



# TASMANIAN COMMUNITY SECTOR PEAK BODY NETWORK



## INTRODUCTION

This document provides a shared Tasmanian Government Priority statement for the Tasmanian Community Services Peak Network who work collaboratively to support the needs of the Tasmanian not for profit sector and population groups of interest.

The Tasmanian community sector is a significant industry and employer within the Tasmanian economy. The output of the health care and social assistance sector now represents almost 9% of Tasmania's gross state product, making it the State's second largest sector after agriculture, forestry and fishing.

Our sector employs approximately 10,000 people across the regions with a workforce that is projected to grow significantly in the next 5 – 10 years. As with any major industry, it is imperative it is appropriately supported during periods of change to protect existing employment. In terms of future workforce, it is also critical the sector is perceived as an attractive employment option. Evidence of the impact of reforms on community service organisations has already been observed within the aged and disability sectors and led to significant upheaval for organisations and their staff. Volatility within the broader sector will have a range of impacts on the current and future workforce.

In 2016, TasCOSS released the State of the Sector report, prepared by the University of New South Wales. The report provides a comprehensive overview of Tasmania's community sector and, along with data gathered through specific reforms gives a clear picture of the need for investment to support industry transition.

Community service organisations provide essential services, assisting people through experiences of disadvantage and hardship, strengthening communities and promoting inclusion, diversity, health and wellbeing.

While change and reform are constant in our sector, we are entering an unprecedented period of accelerating and multi-layered change. In particular, models of consumer directed care and individualised funding models and a drive for competition policy are impacting significantly on our sector and ultimately, the clients in receipt of these supports.

This shared submission from the Tasmanian Community Sector Peaks Network represents the highly collaborative approach we are taking in supporting the transition phase of these reforms. It also recognises that in order to remain a sustainable, contemporary and responsive sector we must work closely with the Tasmanian Government to undertake the necessary scoping and planning to ensure we are able to provide the community with the range of services and support it requires in the next ten years.

The Peak Network member organisations are as follows:

- > Aged and Community Services Tasmania
- > Alcohol, Tobacco and Other Drugs Council
- > Families and Children Tasmania
- > Council of the Ageing Tasmania
- > Mental Health Council of Tasmania
- > National Disability Services
- > Neighbourhood Houses
- > Shelter Tasmania
- > TasCOSS
- > Volunteering Tasmania
- > Youth Network of Tasmania

# TASMANIAN COMMUNITY SECTOR INDUSTRY PLAN

## Outcome 1:

**A strong and sustainable community services sector to meet the diverse needs of vulnerable Tasmanians in all regions.**

## Key ask:

The development of a Tasmanian Community Sector Industry Transition Plan that provides a framework and resources to enable the community sector and state government to transition effectively in this period of change.

## Why this is a priority:

The Tasmanian Community Services sector is experiencing a period of substantial structural adjustment due to a range of factors including multiple state and federal government reform agendas.

All parts of the non-government sector are facing significant and rapid change. Sector leaders are dealing with changing service delivery models, increasing demand and higher expectations of services. The risk profile of service delivery has changed dramatically, forward planning is challenging and Government reform requirements are overlapping and continuous.

Parts of the sector are reporting significant challenges with maintaining viability and a consistent loss of skilled staff due to funding uncertainty. Models of individual funding packages and consumer directed care create challenges in the management of cash flow, debt management and client relationship management. While these are familiar problems for the private sector, the transition from block funding to fee for service for non-government organisations is difficult for organisations with historically low levels of cash reserves.

## What would the Tasmanian Community Sector Industry Transition Plan contain?

The Tasmanian Community Sector Industry Transition Plan – a three year industry plan that will provide:

- > An analysis of the current and emerging strengths and challenges of the sector (based on the needs of small, medium and large organisations, within the context of the current reforms)
- > An analysis of the sector context including the economic and social return on investment.
- > The establishment of a shared process between government and the community sector to scope, assess and introduce contemporary procurement approaches.
- > An assessment of the priorities for investment for sector infrastructure, data collection and I.T. to enable contemporary and effective systems.
- > The inclusion of a Workforce Development Plan (which is not part of this funding request and already funded through Skills Tasmania)
- > Recommendations for action

At the conclusion of the plan development and based on the findings of the scoping document, resources would be available to enable organisations to review their business models and develop alternative approaches to ensure effectiveness and sustainability. Adopting this proactive strategy will ensure the community service sector is positioned to meet and implement the government's reform intentions.

## Amount required:

\$300,000 – Undertake the research, analysis and development of the Industry Plan

\$1,000,000 – Funds to support the sector and Tasmanian government to transition and implement new models and approaches in line with the current and emerging reform agendas.

## Responsible agencies:

DHHS, DPAC

# TASMANIAN COMMUNITY SECTOR PEAK BODIES

## Outcome 2:

**Equity of funding to ensure strong and sustainable community sector peak bodies.**

## Key ask:

That the State Government provides indexation funding on DPAC grant deeds.

## Why this is a priority:

Peak bodies serve an important function in the community through the provision of research and policy development, advocacy and representation, sector consultation, coordination and capacity building and information dissemination. In Tasmania, peak bodies are funded through the Department of Premier and Cabinet (DPAC) and the Department of Health and Human Services (DHHS), and as a result the structure of their deeds and funding is not equitable.

DPAC peak bodies do not receive indexation on their grant deed funding, and this has impacted on their capacity to deliver, and will continue to do so in a significant way into the future. All peak bodies funded by DHHS currently receive indexation on their grant deeds.

Due to DPAC grants not being indexed their funding effectively decreases annually, whilst the activities associated with the deed do not. Indexation on a deed ensures that the funding is maintained at community sector peak bodies to meet rising costs. Indexation provides much needed funds to meet the rising costs of wages, as well as operational costs such as insurance premiums and power.

For several of these peaks, a further impact of not receiving indexation is the impact on the organisation's Equal Remuneration Order funding received from the State Government. YNOT, MCoT and COTA do not receive an adequate amount of ERO funding to cover the costs that the organisations are legally obligated to pass on to staff, which is a direct result of CPI not being included on the deed.

The State Government calculated the ERO funding to provide to community organisations based on their core grant deed amount. As these deeds do not include indexation, they do not receive enough funding to cover the costs associated with the ERO implementation. The gap between what the State Government provides to these peaks and what they must pass on to staff grows annually.

As noted regardless of indexation being included on the deed, organisations still must cover the rising costs that are a result of indexation internally. A priority for these organisations has been to seek further income streams and other work, however, this should not be used to supplement a grant deed.

This issue has been raised with successive Governments, Ministers and Department staff.

## Amount required:

\$2,500–11,500 for each organisation based on indexation being delivered at current calculations

## Responsible agencies:

DPAC, Treasury and Finance

TABLE 1: COST TO DPAC PEAK BODIES OF NOT HAVING INDEXATION 2010–17

| Peak body                                | Cost of indexation cumulatively (approx)* |
|------------------------------------------|-------------------------------------------|
| Multicultural Council of Tasmania (MCoT) | \$44,156                                  |
| Council of the Ageing (COTA)             | \$140,094                                 |
| Volunteering Tasmania                    | \$127,562                                 |
| Youth Network of Tasmania (YNOT)         | \$117,830                                 |
| <b>TOTAL</b>                             | <b>\$429,642</b>                          |

\*calculations made on assumptions had indexation been provided to peaks at 2.25% each financial year, cumulatively.