



14 July 2017

Professor Stephen King
Commissioner
Productivity Commission Inquiry into Human Services
Level 12,
530 Collins St
Melbourne
Victoria 3000

Transmitted via email

Dear Professor King,

Re: Productivity Commission Inquiry into Human Services

The purpose of this submission is to provide Community Employers WA's (CEWA) brief comments on the draft report released in June 2017.

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 over 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 24,000 staff and are supported by over 10,000 volunteers. A list of our members is attached in Appendix 1.

Opening Comments:

We would like to thank the Commission for taking into account a number of our previous comments and including them in the draft report. We don't propose to comment on all aspects of the draft recommendations, however will focus on a few key areas of particular relevance to CEWA's objectives and the work of our employer members.

Draft Recommendation 7.2

We support the focus in the draft recommendations on achieving outcomes for service users, and incorporating these into the design on selection criteria. However, as previously highlighted in our earlier submissions, we remain keen to ensure that there is clearer acknowledgement of differentiating characteristics between NFP's and For Profits. Whilst we understand the Commission's desire to 'not discriminate', we are acutely conscious of the outcomes of similar reforms in other jurisdictions, where the NFP sector was effectively decimated. The UK is a well known example of this where changes to government policies in the 1990's resulted in major structural downsizing of the NFP sector and loss of service provision in many areas.

We concur that *'no organisational type has a monopoly on good, or bad service delivery'*, but see that as secondary to the primary motivation and driver of for profits being just that, to make a profit. This is a fundamental difference to the mission based NFP's who have a primarily civil society focused purpose and who effectively reinvest surpluses in the community.

Box 2.6 in the report does highlight the key differences in organisation types, however we question the comments that *'careful program design by stewards can harness these (motivations) in a manner that aligns providers and governments' objectives'*. The risk is that the design selection criteria and focus of the tender are highly unlikely to take into account the broader benefits to civil society of a strong and vibrant NFP sector. These go well beyond an individual contract, but once lost, will be very unlikely to be recreated. This is particularly relevant in regional areas where local involvement of the community and goodwill exhibited by many parties is even more important.

As such, we remain of the view that the differences between the NFP service providers and FP providers are of such a fundamental nature, that this needs to be more overtly acknowledged, as is the case in Western Australia under the Delivering Community Services in Partnership Policy. We would encourage the Commission to refer to that document and its focus on Community Outcomes and the valuable contribution of the NFP community sector.

Lastly, we concur with the recommendation for governments to *'allow sufficient time for providers to prepare considered responses'*, although note that this remains somewhat open to interpretation and thus at risk of being limited in its effectiveness.

Draft Recommendations 7.5 and 7.6

We welcome the recommendation of longer dated default contract lengths, and broadly support the rationale. We also support the recommendation to provide payments that reflect the efficient cost of service provision. Our concern however remains in the interpretation of this efficient cost, as is currently being worked through in the NDIS rollout.

One particular area of concern with longer dated contracts is the level of (or lack of) indexation. Historically that has been minimal across State and Federal governments and has been at zero in many instances. To have a funding commitment for seven years of fixed revenue, whilst paying wages and other expenses which rise annually, is unsustainable. In Western Australia, many NFP's are currently experiencing this with the Fair Work Commission's 2012, 9 year Equal Remuneration Order coupled with the annual wage cases, causing significant financial distress for many service providers. This year alone, those wage increases are in the order of 7% - against a flat revenue base. If this was to continue for 7 years, many organisations would not be solvent.

We would recommend that the comment in Draft Recommendation 7.6 be expanded to include a reference to appropriate indexation such that it reads *"That Australian. State and Territory Governments should provide payments to providers for family and community services that reflect the efficient cost of service provision, **inclusive of annual indexation.**"*

We thank you again for the opportunity to contribute and look forward to further dialogue when you visit Perth.

Yours sincerely,

John Bouffler
Executive Director



CEWA MEMBERSHIP AS AT 1 JULY 2017

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
Armadale Community Family Centre
Association for Services to Torture & Trauma Survivors (ASeTTS)
Asthma Foundation WA Inc
Australian Red Cross WA
Avivo
Baptistcare
Beehive Industries of WA
Black Swan Health
Bluesky Community Group
Brightwater Care Group
Bunbury Community Legal Centre
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 Legal Centres Association (WA)
Community Vision Inc
ConnectGroups
Consumer Credit Legal Service WA Inc
Consumers of Mental Health WA
Contenance Advisory Service of WA
Cyrenian House
Derbarl Yerrigan Health Services Inc
Employment Law Centre of WA
Enable WA
Escare Inc
Ethnic Communities Council of WA
Ethnic Disability Advocacy Centre
Family Support WA Inc
Financial Counsellors Association of WA Inc
Fremantle Multicultural Centre Inc
Fremantle Women's Health Centre
Goldfields Individual and Family Support Association
Good Samaritan Industries
Gosnells Women's Health Service
Headwest
Health Consumers Council (WA) Inc
Helping Minds
Holyoake The Australian Institute For Alcohol & Drug Addiction Resolutions
Hope Community Services
Identity WA
Inigo Junction
Interchange
Ishar Multicultural Women's Health Centre Inc
Key Assets WA 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
MIFWA
Mission Australia
Mosaic Community Care Inc
Multicultural Services Centre of Western Australia Inc
National Disability Services WA
Ngala Family Resource Centre
Nulsen
Outcare
Palmerston Association Inc
Parkerville Children Youth Care Inc

Pathways Southwest
Pat Thomas Memorial Community House Inc.
Patricia Giles Centre
Peel and Rockingham Volunteer Resource Centres
Peel Community Living
People with Disabilities (WA)
Relationships Australia (Western Australia) Inc
Richmond Wellbeing
Rise Network
Rocky Bay Inc
Ruah Community Services
Sexual Health Quarters
Shelter WA
Silver Chain
South Coastal Women's Health Services
South West Refuge Inc
Southcare Inc
Southern Cross Care (WA) Inc
Southside Care
St Bartholomew's House
St John of God Outreach Services
St Patrick's Community Support Centre
St Vincent de Paul Society
Sudbury Community House Association
Swan City Youth Service
Technology Assisting Disability WA
Tenancy WA
360 Health
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
Vincentcare
Visibility
Volunteer Task Force Inc.
WA Blue Sky Inc
WA No Interest Loans Inc.
WANADA
Wanslea Family Services Inc
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 and Family Services
Yaandina Family Centre
YACWA
YMCA Perth
Youth Focus
Youth Futures WA