



wacoss

Western Australian
Council of Social Service Inc

*Ways to make
a difference*



EMERGING ISSUES 2011

**Western Australian Council of Social
Services**

1 April 2011



ABOUT WACOSS

- **The peak body of the non-government community services in WA.**
- **Since 1956, developing and strengthening the community services sector's capacity to assist all Western Australians.**
- **At the heart of its activities, lies the belief that the mark of a civilised community is the support and help it gives to those most in need.**



About the Community Services Sector

Over 300 members and over 800 organisations working in such diverse fields as...

- ✓ Mental health
- ✓ Drug and alcohol services
- ✓ Health services
- ✓ Child care and protection
- ✓ Housing and homelessness services
- ✓ Disability services
- ✓ Aged and community care
- ✓ Indigenous affairs
- ✓ Victims of violence and abuse
- ✓ Consumer advocacy

Social Policy and Research

The Social Policy Team work with WACOSS members to advocate on behalf of the community sector and their clients to government, business, media and the general public.

Sector Services and Development

Sector services and development programs are designed to build and strengthen the capacity of the community sector through training, consultancy and specially tailored programs.



Social

Economic

Changing Landscapes

Political

Sector

Services



Emerging Issues

Social

1. *Demand Growth*
2. *Service Needs*

Services

9. *Preventative Services*
10. *Self Directed Services*

Economic

3. *Multi-Speed Economy*
4. *Social Dividend*

Sector

7. *Changing Regulatory Framework*
8. *Contracting, Pricing & Grants*

Political

5. *State – Cost Recovery & Efficiency*
6. *Commonwealth – Crack-down agenda*



Emerging Issues - Social

Social

- 1. Demand Growth**
- 2. Service Needs**

Irina Cattalini
Director Social Policy
WACOSS



1. Demand Growth



Social Landscape

1. Demand Growth

The age, skills, ability, diversity and size of the Western Australian population is changing in ways that the current service structures are not adequately planned, prepared for or capable of meeting the demand.

This emerging issue is not entirely new, but continues to effect the community and community services sector in new ways, driving the demand for services. It means we need to change our thinking and prepare in new ways.

- ✓ Impact of demographic changes - boomer impact, an ageing population and growth of disability as a proportion of total population
- ✓ Impact of migration, regional drift and urbanisation
- ✓ Changes in the demand and supply of labour and high youth unemployment



Demographic Changes

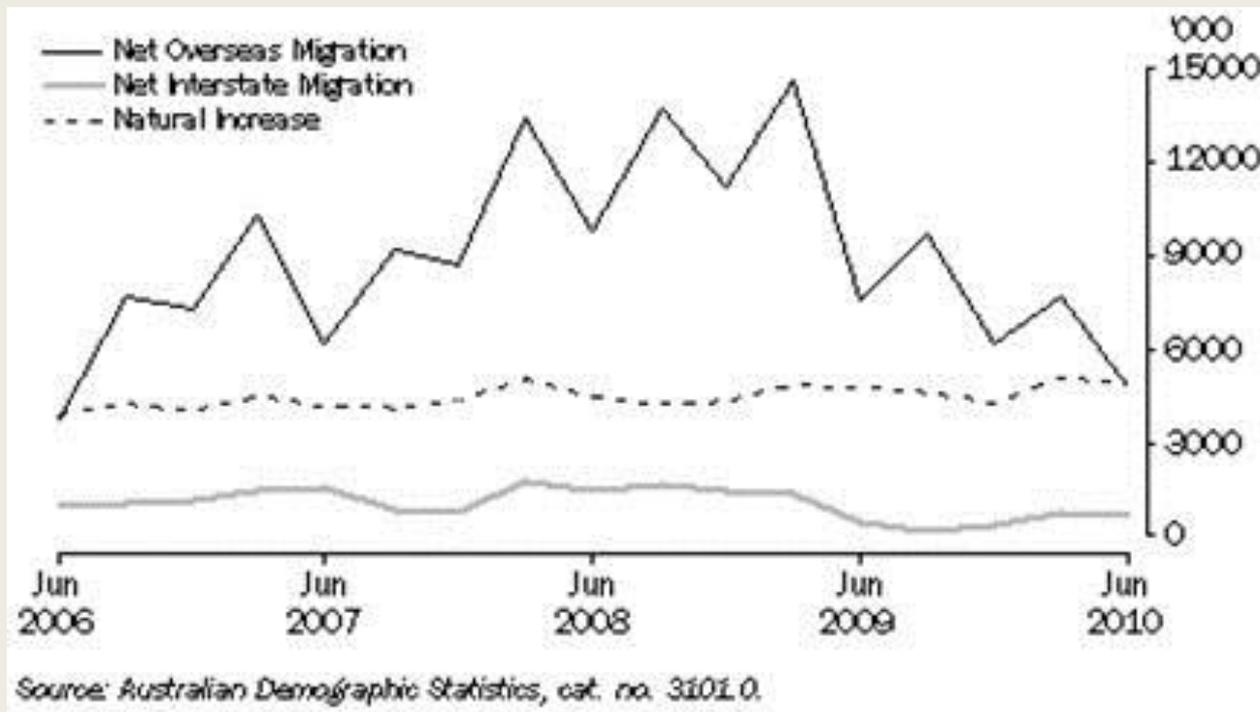
Population Growth Rate - International Comparison

Selected Countries	Estimated Resident Population			Projected Population
	2009 (million)	2010 (million)	Growth Rate %	2050 (million)
Australia	22	22	1.6	34
Canada	33	34	0.8	41
China (excl. SARs and Taiwan)	1 324	1 330	0.5	1 304
France	64	65	0.5	70
India	1 157	1 173	1.4	1 657
Indonesia	240	243	1.1	313
Malaysia	28	28	1.6	43
Philippines	98	100	1.9	172
New Zealand	4	4	0.9	5
United Kingdom	62	62	0.6	71
United States of America	307	310	1.0	439
World	6 777	6 853	1.1	9 284



Components of WA's population growth

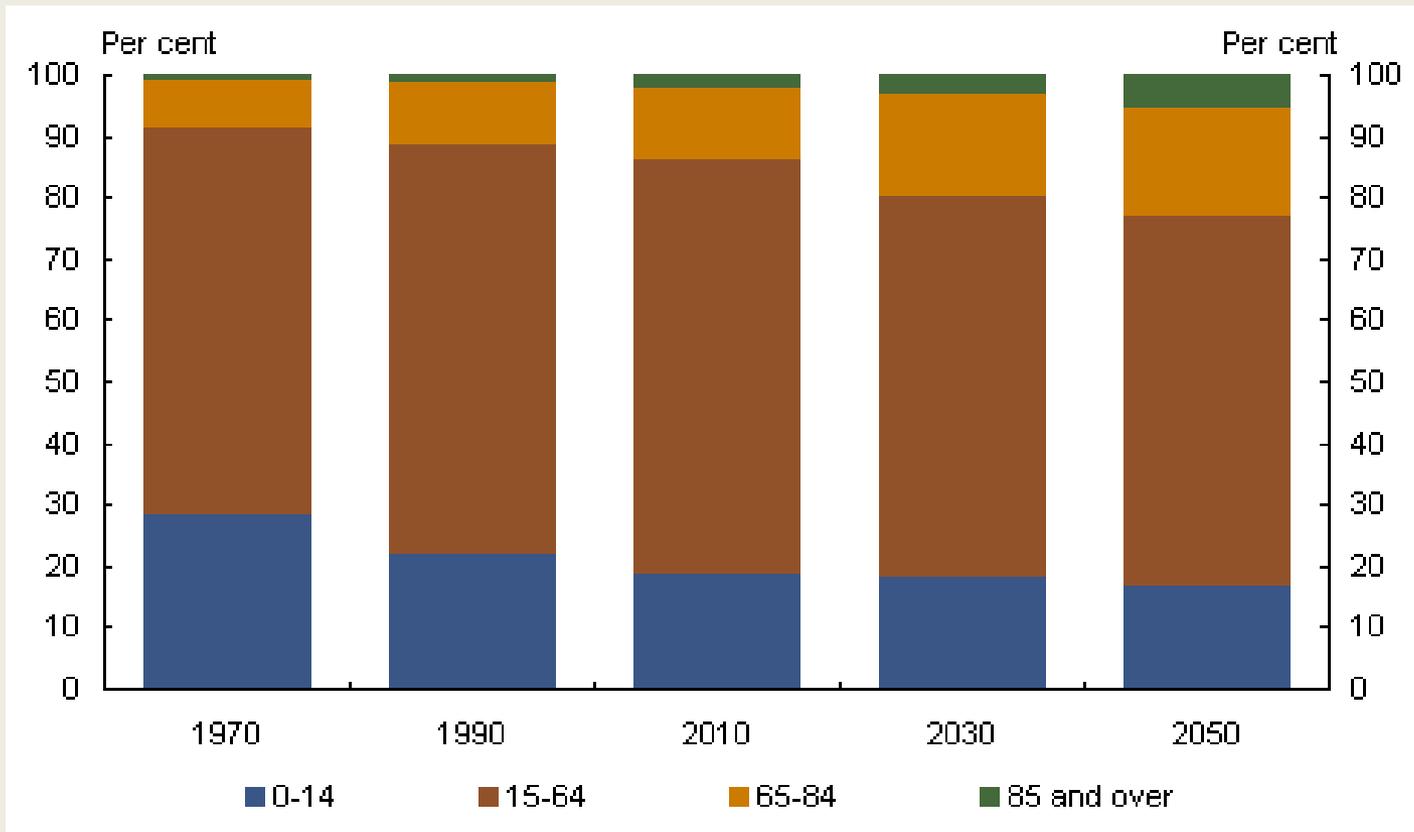
Components of WA's Population Growth





Demographic Changes

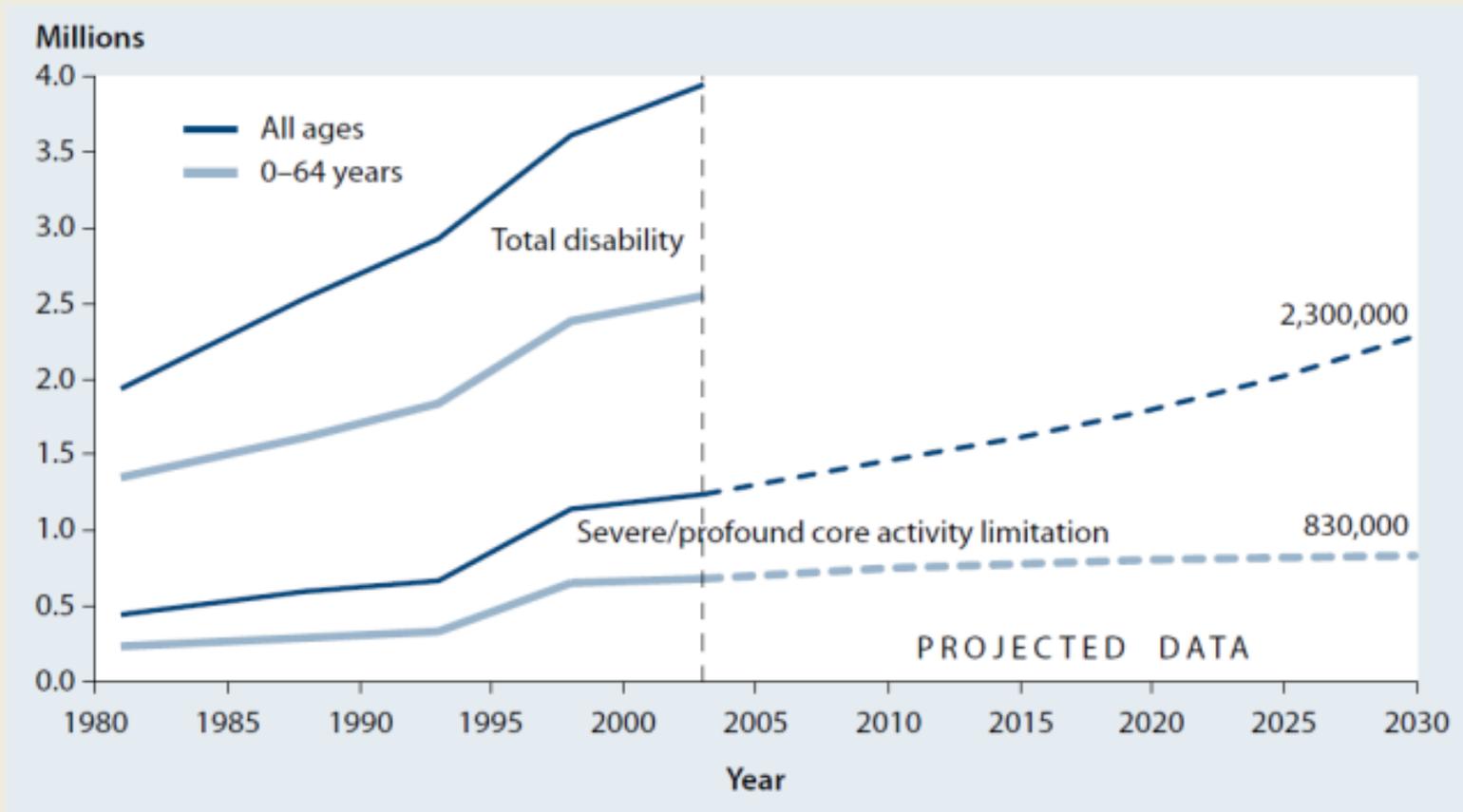
Australia's Aging Population





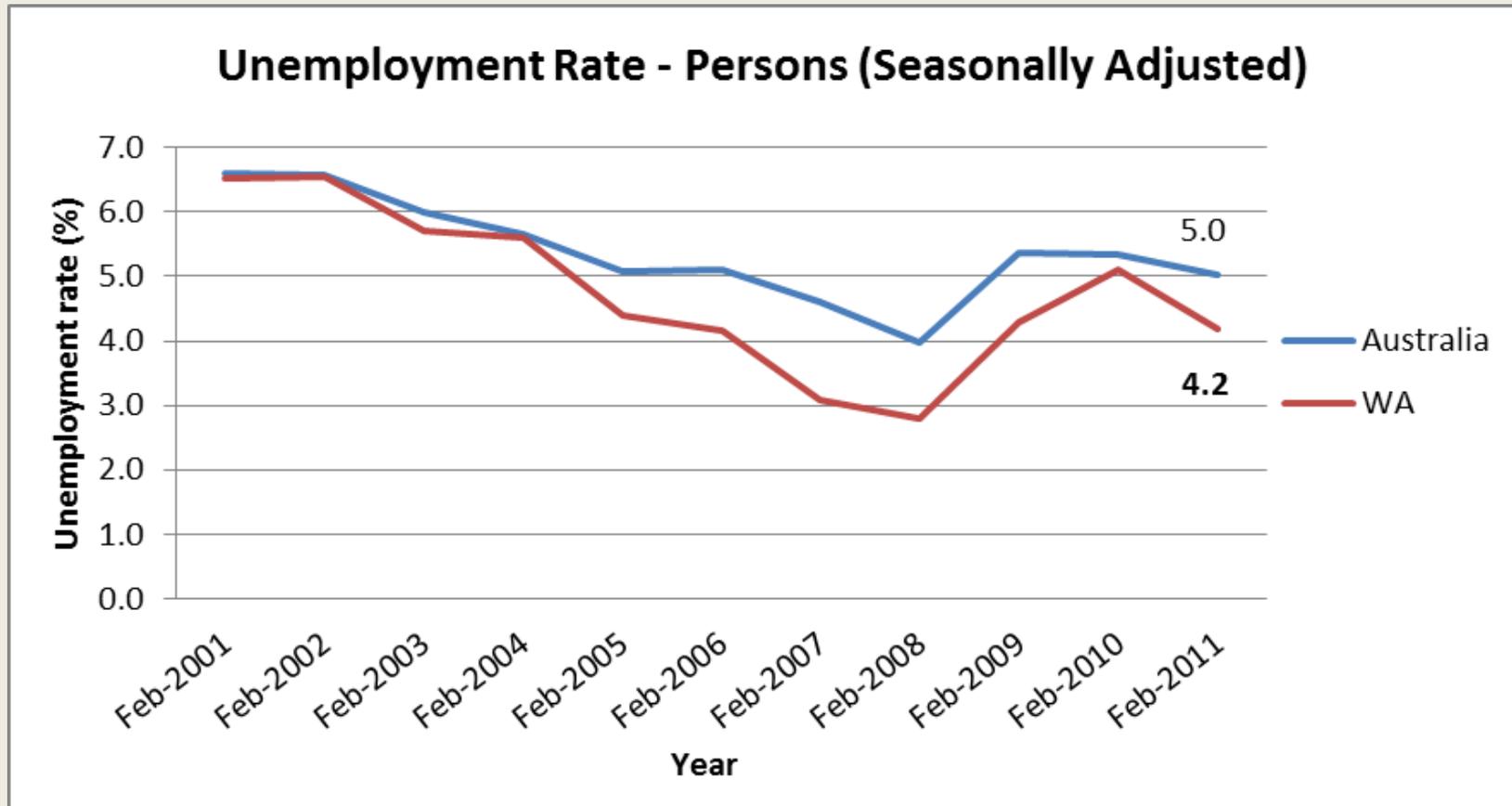
Disabilities

By 2030 the number of Australians living with severe disability will increase to 2.3 million because of population growth and aging.



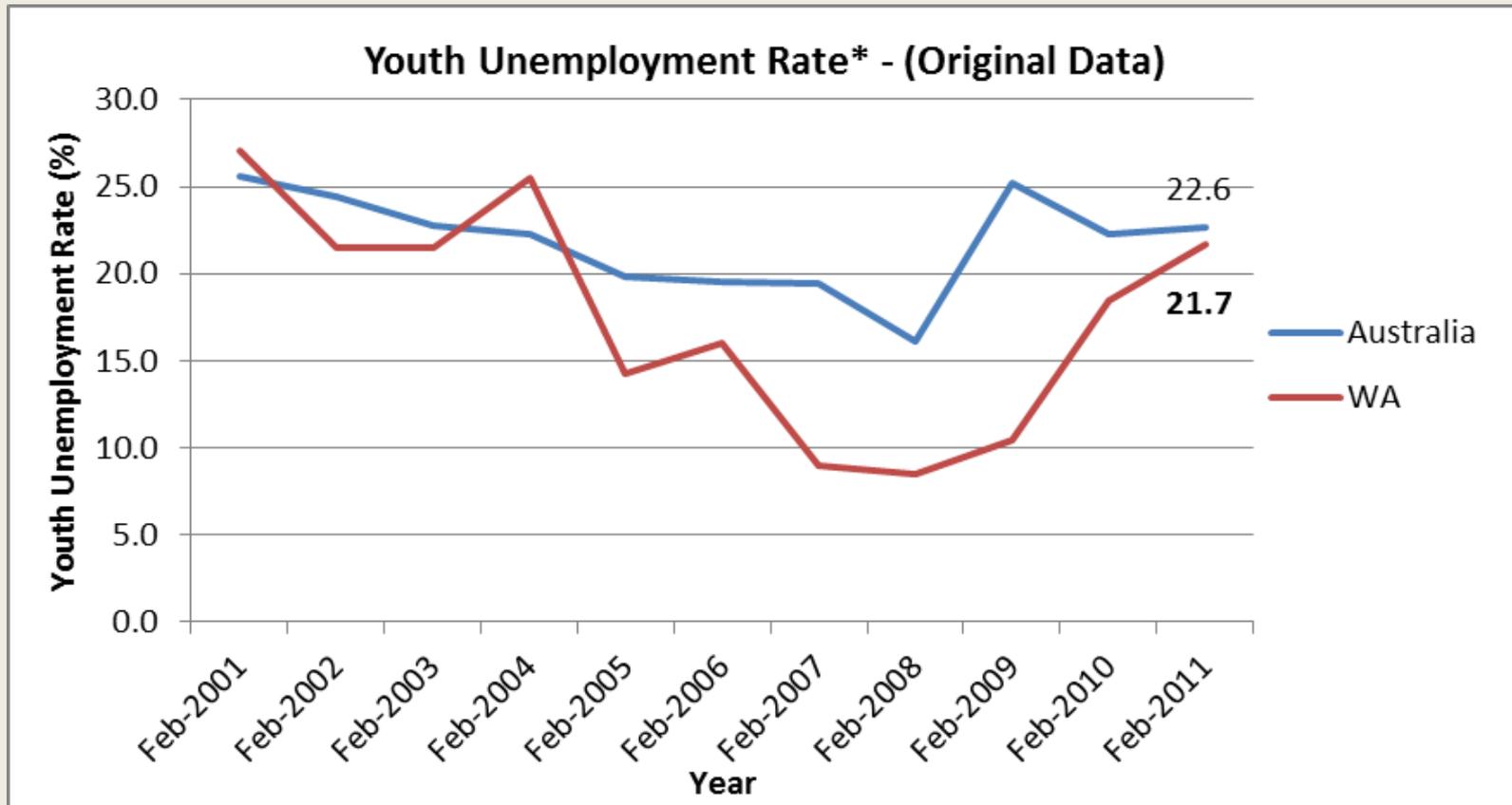


Unemployment – WA & Australia





Youth Unemployment



*Unemployment rate - looking for full-time work ; Not attending full-time education

Source: ABS 6202.0 Labour Force, Australia February 2011

Table 16. Labour force status by Educational attendance, States and Territories - Persons aged 15 to 19 years



WA areas of persistent high unemployment

Western Australia - September Quarter 2010

Statistical Local Area*	Unemployment	Unemployment Rate (%)	Labour Force
<i>Perth</i>			
Fremantle (C) - Remainder	1,175	7.2	16,222
Kwinana (T)	1,392	10.6	13,148
Perth (C) - Remainder	608	8.7	6,975
Vincent (T)	1,476	7.4	19,875
Wanneroo (C) - North-West	1,647	7.4	22,295
Wanneroo (C) - South	1,880	7.4	25,375
<i>Regional WA</i>			
Carnarvon (S)	322	8.9	3,610
Derby-West Kimberley (S)	355	9.1	3,907
Halls Creek (S)	258	17.7	1,457

Source: DEEWR Small Area Labour Markets Australia, September Quarter 2010.

*Only includes SLAs with a labour force larger than 1000



Social Landscape

1. Demand Growth

Changes in the age, skills, ability, diversity and size of the Western Australian population are increasingly meaning that traditional informal social and family support structures are not adequate to the task of meeting the community's needs. Increasingly services will need to be provided through formal structural service systems – which need to be planned, funded, regulated and delivered.



2. Service Needs



Social Landscape

2. Service Needs

WA's changing population, and consequent demand growth, is coupled with an increasing cost of living in WA, and complex mental health, drug and alcohol and criminal justice issues. This is driving the demand for social services, including housing, financial assistance, health and justice services.

The emerging service needs of the community focus on

- ✓ Essential Services
- ✓ Housing and homelessness
- ✓ Mental health and drug and alcohol services
- ✓ Legal and prison based services



Cost of Living

Western Australians continue to confront increasing cost of living pressures, which are exacerbated by the essentiality of the goods and services currently undergoing the most significant increases.

National CPI figures from December 2010 show that housing (5.9%), health (4.2%) and education (7.8%) have been subject to the most significant increases

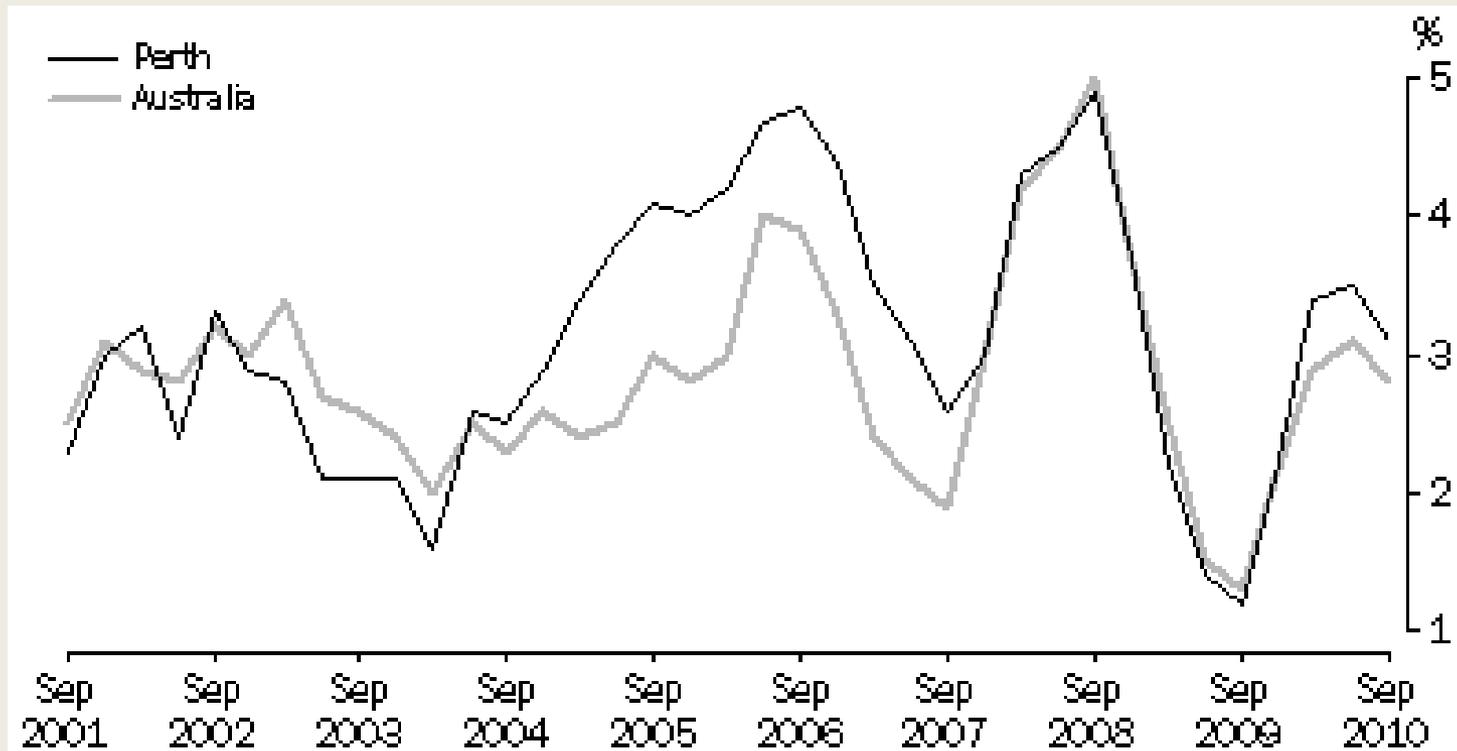
WA has already experienced significant increases to essential household services such as electricity, gas and water.

Low income households are required to spend an increasingly greater percentage of their household expenditure on maintaining the most basic needs.



Cost of Living

Consumer Price Index (All Groups), Annual change



Source: Consumer Price Index, Australia, cat. no. 6401.0.



Essential Services Tariff Data - Electricity

- 10% increase on 1 April 2009
- 15% increase on 1 July 2009
- 7.5% increase on 1 April 2010
- 10% increase on 1 July 2010

These increases equate to a cumulative increase of 50% in the residential electricity tariff since 1 April 2009.

Premier has indicated.....regret for increases unavoidable..... won't be a 22 per cent increase next year.....will be lot less than this year or last year (though factored into 2010-11 State forward budget estimates)



Electricity Affordability

- **2009/10 - 86,812 (9.8%) customers granted additional time to pay their bill - increase of 15,516 customers from the 2008/09, (8.1%)**
- **This figure is now over 100,000 households**
- **Substantial increase in Electricity and Gas customer complaints, 7000 extra complaints in 2009/10, (total of 9,500).**



Essential Services Tariff Data - Gas

- **10% increase on 1 July 2010**
- **7.5% increase on 1 April 2010**
- **10% on 1 April 2009**
- **5.4% on 1 July 2008**

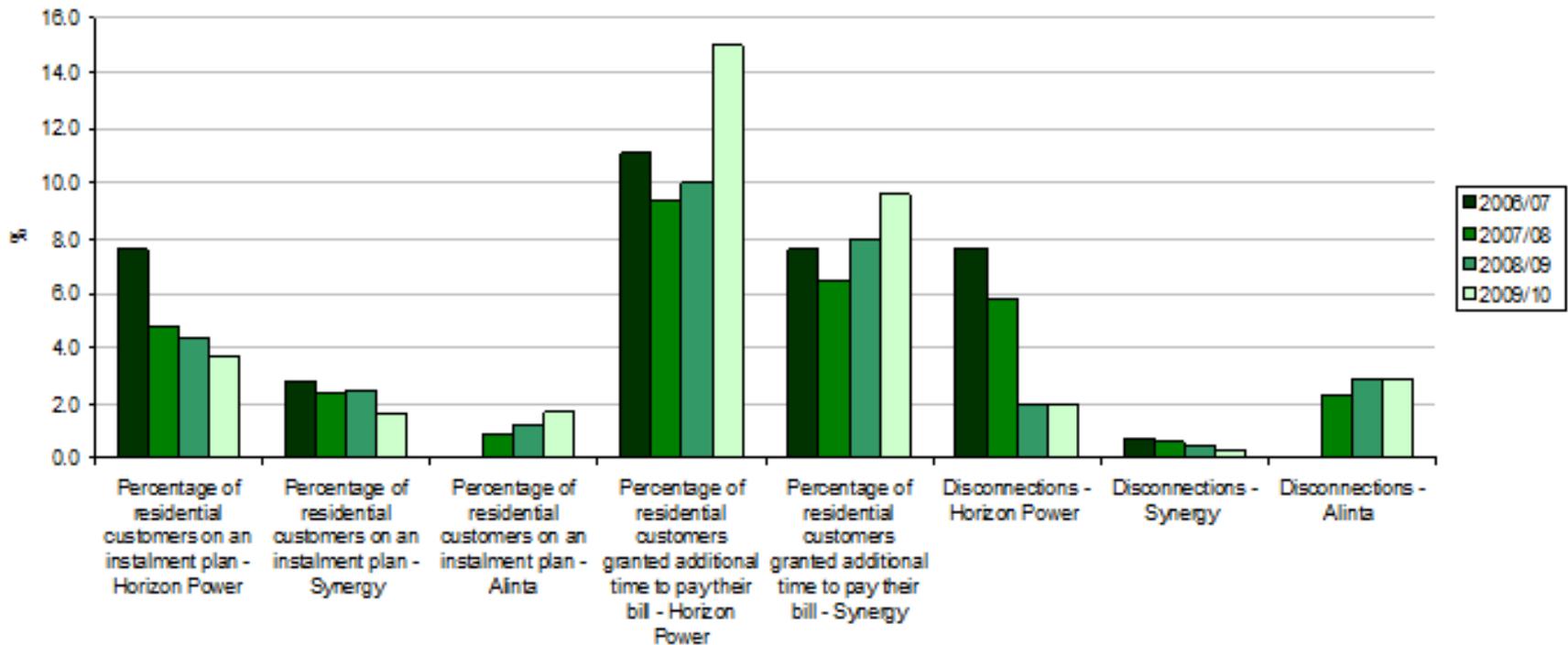
In 2009-10 Alinta's disconnection rate increased for the second year in a row

17,223 (2.9%) residential customers disconnected in 2009/10



Essential Services Hardships

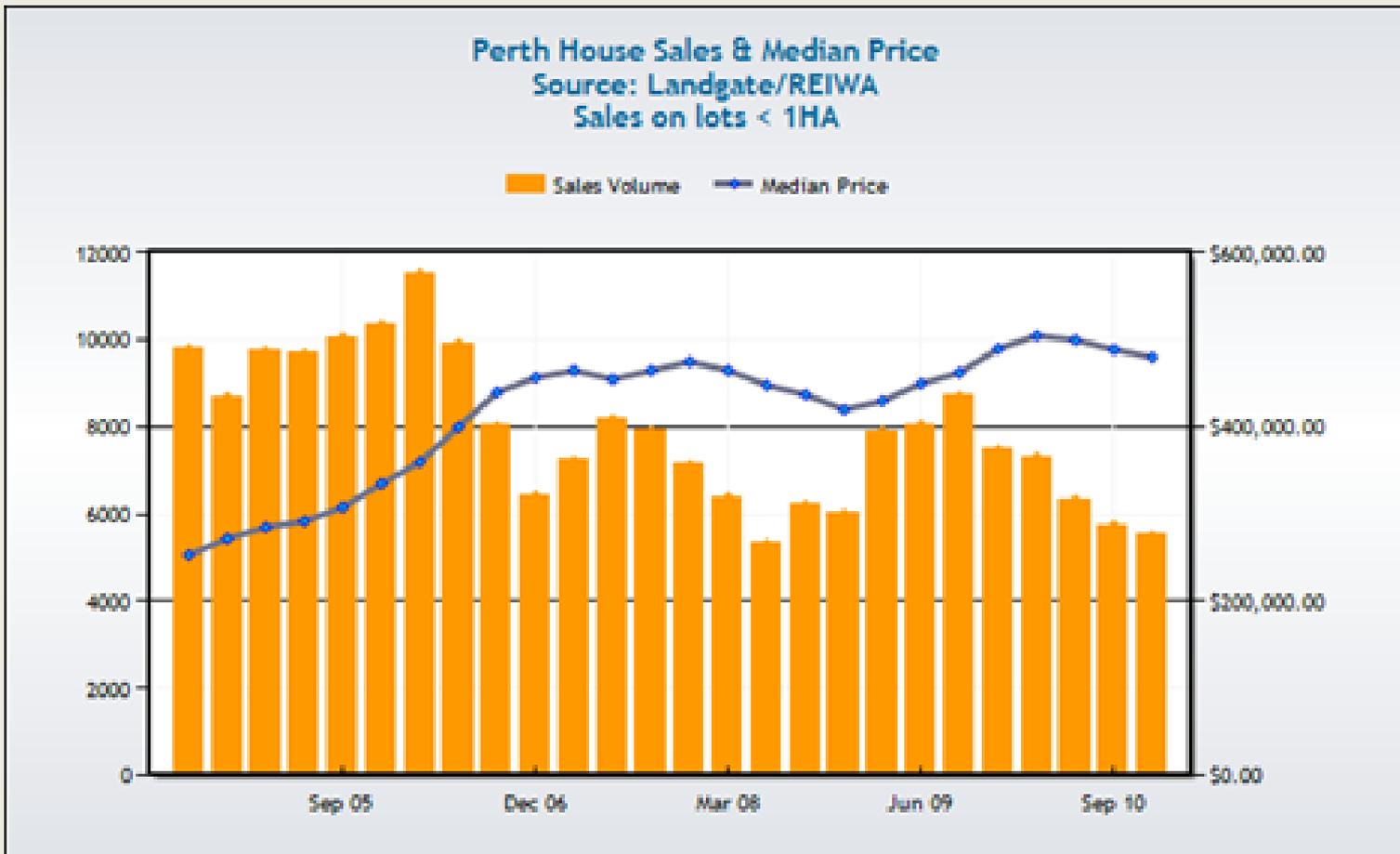
Hardship indicators



Note:
 Figures for 2006/07 are not available for Alinta
 Disconnections for Alinta for 2010/11 is on a downward trend based on figures to December 2010



Housing Affordability





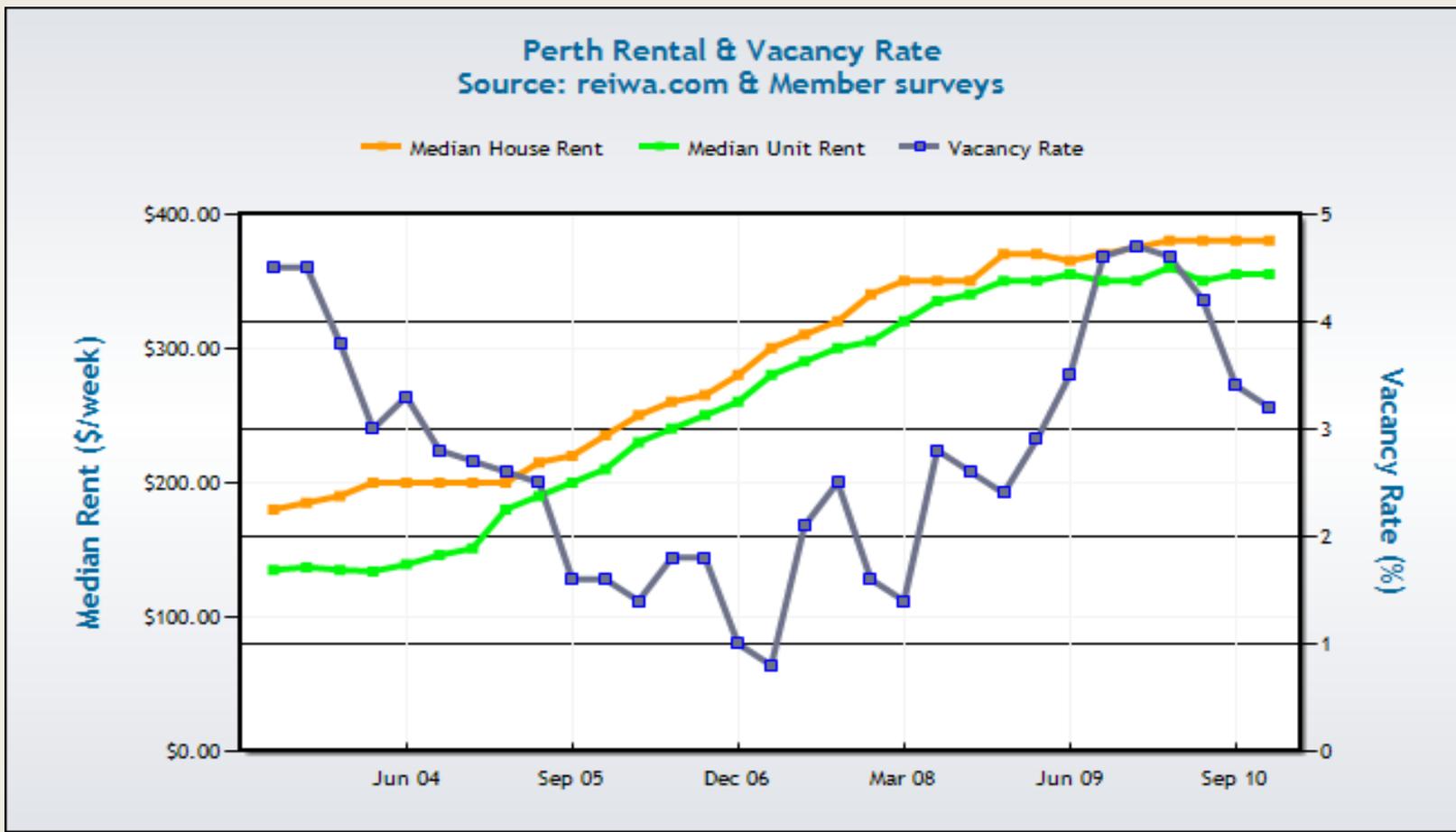
Housing Affordability

- Housing prices in regional centres remain high, towns particularly associated with mining industry continue to out strip prices in the metropolitan area.

Housing Affordability - Regional WA		
Regional Centre	Median Price	Yearly Change
Broome	\$650,000	2.0%
Karratha	\$862,500	8.8%
Port Hedland	\$732,500	6.9%
Greater Bunbury	\$370,000	-2.2%
Busselton	\$400,000	-13.7%
Nandurah-Murray	\$379,500	-5.5%
Regional WA	\$370,000	-3.9%

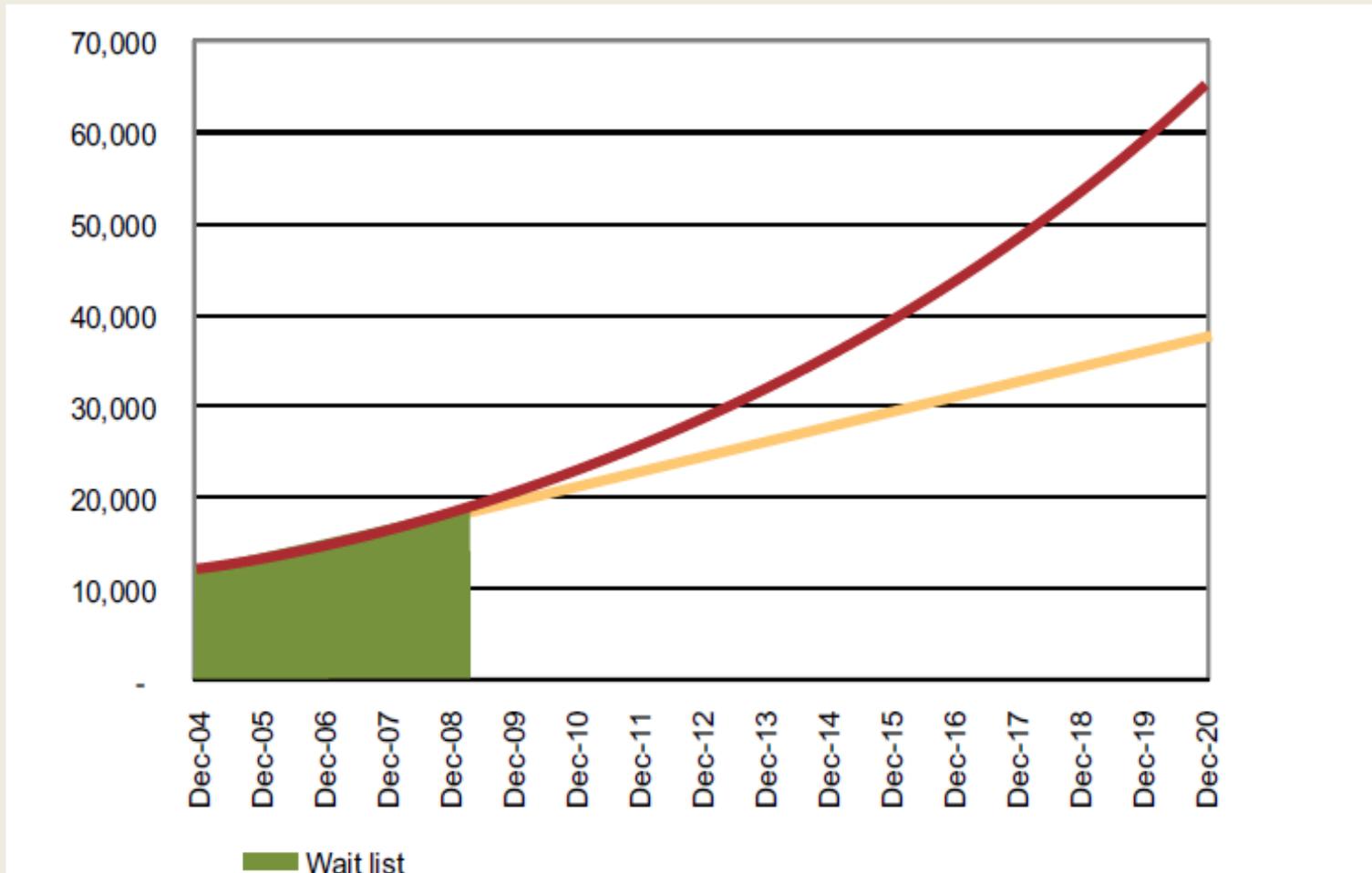


Housing Rents





Housing Affordability – Projected Social Housing Waiting List





Affordable Housing Issues

- Capacity of DOH to fund reinvestment in public housing system constrained by nature of business and ageing client profile
- Requires either additional Government investment and/or redefining role of government, and the private and the not-for-profit sector in facilitating affordable housing
- Facilitating movement of people from social housing sector to the private market and home ownership
- The new Housing Minister has still not released the State Affordable Housing Strategy
- The new Residential Tenancies Amendment Bill and Regulations are due to proceed through parliament this year



Homelessness

- **WA has second highest rate of homelessness, highest for 12-24 year olds;**
- **“It could be you: female, single, older and homeless” report* released in August 2010 – the report found evidence of increasing numbers of older women entering the first time homeless population and being over the age of 45 and single increases a woman’s risk of becoming homeless;**

Standards and Data

- **The sector needs to drive changes and response to the move towards a Homelessness National Quality Framework (NQF); and**
- **The ‘Specialist Homelessness Services’ data collection will replace the Supported Accommodation Assistance Program (SAAP) data by 1 July 2011.**

*The report was written by Ludo McFerran and released in August 2010. The study and report was a collaborative project of Homelessness NSW, the Older Women’s Network NSW and the St Vincent de Paul Society, with support provided by Australian Domestic and Family Violence Clearinghouse.



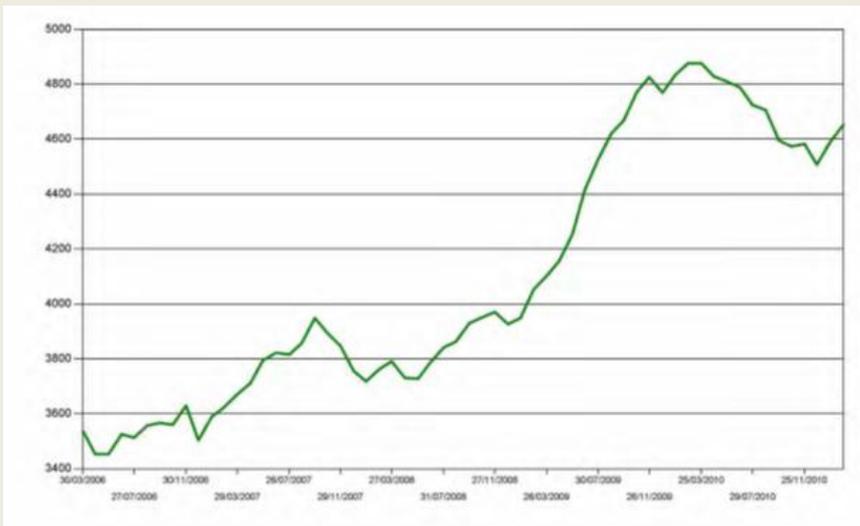
Mental Health Disadvantage

- **Nearly one in five (24.3%) of Australian youth (12-25 years) - have anxiety, affective or substance use disorders, and a variety of other mental illnesses.**
- **Over 1 million people aged 12-25 with lifetime diagnosis of a mental illness who have experienced symptoms within last 12 months.**
- **The changing demand for mental health services is beginning to recognise the importance of services for the full range of mental health services, not just directing resources to the chronic end**
- **New methods of diagnosis are anticipated for 2013 through the latest version of the Diagnostic Statistician Manual**

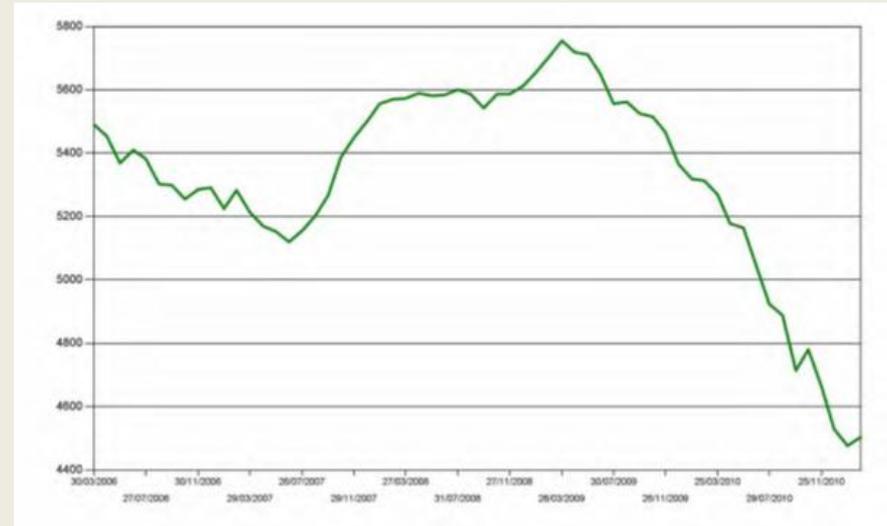


Justice Disadvantage

WA's Adult Prison Population



Adults in Community Corrections



- Since 2006 WA's adult prison population has increased significantly, peaking in March 2010, while the number of adults in community corrections has decreased.



Community issues which may arise as prison populations increase

- **Some implications**
 - **Impact on Indigenous population of grossly disproportionate incarceration**
 - **As imprisonment rates rise, so do the number of families affected by the imprisonment of a parent.**
 - **The needs of parents in prison and their families have been fragmented across a number of areas of social policy and service delivery and so receive inadequate attention in each.**
 - **The needs of parents in prison and their families are complex and cross many areas in addition to corrective services, including child protection, family support, income security, health and housing.**
 - **The assistance required is of a practical nature, such as access to housing and income, as well as addressing relationship issues.**



Justice Disadvantage:

General causes of increases in prison populations*

- **Factors affecting general imprisonment rates**
 - ✓ rate of sentenced admissions
 - ✓ length of time sentenced prisoners spend under detention
- **Function of two factors**
 - ✓ Legislative changes, which can affect both the sentence length and the use of alternative sanctions.
 - ✓ Executive decisions regarding parole and early release mechanisms.



Justice Disadvantage

WA specific reasons for increases in prison populations could be:

- Increased funding allocated (an extra \$160 million over four years) to meet the forecast rise in prisoner numbers.
- More funding (\$13 million, predominantly over the next two years), to curb the increasing number of clandestine drug labs.
- allowing police to expand their investigations into clan labs, which have spiralled out of control since 2008.
- Additional resourcing into policing and crime detection means that more offenders will be identified and arrested, meaning that they will go before the courts and potentially be found guilty and sent to prison – particularly if this occurs in conjunction with changes to legislation to allow for tougher penalties.



Justice Disadvantage

Issues which may arise as prison populations increase

- **As imprisonment rates rise, so do the number of families affected by the imprisonment of a parent**
- **Yet the needs of parents in prison and their families have received little attention in social policies and service delivery practices**
- **Issues: greater proportion of male than female offenders; a young population; and disproportionate representation of Indigenous people**
- **Given the relative youth of the prison population, researchers estimate that between 60% and 85% of prisoners are parents of young dependent children**



Justice Disadvantage

Community issues which may arise as prison populations increase

- There is a need for improvement in the level of service provision & and community based support for parents in prison and their children;
- Some implications:
 - ✓ processes of arrest and incarceration is traumatic for children;
 - ✓ young children likely to experience distress when separated from their mothers;
 - ✓ older children frequently expected to assume adult responsibilities;
 - ✓ the children of women prisoners are vulnerable to separation from siblings and to instability in care arrangements over the course of their parent's imprisonment



Community issues which may arise as prison populations increase

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Priorities for Social Investment:

- **Creative and Innovative solutions to working with people in areas of multiple disadvantage**
- **Improving outcomes for people living with disability or mental illness and their carers**
- **Investing in youth employment training that is aligned to economic growth industries**
- **Providing improvements in the level of service provision and community based support for parents in prison and their children**



Social Landscape

2. Service Needs

This emerging issue highlights the growth in demand for services in response to the following:

- ✓ **The breakdown/erosion of traditional social/family support structures and community networks**
- ✓ **The growing incidence of mental health and connectivity with drug related illness**
- ✓ **Unemployment, in particular for people with disabilities, mental health, long term unemployed and high youth unemployment**
- ✓ **Housing stress and increases in essential living costs (eg utility pricing)**



Environmental Risks

Preparedness for extreme weather events and role for CS sector:

- **Community service organisations are at heart of emergency prevention, preparedness, response and recovery efforts in a natural disaster**
- **Organisations must be attuned to managing the risks, to ensure our capacity to deliver services and remain financially viable in the future**
- **Risks around warmer temperatures and increased rainfall variation correlate to increased risk of bush fires in the south-west; and increased risk of flooding in the north-west**
- **The Bureau of Meteorology (BOM) advises communities are generally underprepared for low probability/high consequence events.**



The Perth Fires

Preparedness for extreme weather events and role for the community sector:

- **FESA is conducting a Major Incident Review (MIR) into the bushfires at Redhill and Roleystone which destroyed 71 homes and damaged a further 39 properties**
- **Report to be tabled in Parliament, expected completion 30 June 2011**
- **Intention is to ensure that relevant outcomes and recommendations be implemented prior to the 2011-12 bushfire season. This may have implications for the role of community services sector.**



Emerging Issues - Economic

Economic

- 3. Multi-Speed Economy*
- 4. Social Dividend*

**Guest Speaker –
Nicky Cusworth, Department of State Development**

**Jim Vanopoulos
Senior Policy Officer
WACOSS**



3. Multi-Speed Economy



3. Multi-Speed Economy

The emergence of a multi-speed economy within WA is exacerbating the gap between high and low income earners and creating greater challenges to how we share the benefits of the boom and involve the community in the WA workforce, through appropriate employment.



Economic Scan

Key Themes

- Main focus is on the challenges associated with WA's multi-speed economy
- Not everyone in this state – individuals or businesses are benefiting from boom, the wealth generated not being equally shared across our community
- Analysis includes identifying these challenges - who is missing out and what might be done to close the widening gap, ensuring a more equitable social dividend return, the impact on social structures – labour market, housing, education, training, level of government investment in essential infrastructure – on social well being.
- Key question - what structural changes required to ensure the economic prosperity is shared across the WA community?



Multi-Speed Economy

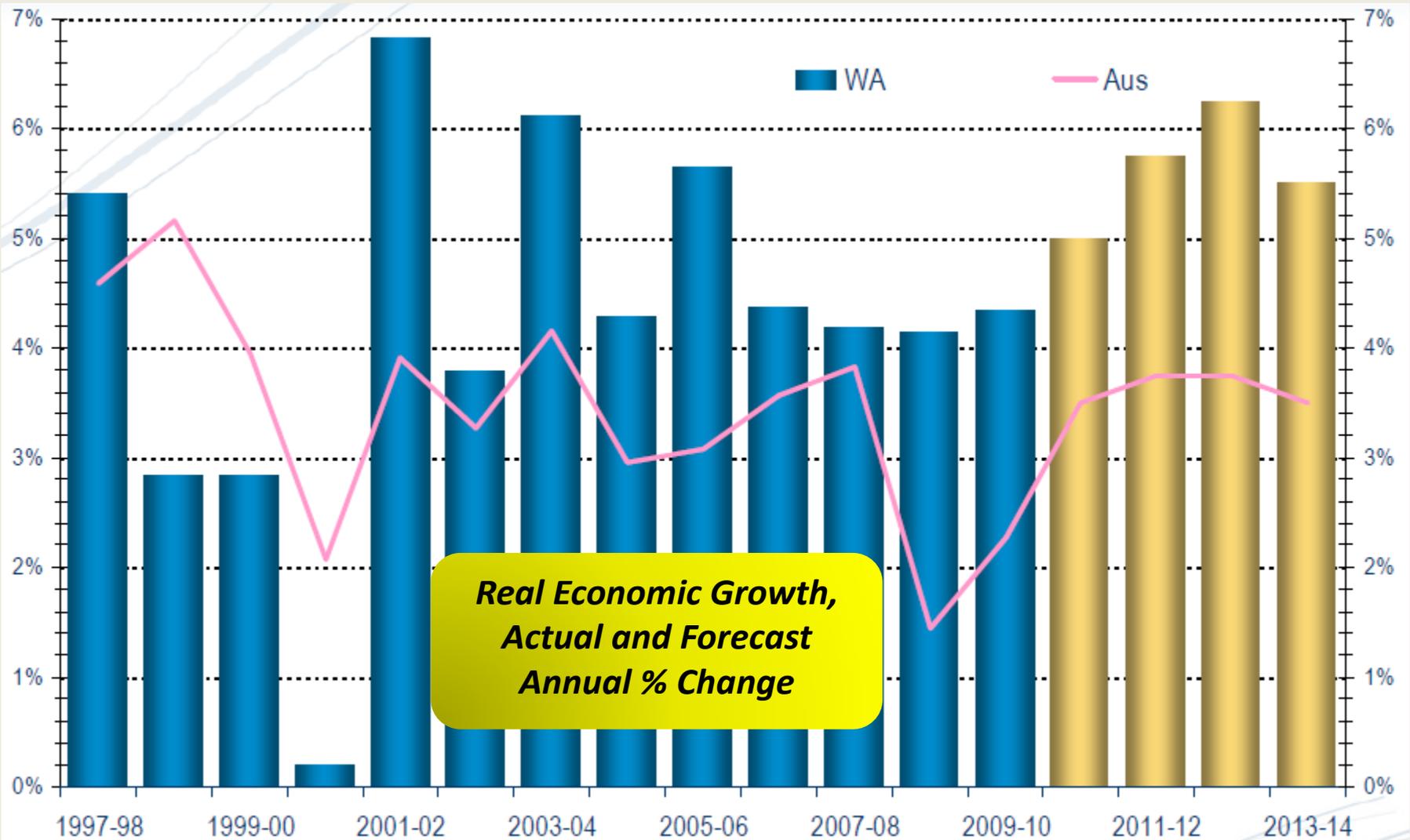
Strong WA Economy

- **\$150 Billion State Economy**
- **Strong Economic Indicators**
- **Robust Forecasts driven by an expectation of a strong resurgence in resource investment - 'Resources Boom Mark II'**



Economic Forecasts

	2010-11	2011-12	2012-13
WA DEPARTMENT OF TREASURY AND FINANCE			
Gross State Product	4.0	4.75	4.5
Employment Growth	3.5	2.5	2.5
Unemployment Rate	4.75	4.75	4.5
ACCESS ECONOMICS			
Gross State Product	5.9	4.7	n/a
Employment Growth	4.1	n/a	n/a
Unemployment Rate	4.3	n/a	n/a
WA CHAMBER OF COMMERCE AND INDUSTRY			
Gross State Product	5.0	5.75	6.25
Employment Growth	3.0	n/a	n/a
Unemployment Rate	4.0	n/a	n/a



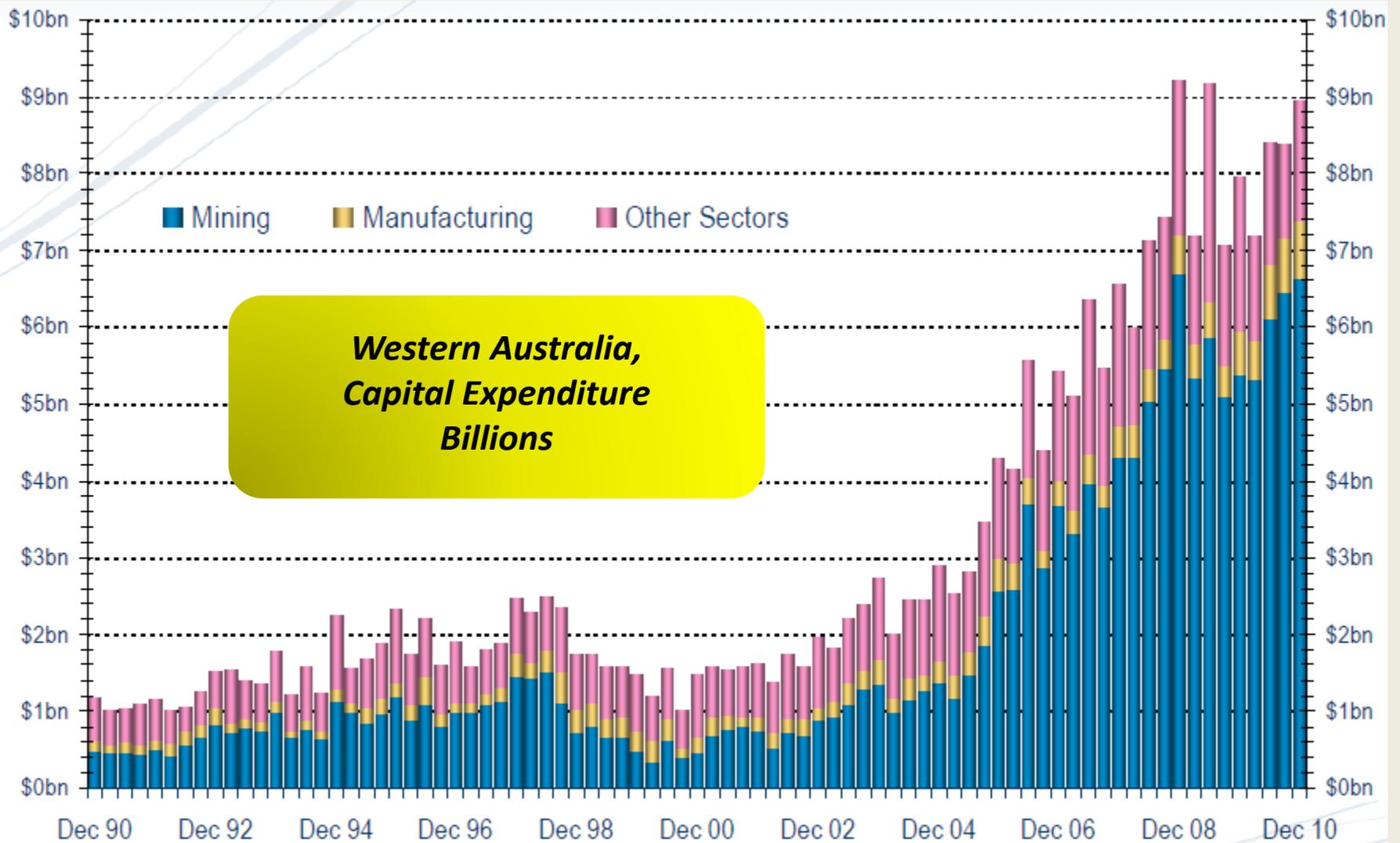


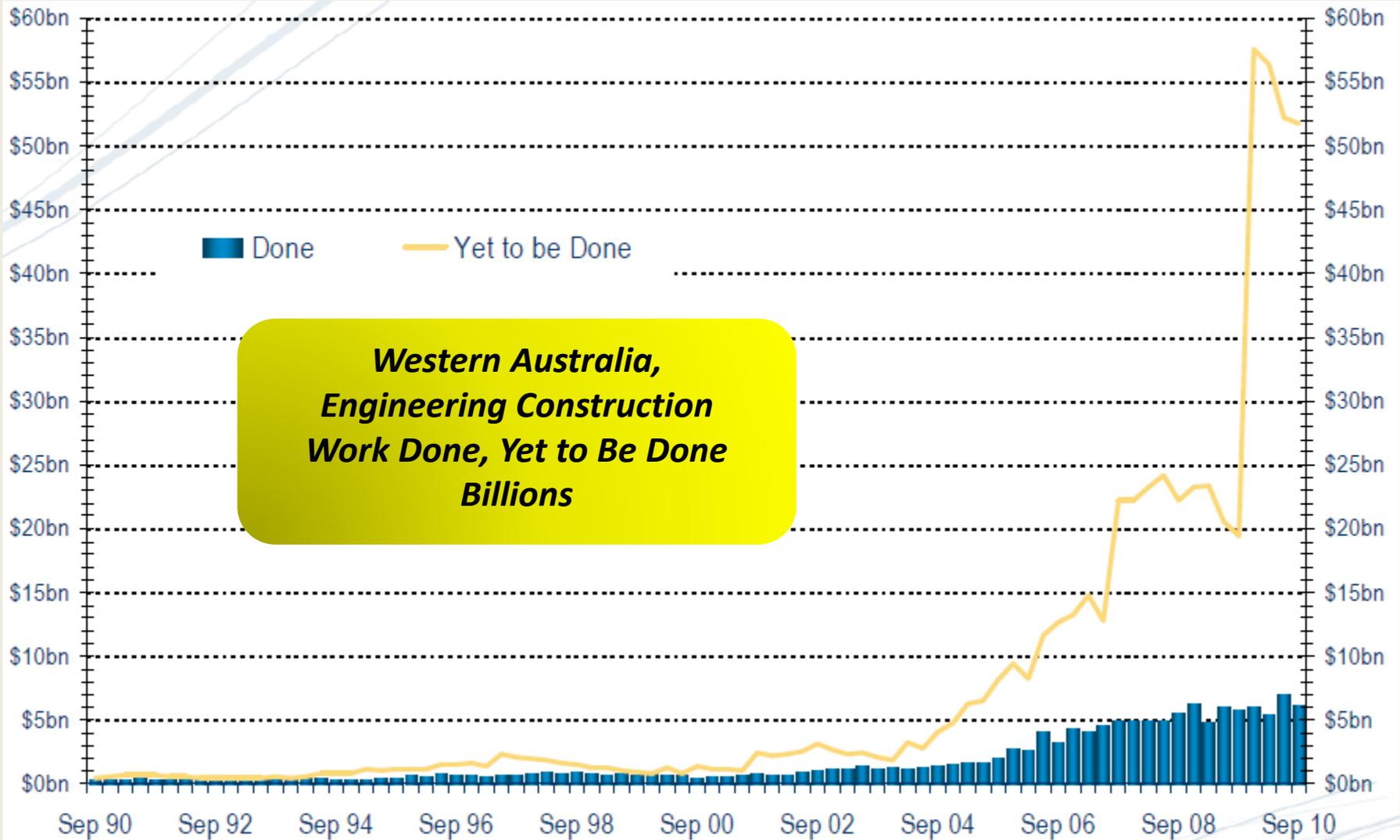
- **Boom will be fuelled by strong economic growth of China and to lesser extent India**
- **China is now Australia's and WA's dominant trading partner**
- **WA exports dominate nation's exports – 42% of national total (\$83 Billion in 2009-10)**
- **\$67.6 Billion or 81.4% from WA mining sector**
- **Mining sector makes enormous contribution to national economy – 46% share of national mining industry**

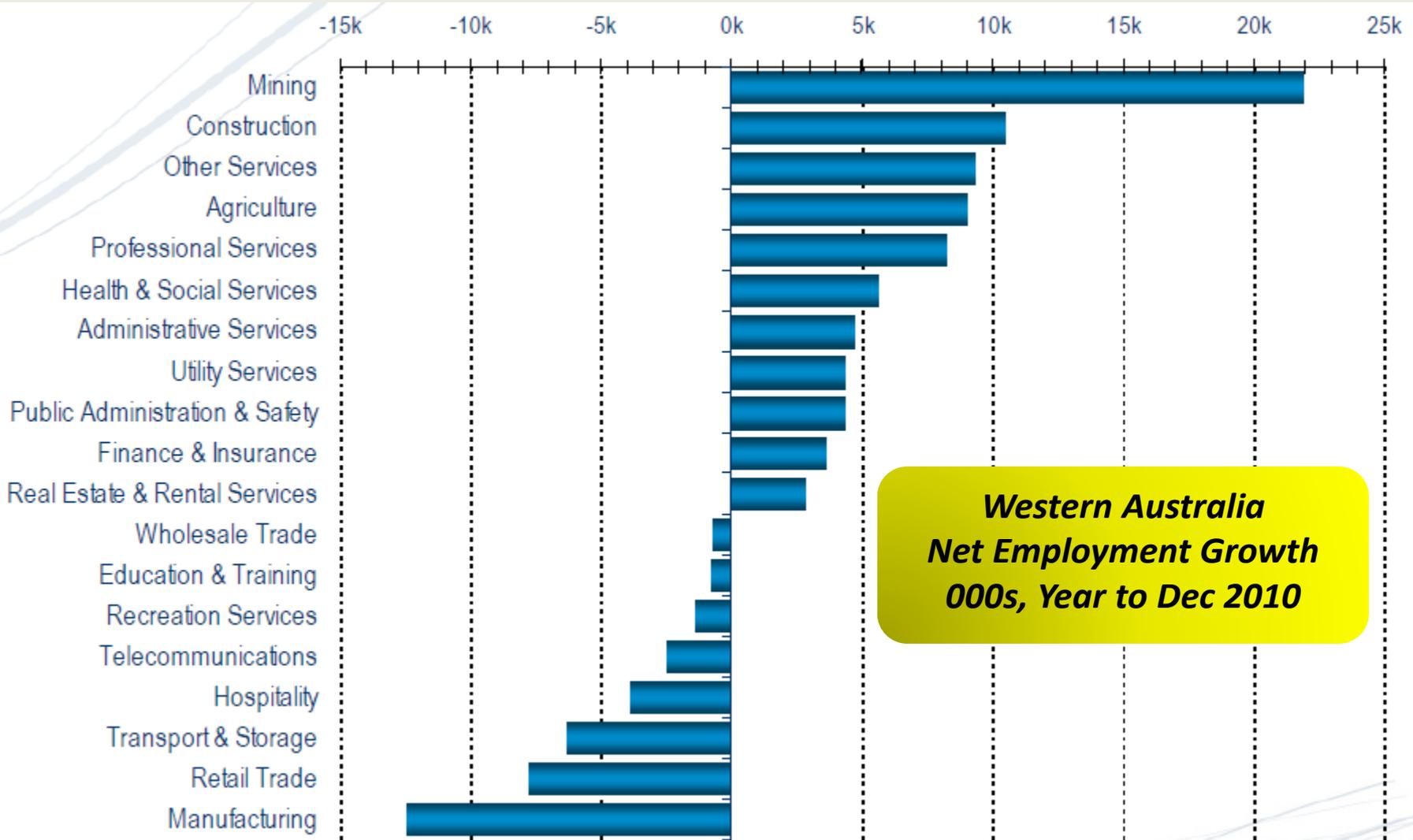


Strong WA Economy

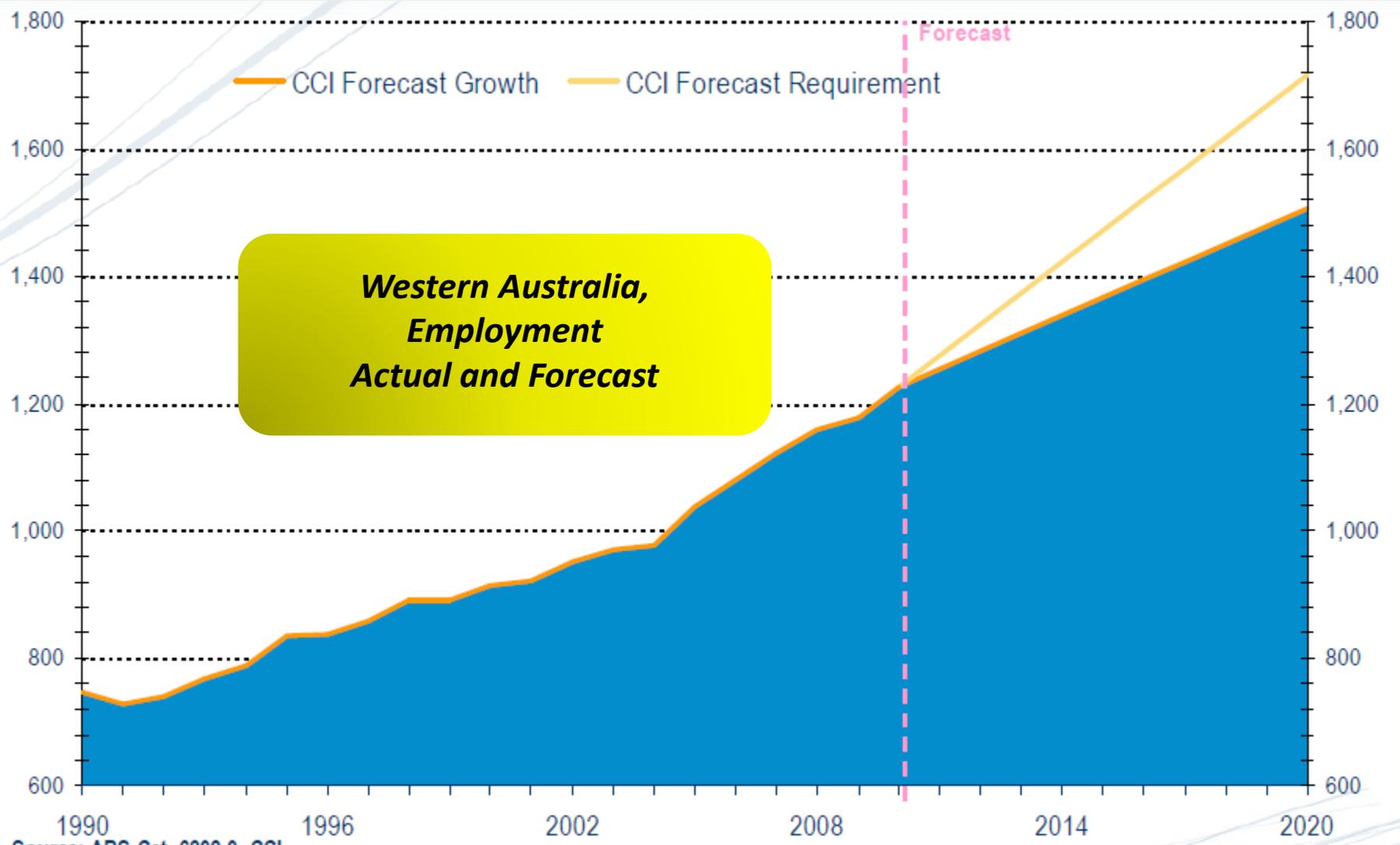
- **Significant increases in business investment in resource and related industries**
- **Employment Growth dominated by resources sector**
- **Labour shortage of 210,000 by 2020**







**Western Australia
Net Employment Growth
000s, Year to Dec 2010**



Source: ABS Cat. 6202.0, CCI



Who is benefiting from the Boom?

BENEFICIARIES:

- **Group 1 - Those with direct connection with Resources Sector and associated industries**

MISSING OUT?:

- **Group 2 - Those working in industries with no direct connection with Resources Sector**
- **Group 3 - Those living on fixed or vulnerable incomes - Casual workers, Centrelink beneficiaries, self funded retirees**



Three Tiered Community

- **Group 1** **Benefit if opportunities are used wisely**
- **Group 2** **Trying to Stay Connected
Warning Signs – Mortgage Stress
Individual or Family Crisis or Change
(Health, Employment, Relationship
Breakdown)**
- **Group 3** **Most vulnerable group, with many
indirectly many being harmed**



Who is benefiting from the Boom?

- **Up to 40% of the WA community could be in either Group 2 or Group 3.**
- **Income levels**
 - ✓ 1st quintile of income <\$500 per week
 - ✓ 2nd quintile of income <\$760 per week
- **Accommodation**
 - ✓ Stable, affordable accommodation decreases exposure to the worst of the consequences



4. Social Dividend



4. Social Dividend

Persistently disadvantaged groups are being hit hardest by the economic climate of WA – through rising living costs, and greater disconnection from the education, training and services that would support their capacity to participate and benefit from the boom.



The Social Dividend



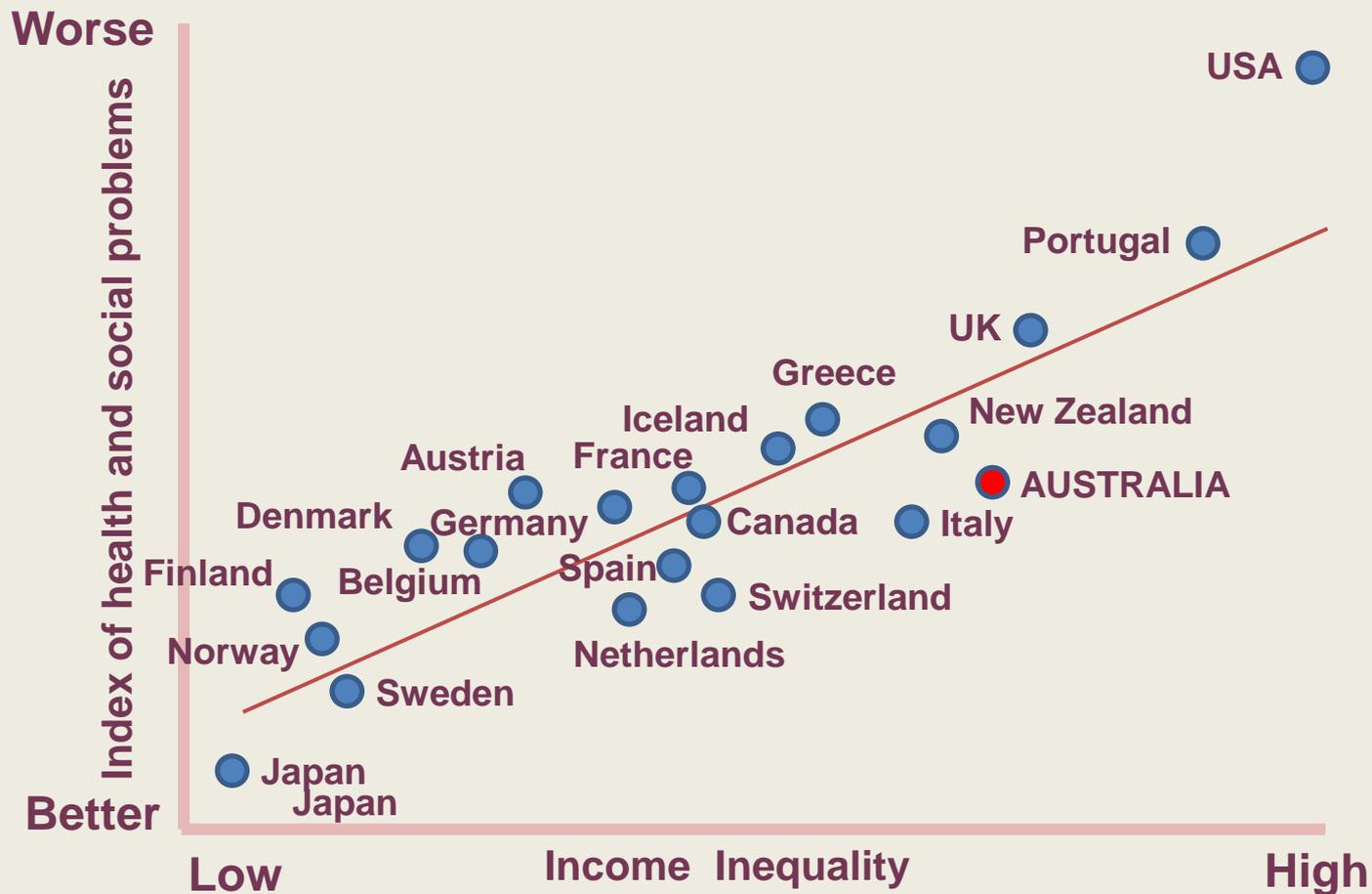
Those at Greatest Risk

Those at greatest risk of social exclusion and missing out on the social dividend include:

- Sole parents
- Jobless families
- Aboriginal people and Torres Strait Islanders
- People with disability and mental illness
- Seniors
- Low income earners
- People who are homeless or at risk of homelessness
- Migrants and refugees



Why equality is important



Source: Wilkinson and Pickett: *The Spirit Level* (2009)



Study Concluded

- **Equal societies always do better on most social parameter measures**
- **Greater the income discrepancy, Greater likelihood of:**
 - ✓ increased mental illness
 - ✓ Increased drug and alcohol abuse,
 - ✓ obesity and teenage pregnancy are more common
 - ✓ the homicide rate is higher
 - ✓ life expectancy is shorter
 - ✓ children's educational performance and literacy scores are worse.



Key Issues

- **Demand for community sector services is likely to increase despite strong economic growth**
- **Need to find better ways to share the social dividend from prosperity and stretch the benefits of the resources boom over a long period**
- **Redefining the role of the community sector in developing public policy settings that better target the most disadvantaged**



Key Economic Issues

- **Government policy needs to focus on those at greatest risk of social exclusion from the benefits of the boom**
- **Education and training may need to be focussed around industry growth areas to achieve aligned employment outcomes, targeted at youth**
- **Impact of deteriorating productivity is not getting attention because it is being offset by population growth and improved terms of trade ie the boom**
- **Detracts from the pressure to focus more attention and effort on jobs for long term unemployed and people with disabilities**



Emerging Issues – Political Policy

**Guest Speaker
Peter Kennedy**

Political

- 5. State - Cost recovery and efficiency*
- 6. Commonwealth – Crack-down agenda*

**Irina Cattalini
Director, Social Policy
WACOSS**



5. State – Cost Recovery & Efficiency



5. State – Cost Recovery & Efficiency

The State Government is pursuing a cost recovery policy agenda in some key areas of government expenditure – and a continued drive towards greater cost efficiency.

To counteract some of the negative impacts of this drive, they are also trying to identify potential structures to support the return of a social community dividend.

The implementation of the Economic Audit has seen a new collaborative approach to policy development emerging.

We also look to be moving to fixed term elections.



Cost Recovery Policy

One of the key agendas driving decision making in this space is the pursuit of cost reflective pricing

What is cost reflective pricing and how far should we take it?

The common approach considers different contributing costs (including profit margins) as a whole and allocates them to all consumers equally

BUT ... different consumer profiles and behaviour drive cost pressures in different areas therefore this approach is not truly cost reflective



Cost Recovery Policy

- **What are the community costs & benefits of this approach?**
- **How should we define cost reflectivity and reflect it in tariff structures?**
- **What goods should be provided by government on a cost recovery basis ie which services should the community pay the full costs for, how should they pay (direct pricing or indirect taxing) and why?**



Government Policy Settings on Affordability

- **Government reviews and Inquiries**
 - Concessions reviews
 - Inquiry into utility hardship
 - Inquiry into the affordability of Bottled LPG
- **Government Utilities Essential Service Hardship Interagency Working Group**
- **Government Retail Market Reviews**
- **Price rises – 50% over last 2 years**
- **Economic Audit Committee**
 - Recommended concessions review
 - Collaboration for policy outcomes



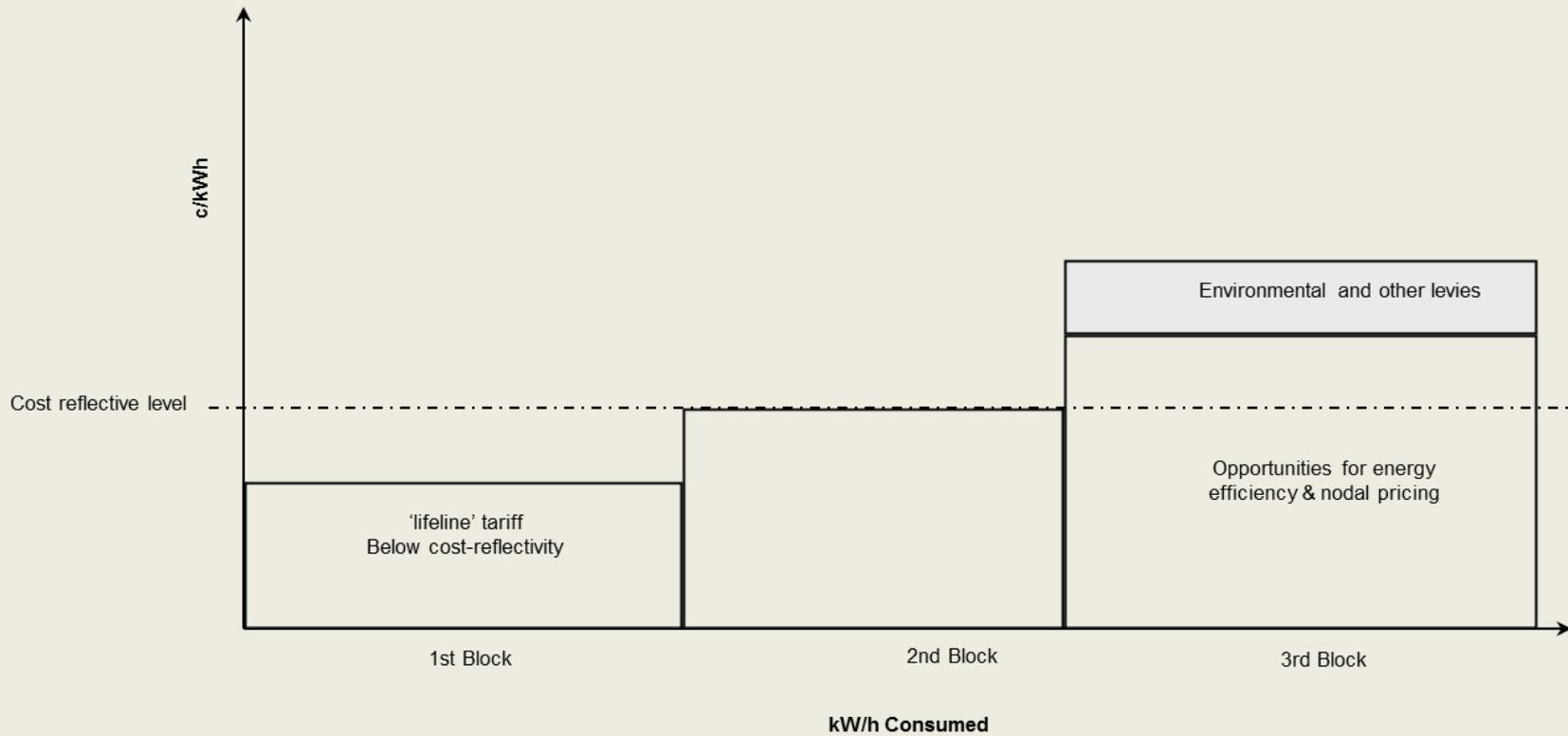
Tariff and Concessions Framework Review

- **The Office of Energy suggests infrastructure investment required over the next 20 years will cost:**
 - Generation - \$12 billion**
 - Transmission - \$7.5 billion**
 - Distribution - \$14 billion**
- **WACOSS is working in partnership with the OOE to consider what alternative tariff structures could be used to recover current and future costs equitably, while improving affordability and energy efficiency**



Tariff and Concessions Framework Review

Example of a Basic, 3-Tier Inclining Block Tariff (IBT)





State Government Commitment - Greater emphasis on social issues.....

- The next State Budget will be the people's budget..... with an emphasis on not-for-profit organisations and seniors.**

(Sunday Times 19 March 2011)



- **"We want them (not-for-profit organisations) to have a greater role in service delivery, but what we are saying is that the first step, leaving aside an increase in their role, is making sure that what they are doing at the moment is fairly recognised in comparison to similar services the Government delivers," Mr Porter said.**
- **"What we are doing is looking at the individual contracts and making sure not-for-profit organisations are receiving fair contract fees for providing those services." Christian Porter Treasurer**
- **Sunday Times 19 March 2011.**



Issues for next State Election

- **Delivering on the promise of sharing the benefits of the boom**
- **Demonstrating the Government's commitment to the social wellbeing of WA**
- **Strengthening the sustainability of the community services sector, and adequately funding it to meet the needs of the community**
- **Designing and delivering services through a real partnership**



The Move to Fixed Term Elections

- **Bill introduced to State Parliament to establish fixed 4 year terms**
- **Elections to be held every 4 years on the second Saturday in March, if the bill is passed, the next election will be held on the 9th of March in 2013.**
- **Provides certainty for electors, business community, offers more effective planning in parliamentary/policy process, removes partisan political advantage of manipulating election dates**
- **Bipartisan support for the bill which brings WA in line with most of the other Australian states and territories**
- **Will lead to one of the longest terms in WA's political history**



6. Commonwealth – Crack-down Agenda



6. Commonwealth Crack-down Agenda

- **Both sides of federal politics are pursuing what is being described as a ‘tough love’ approach to social policy**
- **Is the community losing more ground on an ethical and evidence based approach to social policy?**
- **What are the implications given the increasing power and remit of the Commonwealth on social policy and social services?**



Income Support

- **We have moved from further away from providing vulnerable and disadvantaged people with social security and social welfare – and towards payments and benefits**
- **Those payments and benefits are grossly inadequate, yet position people as a financial burden on taxpayers rather than valued members of the community deserving of dignity and respect**



Income Management

- **What happens when we are not prepared to accept the complex reality of social disadvantage and pursue silver bullet, blanket solutions?**
- **How will we measure the impacts of this approach over the longer term?**
- **What further discrimination, disempowerment and disadvantage does this risk entrenching over the longer term?**
- **And what gains that we have made through the apology and reconciliation agenda is being undone or undermined through this Commonwealth agenda?**



Tax and Transfer Debate

- **By ‘cracking-down’ on people who rely on income support, we are alienating and misrepresenting people in the media, and undermining community support for their wellbeing**
- **At the same time, the Commonwealth is ‘cracking-down’ on polluters and super-profits through the proposed Carbon Tax and Mining Tax – and flagging a Tough Cuts Budget**
- **How can we ensure that the revenue of a broader tax base is transferred equitably to people most in need? Are we positioned as a sector to influence these national debates?**



Commonwealth Powers

- **The Commonwealth is playing an increasing role in policy setting and funding, which is driving structural reform to social service delivery across Australia, including WA**
- **This ranges from GST and business deregulation to hospital and health reform**



COAG Reforms

- **COAG - peak intergovernmental forum in Australia, comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA).**
- **At its meeting on 13 February 2011, COAG concluded a Heads of Agreement – National Health Reform and discussed a National Strategy for Disaster Resilience, Regulatory and Competition Reform and a National Disability Strategy.**
- **Outcomes of the Council of Australian Governments Meeting - 13 February 2011, Canberra found at COAG website**



Commonwealth – State Financial Relations

- **PM's recent announcement of major review of GST**
- **Current arrangement is a disincentive for states to reform their own economies as the benefits could be lost through reduced GST revenue**
- **WA currently receives the lowest share of any State 72c, the next lowest is Victoria at 90c**
- **The WA Government has supported the review and wants a GST Floor**
- **A 75 cent floor, would mean that the State would retain an additional \$5.6billion in GST revenue over the next four years**



Commonwealth Health Reform -

- **Policy intent is to fix fundamental structural problem of hospital costs rising faster than the States can raise money to pay for them**
- **Without structural financing reform, rapidly rising health costs will overwhelm State and Territory budgets within the next few decades**
- **From 2014-15, the Commonwealth Government to increase its share of public hospital funding by funding 45 per cent of all efficient growth in public hospital services, increasing to 50 per cent in 2017-18**



Health Reform – Implications for WA

- **The Commonwealth agreement will deliver an extra \$351million of funding into direct services over the next four years**
- **Focus is on faster emergency department services, more elective surgery and more sub acute care beds**
- **It also means more complex contracting for not-for-profit service providers with health service agreements that are jointly funded by the state and Commonwealth (and the same is true for all other jointly funded services)**



Carbon Tax

- **Government's argues plan will cut pollution, tackle climate change and deliver economic reform
Australia needs to move to a clean energy future**
- **Two-stage plan for a carbon price mechanism starting with a fixed price period for three to five years before transitioning to an emissions trading scheme**
- **Carbon price commencing on 1 July 2012, subject to ability to negotiate agreement with a majority in both houses of Parliament and pass legislation this year**



Carbon Tax

- **Government has indicated that will use revenue raised to assist families with household bills, help businesses make the transition to a clean energy economy and tackle climate change**
- **The Prime Minister's climate change adviser Ross Garnaut has recommended:**
 - ✓ **a fixed carbon price of \$20 to \$30, rising by 4 per cent a year, suggesting an initial jump in household power bills of at least \$300 when a carbon tax is introduced.**
 - ✓ **\$5.75 billion worth of income tax cuts for low and middle income earners in the first year of a carbon tax**
 - ✓ **Be used to generate positive effects on income distribution as well as national productivity**



Mining Tax

The Australian Government is proposing a mining tax be imposed on certain parts of the mining sector – super profits

- **Projected to raise \$7.4 billion to cut taxes for small business, to invest in infrastructure and to cut the corporate (tax) rate**

State Government opposes the proposed tax as unfair to WA

The Tax raises most of its revenue from WA (65%) but this will be largely spent in the eastern states and will worsen the existing imbalance in Commonwealth investment in WA

The Greens are threatening to block the tax unless companies with annual profits over \$250m are exempted from the 1% reduction in the corporate tax rate



National Disability Insurance Scheme

- Productivity Commission draft inquiry report into Disability Care and Support was released on 28 February 2011 for comment.
- Current disability support system is underfunded, unfair, fragmented, and inefficient, and gives people with a disability little choice and no certainty of access to appropriate supports
- A new national scheme would provide insurance cover for all Australians in the event of 'significant' disability – and important decisions are pending on definitions and scope of coverage
- NDIS would fund long-term high quality care and support (but not income replacement). Around 360 000 people would receive scheme funding.



Housing Affordability

- The Australian Government has committed \$1 billion to the National Rental Affordability Scheme over four years to stimulate construction of up to 50,000 high quality homes and apartments, providing affordable private rental properties for Australians and their families
- This target and (funding levels) was flagged to be reduced to 35,000 as a result of the diversion of funds to accommodate Queensland flood recovery expenditure – however was reinstated following fierce lobbying from NRAS supporters
- This raises the question of how secure or vulnerable social programs are to changing economic contexts at the Commonwealth, and the need for the sector to be vigilant in maintaining support for such programs

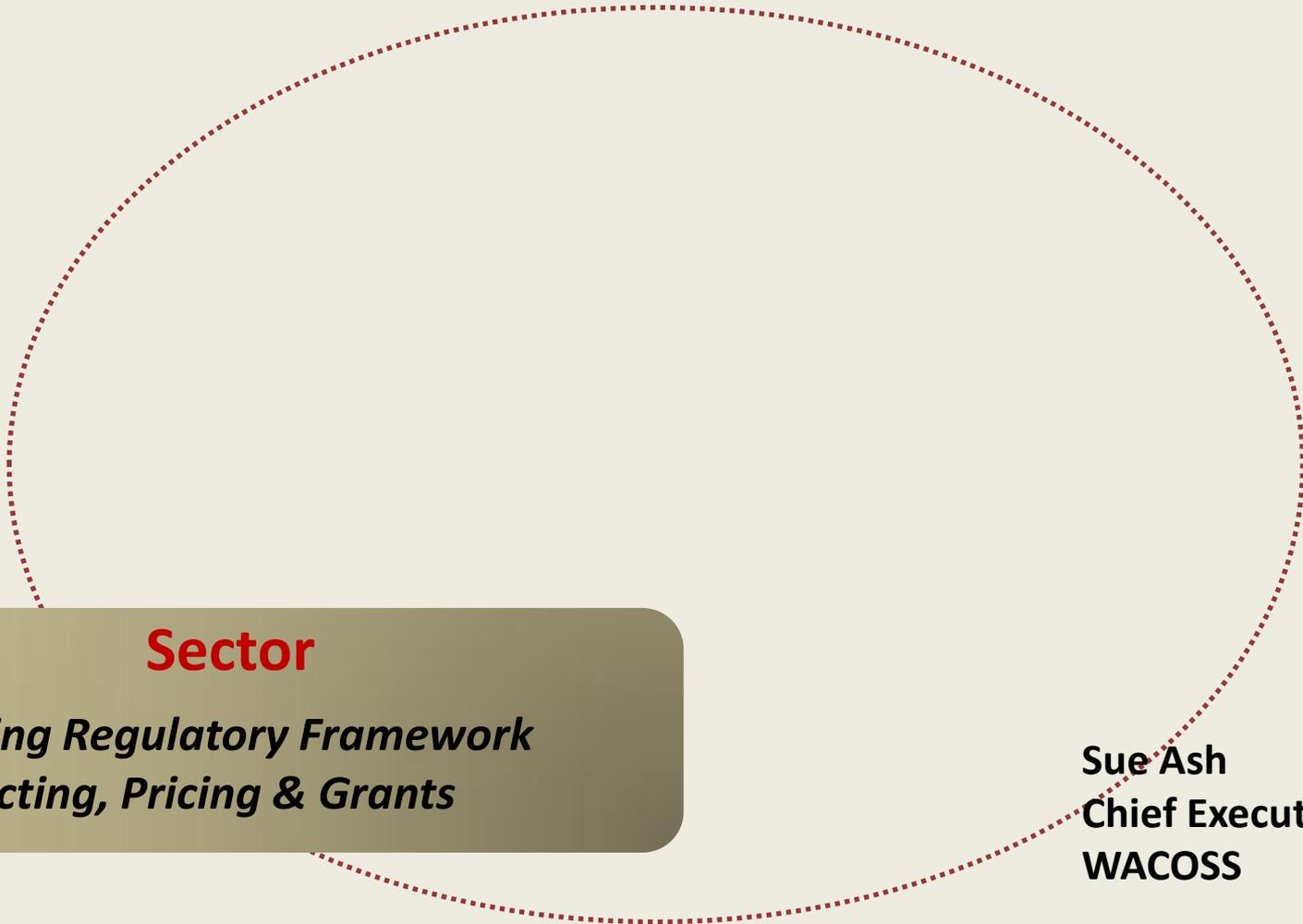


Building Resilience for Social Wellbeing Investment

- **Advocating the establishment of a long-term Sovereign Fund or similar strategy so that current economic wealth can be invested for the future**
- **We need to ensure that social investment is planned and sustainable not ad hoc and opportunistic**



Emerging Issues – Sector and Services



Sector

- 7. Changing Regulatory Framework**
- 8. Contracting, Pricing & Grants**

Sue Ash
Chief Executive Officer
WACOSS



7. Changing Regulatory Framework



7. Changing Regulatory Frameworks

The sector is faced with great challenges and great opportunity arising from the relationship with the State Government

The State Government's implementation of its Economic Audit agenda, has given the community services sector the opportunity to engage in a close relationship in order to progress our shared objectives.

New structures are being developed to implement these shared objectives, and are leading to changing regulatory frameworks. These include the new Partnership Forum, not-for-profit procurement policy and service standards, as well as a changing industrial relations framework.



Economic Audit Implementation Agenda

Partnership Forum has met four times and guiding reforms intended to deliver a true partnership relationship between the NFP sector and Government.

Key pieces of strategic work include:

- **Resolution of Funding Gap**
- **Procurement contract reform**
- **Social Innovation Grants**
- **Community Development Investment Fund**
- **Self Directed Services**
- **Community Hubs**



Building a sustainable community sector

Procurement reform

- **Delivering Community Services in Partnership Policy**
 - ✓ **Strengthening the Nature of the Relationship - involving the community and public sector in strategic planning/service design**
 - ✓ **Developing flexible Contracting Options - clarifying the appropriate types of contracting options for different services and procurement arrangements, including direct negotiation, preferred service providers and open tenders**
 - ✓ **Reducing the Administrative Burden - applying consistent practice in contracting, including standard templates, indexation and reduced reporting burdens.**



The challenge for organisations?

- How do we maintain the mission and purpose of our organisations in this context?
- Is it necessary to do business in a different way?
- Are there enough structures to support changes? E.g. Partnership Forum, Procurement reform and Funding Reform
- How well do we understand our own organisations and the costs of services we deliver?
- Are we ready to engage with the new pricing and procurement processes



The Challenge for the sector

- How do we as a sector organise ourselves in order to engage with the new paradigm?
- How do we represent the diversity within the sector?
- How do we support consumers with effective engagement at all levels in the service system?



Governance

- **Corporate Governance versus service governance**
- **Social Enterprise**
- **New national NFP regulator**



Priorities for consideration

- **Is my organisation ready to engage?**
- **Does my organisation have sufficient resources to engage?**
- **Is my organisation well enough connected to be able to engage with the implications of new national regulation?**



8. Contracting, Pricing & Grants



8. Contracting, Pricing and Grants

The State Government is currently considering adopting a new policy framework that will change the processes of funding community service through not-for-profit organisations in WA

Service Agreements + Grants = Funding



Understanding the sector

- **Payments to NGOs for service delivery total \$8.2billion nationally over 2009-2010 and the forward estimates, Payments in WA are ~\$550million.**
- **WA outsources proportionately more health and disability services to the community sector (in terms of funding) than other states, but outsources fewer child protection, community development, Indigenous affairs and housing services.**
- **As a result of the national agenda, many state government contracts are now jointly funded by the Commonwealth.**



State Government funding

Agency	Total 2009-2010 – 2012-13		
	Total cost of Services (TCOS) \$m	Payments to non govt \$m	Payments to non govt as % TCOS
Department for Child Protection	1,573	593	37.7%
Department for Communities*	209	84	40.4%
Department of Health	22,194	3,107	14.0%
Education agencies**	18,491	1,700	9.2%
Department of Corrective Services	2,396	225	9.4%
Housing Authority	4,232	732	17.3%
Department of Culture and Arts	556	145	26.1%
Department of Sport and Recreation	255	148	58.0%
Disability Service Commission	2,169	1,475	68.0%
Department of Indigenous Affairs	124	10	7.7%
<i>Total selected agencies</i>	52,200	8,218	15.7%
<i>Total selected government</i>	85,697		
<i>Selected agencies as % total as GG</i>	61%		



State Government funding

Agency type	Payments to not-for-profits as % of total expenses				
	WA	NSW	VIC	QLD	Average
Health	10.2	7.8	8.2	7.6	8.5%
Communities, Child Protection, Indigenous, Disabilities and Housing	34.8%	54.4%	48.0%	36.7%	43.5%
<i>Communities and Child Protection</i>	38.0%	57.7%	48.7%	36.7%	45.3%
<i>Disabilities</i>	68.0%	52.1%	55.8%		58.6%
<i>Housing</i>	17.3%		33.6%		25.4%
Sports, Arts and Culture	36.1%	22.9%			29.5%



Grant Funding

- **Grants will be outside the framework of the new procurement policy**
- **Definitions of grants vs service agreements needs to be agreed and maintained**
- **Grants will not be subject to indexation and price adjustments**



Emerging Issues – Sector and Services

Services

9. Preventative Services

10. Consumer - Directed Services

Sue Ash
Chief Executive Officer
WACOSS



9. Preventative Services



9. Preventative Services

The drive in demand for high-cost intensive and acute services, and the priority they receive in terms of financial investment, is leading to the neglect of preventative and early intervention strategies

With the economic position of WA, we should be investing in both



Preventative Services

Early intervention

Mental Health

- Nearly a quarter (24.3%) of Australian youth - people aged 12-25 years - have anxiety, affective or substance use disorders, and a variety of other mental illnesses.
- There are just over 1 million people aged 12-25 with a lifetime diagnosis of a mental illness who have experienced symptoms within the last 12 months (478,000 males and 526,000 females).



Preventative Services

Early intervention

Mental Health

- Australia faces substantial costs arising from mental illness in young people
- In 2009, \$10.6 billion cost for people aged 12-25
- \$7.5 billion (70.5%) of the cost is productivity lost due to lower employment, absenteeism and premature death
- A further \$20.5 billion cost for lost wellbeing (disability and premature death)
- Total cost is \$31,014 per person per year



Justice Reinvestment and Social Impact Bonds

- Form of preventative outcomes-based contracts
- Public sector pays for significant improvement in social outcomes, such as a reduction in offending rates, or in the number of people being admitted to hospital.
- Seek to attract private investment to pay for interventions and are delivered by proven service providers.



Social Impact Bonds

- **UK Model SIB aimed at reducing reoffending rates for short term prisoners (March 2010)**
- **Six-year SIB pilot scheme, approximately 3,000 short term prisoners, serving less than 12 months.**
- **Receive intensive interventions both in prison and in the community.**
- **Funding from investors outside government initially used to pay for the services delivered by Third Sector providers with a proven track record of working with offenders.**



Social Impact Bonds

- The NSW government is looking to commence a program in 2011
- Similar to public-private sector partnership investment - allow private investors to invest in non-government community service programs.
- If services meet agreed targets and deliver public sector savings - making a measurable social difference - then investors would receive a return on their investment.



Challenge for the sector

- **The sector needs to continue to drive the push for greater investment in preventative and early intervention strategies**
- **The Government has been showing positive signs of moving in this direction in mental health services, but showing resistance to this approach to justice services – and is continuing to drive costs into the prison system**



10. Consumer Engagement in Services



10. Consumer-Engagement in Services

The mission of community service organisations fundamentally come down to supporting individual who use or need social services.

We have an ongoing challenge to engage social service consumers in meaningful and effective ways.



Self Directed Services

Self Directed Services provide greater opportunities to individuals, families and communities to have a significant say in how services are designed and delivered, which is a break from the historical model of service provision

Major benefits include:

- **Providing individuals with greater control to make decisions about matters that affect their lives**
- **avoiding the ‘learned helplessness’ that government intervention can create**
- **improved outcomes for individuals by responsive service provision.**



In WA's Mental Health sector, self directed services are being pursued in these ways:

- **Person-centred and recovery focused: recognising the uniqueness of individuals, on one size fits all approach.**
- **Connectedness of services: with connections between the mental health system, GPs and the community sector etc.**
- **Investment in mental health: directing more funding toward early intervention, bringing money closer to the people with mental illness.**



Challenges for the sector

Engaging consumers in the services that they need may involve some or all of the following engagement strategies:

- **Service design**
- **Evaluation**
- **Quality improvement**
- **Professional development of staff**
- **Organisational governance**
- **Service delivery management**



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