



Australian Council of Social Service

Funding uncertainty hurting Australia's Community Sector

Funding uncertainty and inadequacy is widespread across Australia's community sector. It has been driving high levels of unmet demand and undermining the capacity of the sector to meet effectively the needs of people experiencing poverty and inequality.

The latest [Australian Community Sector Survey](#), released in early December, revealed that 80% of frontline agencies are unable to meet current levels of demand with the resources they have. Yet, the Federal Government is pursuing its policy agenda of reducing funding for social programmes, with full implications expected to become clear in the new year.

The survey found that 87% of respondents were expected to deliver continued activities under a contract or funding agreement that was yet to be finalised. 62% reported that they had not extended staff contracts due to uncertainty about funding; 34% stated that they had delayed filling staff vacancies; and 35% had delayed recruiting staff.

Australia's community welfare sector plays a vital role in the wellbeing of our community. It contributes 5% to Australia's GDP and 8 % to employment annually, employing 919,000 staff and facilitating the participation of 2 million volunteers.

As the peak national body, ACOSS is continuing to lobby the Government against funding cuts to much-needed community services; and on the urgent need to guarantee a minimum of 12 months secure funding for existing organisations, while a new funding round is undertaken. We are also insisting that new contracts are finalised at least 6 months prior to the end of existing contracts, in accordance with good governance and risk management principles.

With 2.5 million people living below the poverty and services struggling to meet high levels of demand for assistance in the midst of rising unemployment and an economic downturn – now is NOT the time for the Commonwealth to withdraw crucial social community programmes and services.

Funding cuts in 2014 Budget

The Federal Budget 2014-15 included a range of proposed changes to social security payments and social welfare and health services and supports. These announcements were made even before the findings of a national review of the welfare system and the National Commission of Audit.

In theory, both the Commission of Audit and the Welfare review should have offered constructive opportunities to review the Government's role in, and responsibility for, providing social services and income support. However, key elements of these processes served to undermine community sector trust in the Government's commitment to delivering an evidence-based and fair policy program.

In particular, the announcement of considerable changes to social security policy in the Budget, prior to the release of the final report by the Welfare Review, created a sense that the measures were



driven by budgetary rather than policy imperatives; and had not adequately taken account of the concerns conveyed by the community sector.

Unfair Budget

ACOSS' 2014-15 Budget Analysis of savings and revenue measures estimated that 52% of the major savings proposed in the Budget would adversely affect low and middle income earners, compared with only 15% that would impact high income earners. Key Budget measures likely to affect low and middle income households included:

- Removing income support for young unemployed people for 6 months each year;
- Restricting access to Newstart to those over 25 years of age;
- Restricting access to family payments for sole parents with children over 5 years of age;
- Freezing family payments;
- Lowering the indexation of pensions;
- Deferring eligibility for the Age Pension to 70 years of age;
- Tightening eligibility for the Disability Support Pension; and
- Introducing a \$7 Medicare co-payment for GP visits.

Summary of cuts to social services

In addition to measures directly affecting people living with low and mid-ranging incomes, the Federal Budget culminated in significant funding cuts for critical social and community services. Services for Aboriginal and Torres Strait Islander people, community legal services, housing and homelessness services and community advocacy particularly affected.

- Budget cuts to service funding under DSS are forecast at \$240million over 4 years
- The Federal Budget condensed 18 Department of Social Services discretionary grant programs into 7.
- The 'Administered Programme Indexation Pause' froze indexation on grants payments until 2017, resulting in a further funding reduction amounting to an estimated total of \$165 million over 3 years.
- Other programs through which community services are provided are also affected, such as through the funding reforms that established the Indigenous Advancement Strategy (see further below).
- Similarly, throughout 2013 and 2014, a number of national sector peak bodies were defunded, including:
 - The Alcohol and Drug Council of Australia
 - The Refugee Council of Australia
 - The Australian Youth Affairs Coalition
 - The National Congress of Australia's First Peoples



Aboriginal and Torres Strait Islander services

The Budget withdrew almost half a billion dollars in funding for Aboriginal and Torres Strait Islander programs over 4 years, including through the consolidation of 150 diverse programmes into only 5 under the Government's new 'Indigenous Advancement Strategy'.

Of particular concern was the \$169.2 million reduction in funding for Aboriginal and Torres Strait Islander Health services and the discontinuation of funding for the National Congress of Australia's First Peoples.

Legal Services

The Budget also confirmed cuts of \$15 million in 2014-15 from federally funded legal assistance, including Community Legal Centres, Family Violence and Prevention services, and Legal Aid. These cuts specifically targeted access to justice and the capacity of legal services to inform evidence-based policy and undertake advocacy activities, for example through removal of funding for the National Aboriginal and Torres Strait Islander Legal Services (NATSILS).

Similarly, throughout 2013 and 2014, a number of national sector peak bodies were defunded, including the Alcohol and Drug Council of Australia, the Refugee Council of Australia, the Australian Youth Affairs Coalition, and the National Congress of Australia's First Peoples. These organisations make a vital contribution to developing the structural reforms necessary to improve social and economic outcomes for all people in Australia; and working with Government to support the participation of people and communities in this critical processes.

Housing and Homelessness services

Finally, the Federal Budget reduced overall investment in affordable housing and homelessness services and failed to provide long-term funding certainty for key programs. Specifically the Budget reduced funding to the National Rental Affordability Scheme, resulting in the loss of 12,000 dwellings; and provided no commitment for future funding. Similarly, while funding for the National Partnership Agreement on Homelessness (NPAH) was extended for 12 months, there was no guarantee of future funding.

Indeed, at the time of writing, the future of the NPAH beyond June 2015 remained unclear, with dire consequences for homelessness and domestic violence services, who have no capacity to plan how best to support people out of homelessness through anything other than a crisis-driven approach.



National Disability Insurance Scheme (NDIS)

Throughout 2014 a number of other reforms to the way that social services are delivered, some of which were commenced under the previous government such as the National Disability Insurance Scheme (NDIS), had a significant impact across the service system. For example, in the implementation of the NDIS, it was expected that 'core' services such as health and education would provide access and support to people eligible under the scheme.

ACOSS' network reported that this had not happened consistently, leaving some people unable to access services covered by the scheme. Similarly, changes to the funding and delivery of employment services through Job Services Australia and the Disability Employment Service have continued the trend towards greater contestability in tender processes, increasing the numbers of for-profit service providers and the crowding out of small, specialist service providers from tender processes and service delivery.

The cumulative effect of these policy and funding changes has been a climate of uncertainty and concern about the integrity and future of essential social and welfare supports and services for people experiencing poverty and inequality in Australia.

ACOSS Recommendations to improve funding certainty for community services:

- Guarantee a minimum of 12 months secure funding for existing organisations, while a new funding round is undertaken
- Ensure that new contracts are finalised at least 6 months prior to the end of existing contracts, in accordance with good governance and risk management principles
- Ensure that there is advance notice of at least 6 months of service procurement processes
- Where there are significant changes to the size, scope or nature of services tendered, ensure that there is clear and open consultation and collaboration with services concerning program design and service outcomes
- Support and encourage services to engage service users in service design and evaluation
- Ensure any funding or tendering process preferences the options of direct negotiation or select tender, with open tender processes only being used in circumstances where clear benefits for competitive processes can be demonstrated
- Ensure contracts operate with a presumption of a minimum of 5 years funding
- Ensure no contracts proscribe organisations from participating in independent research, policy development and public debate, including advocacy
- Provide for industry assistance, including transition funding, and job transfers to reduce the risks of increasing unemployment, and the loss of the expertise and skills of the existing workforces
- Ensure there is adequate provision for redundancies for staff affected by changes in service procurement.