many areas – from

disability support, to mental health, homelessness and housing, just to name a few. Indeed many NFPs are stretched in the resources they have access to and the essential services they provide. If these were reduced at all, some would not survive and more importantly the people they support, would be adversely impacted.

Benefits of the NFP Community Services sector

The NFP Community Services sector is a major provider of support to communities across Australia. Many are mission based and have historical connections to faith organisations, to specific illnesses or needs in their local communities. The sole focus of not-for-profit organisations is to serve the community, and legally and constitutionally they are required to ensure that any assets they have remain for the benefit of the communities they serve. Consequently any investment in these organisations remains in the public and not the private domain. Their strength and often survival depends in part on the generosity of volunteers, benefactors and people with an interest in their *raison d'être*. Their capacity to provide services may also be largely dependent on government funding, but **the long term benefits they bring to the community and to broader Civil Society are much more significant than what can be provided in any other model.**

That unity of purpose, the desire to pitch in and help, to work together for the common good is one we should never under-estimate and is a role that NFP Community Services organisations have undertaken for over 200 years in some cases. **It is imperative that the Government does not seek to diminish this** – either intentionally or unintentionally through a sole focus on costs, for to do so will run the grave risk of changing the fabric of Society and what brings us together to help those in need.

Procurement policies and practices must be wise and considered

As part of the review of costs, we understand and agree that the Government does need to ensure that taxpayers' funds are being used judiciously and that there is clear accountability and transparency. However, there are other aspects which need to be considered as part of this process. **Procurement should not be solely about price, nor should it be just about scale.** We've seen examples over the years such as the privatising of child care, which have gone horribly wrong. As we know, the results whilst initially financially better, proved to be disastrous for all stakeholders, including government. The disruption to families, employees and the broader community was significant with increased child care costs and major damage to the reputations of all involved.

With community services, the people supported are often the most marginalised, have the least power or voice and the least capacity to source alternative support. They should not and cannot become subject to the vagaries of 'generating sound shareholder returns' for multi-nationals who choose to cherry pick contracts, or to 'exit' a service area or geographical location because it no longer suits their financial aspirations. We've seen this with the Jobs Network where many Community Services sector providers are now having to support the 'hardest cases' which have been largely ignored by the JSA providers.

The introduction of for profit operators in the area of community based, social services present a real threat to the ongoing viability of not for profit organisations and Civil Society as currently structured. It is hoped that in its deliberations the Commission will ensure that any decision intended to enhance the involvement of non-government organisations in the delivery of social services doesn't inadvertently lead to a diminution of the effectiveness and efficiency of the not for profit sector. **Procurement policies and practices in the Community Services sector should take into account broader aspects and consider some of the less immediately tangible benefits.**

State vs Commonwealth service delivery

There is often debate in Western Australia about the benefits or otherwise of State vs Commonwealth funding. From a geographical perspective, it is generally simpler to deal with decision makers and those in government, within the State. Additionally at a State level, the NFP Community Services sector has worked closely with government, particularly in recent years, to strengthen the links between the Sector and the Government – ultimately benefiting people in need. Whilst the Commonwealth does have some locally based staff, reporting is generally to Canberra, and even the local staff are somewhat limited in their autonomy or ability to provide prompt guidance and support when asked.

CEWA would welcome simplification of the State/Commonwealth involvement in areas such as disabilities, mental health and child protection. Duplication currently exists in some areas and continues to expand into new areas. This can be confusing with regards to service delivery and can significantly add to the red tape and the wastage that occurs in additional administrative processes.

Invest in the short term to reduce costs in the longer term

A number of our members have emphasised the importance of considering the **need to invest in social services to reduce costs in the longer term**. Simple examples of this include areas such as relationship counselling where-by the funding of counsellors can lead to greater awareness, understanding and acceptance by couples of the issues they face. This in turn often results in either couples getting back together or separating in a more amicable way. The costs of not providing a service such as this may include court costs, support as a result of mental health issues – depression and anxiety, job losses, housing costs or ultimately putting lives of affected parties at greater risk.

In a recent report from Family Relationship Service Australia, they stated:

*“The family support sector welcomes the opportunity to show the value of the services it provides. In particular, the sector supports the principle of a worldwide movement from a ‘welfare state’ conceptualisation of social services as a form of protection or source of dependency, towards a ‘social investment state’, which recognises the interdependence of social inclusion and economic growth. Indeed the Business Council of Australia acknowledges that the nation’s growth will require policies that lift the living standards of all Australians. **During times of fiscal constraint, it is even more critical to understand the value gained from investing in social services, so that optimum prioritisation of spending can occur.** If we do not make investments in family support services, we risk creating other costs for government and the taxpayer down the track.”*

Financial modelling has been developed over the years which highlights that every \$1 invested in early intervention saves \$17 in future services in correction, health and mental health areas. Similar examples can be provided for Mental Health support, home care services, drug and alcohol support and many other services provided by the NFP Community Services sector where social services are not just about the provision of welfare, but also long term investment to improve the wellbeing of Australians.

Funding of NDIS and the inclusion of Mental Health Services

CEWA is of the view that if Mental Health services are included in the full rollout of NDIS, there needs to be a **commensurate level of funding** to support the clients who are transferred into NDIS and that for clients who don't meet the NDIS qualification criteria, there must be sufficient funding available to support those clients. Our understanding of the current thinking is that the funds allocated to Mental Health Services will be swept into the NDIS funding, and we are very concerned that there won't be a commensurate increase in the provision of services through NDIS to the estimated 50,000 people with Mental Health issues due to the restrictions on qualifying criteria. One of the concerns of CEWA Members is that NDIS is an individualistic model, but many of the mental health programs are inclusive family based models. This will be lost if mental health is included in NDIS and there will be gaps in diagnostic thresholds. The episodic nature of Mental Health issues people creates another complication for which NDIS is unlikely to be able to appropriately respond in a timely way.

Many of our members are Mental Health service providers and discussions at senior levels of the launch sites, and at advocacy groups, indicate that the Mental Health sector will be put under extreme pressure which will invariably flow on to hospitals and clinics across the country, if all the funding for Mental Health services is reallocated to NDIS. Indeed, some Western Australian psychiatric services are already struggling to cope with a wave of troubled and suicidal clients and their grave concern is that if funding is reduced or reallocated, the implications for the community could be significant and rapid.

This is a critical area for review by the Commission. The Assistant Minister for Social Services, Mitch Fifield has recently advised that the cost of NDIS when fully operational has increased to \$22 billion with \$8 billion to be funded by government. However this does not include providing the same level of support as currently exists, to people with Mental Health issues. The cost will therefore either be higher, or people will not be supported. Neither outcome is sustainable, and there should be further analysis and consultation with the sector before any decisions are made.

Specific Red-Tape initiatives

We understand and support the Government's stated objective of reducing red-tape. The challenge is often in the detail – how and where can it be done. From CEWA's perspective, we would like to see a reduction in the compliance and reporting requirements set by government agencies. The NFP Community Services sector is one of the most trusted and respected sectors in Australia.

Considerable oversight is already in place through Boards, the preparation of annual reports and accounts, auditors sign-offs, reporting to the tax department and the new reporting requirements of the ACNC. Significant resources are allocated to administrative reporting with substantial costs incurred by all NFP Community Services providers in gathering data for government on outputs, outcomes, acquittals, responsible authorities and the like. We believe the focus of reform needs to be placed on the commissioning agencies and their onerous reporting and acquittal requirements. Consideration should be given to lengthening contract terms to 5 years and common maturity dates be set – some agencies have over 100 contracts, all with different maturity dates.

Conclusion

Community Employers WA welcomes the review of the Commonwealth spending and accepts the need to ensure that the financial resources of the government are allocated appropriately. However we also know first hand of the essential nature of the work undertaken by NFP Community Sector service providers. They are the organisations which help underpin the spirit of social justice, of support for the most marginalised and of creating a community which unites and builds on the sense of fairness and respect for the individual.

This sector cannot and should not be taken for granted. Many NFP organisations operate on very thin resources, on the goodwill of people in their local communities and on the capabilities and dedication of boards, volunteers and donors. They are highly skilled in the provision of services, in the judicious use of government funding and initiating innovative ways of building a more sustainable society. The Community Services sector is highly efficient, effective and well able to further assist the government to provide services to the community. Such services are wise investments that reduce the long term costs to the Australian taxpayer.

We believe that there can be cost savings in the reporting to government, in the simplifying of tendering and administrative tasks and that there needs to be internal work within government to reassess their expectations of the Sector.

Yours sincerely,

Chris Hall
Co-Chair

Tony Pietropiccolo AM
Co-Chair

CEWA Members as at December 2013

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
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
Continence Advisory Service of WA
Cyrenian House
Derbarl Yerrigan Health Services Inc
Ethnic Communities Council of WA
Ethnic Disability Advocacy Centre
Extra Edge Community Services
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
Landsdale Family Support Association 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
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
The Gowrie (WA) Inc
The Salvation Army
The Spiers Centre Inc

The WA Aids Council
Therapy Focus Inc
Uniting Aid
UnitingCare West
Valued Independent People Inc
Vincentcare
Volunteer Task Force 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
YMCA Perth
Youth Focus
Youth Futures WA