



## ***Strong Community, Healthy State.....the evidence***

### **Introduction**

There has been immense pressure for the non-Government community sector to develop and implement a workforce strategy that is situated within the current models of funding and service that not only **attracts a suitably qualified workforce but retains them through attractive remuneration, conditions and scope to further their careers.**

The current purchaser-provider competitive tendering model has resulted in negative impacts upon recruiting staff, skills development and staff retention, but more critically is starting to affect the quality of service that the sector delivers now and will have the capacity to deliver in the future. Poor wages and conditions are indicated by a majority of the community sector as the major stumbling block to attracting suitably qualified workers, retaining them and developing the capacity of the sector to address the growing needs of our aging population.

An integrated and consistent sector development and funding model needs to be developed that encompasses societal need coupled with a strong sector development focus that has the dual capacity to attract and retain quality workers while also delivering high quality services to vulnerable and disadvantaged South Australians.

### **Funding to the community Sector**

In 2006/07 SACOSS commissioned a series of reports from the SA Centre for Economic Studies(SACES) into the 'Input Cost' Index<sup>1</sup> for NGO providers. The first report found that

- **there had been no increase in annual funding under the previous government** in the period that was analysed within the paper (1997-98 to 2001-02), with only an annual 3% rise since the current government came into power.
- **that in 2002-03 to 2004-05 amounts of real funding fell by 15%** when compared to the amount of real funding provided in 1997-98. This reduction in real funding to the community sector is accompanied by a rise of input costs of 3.0% (Hancock & Kosturjak 2006).

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<sup>1</sup> The labour price index was only instituted relatively recently (2001-02) therefore the SA Centre for Economic Studies had to approximate the non-wage elements of this study to create a bigger picture and a longer time series for this study.

Transfers as a proportion of total health expenses for 'health' and 'social security and welfare' purposes fell by 10.3 per cent in 2001-02 to 8.4 per cent in 2004-05. This is an indication that expenses for the health and social security and welfare sectors has been growing faster than the rate of 'real funding' from the state government. Total transfers fell by 1.2 per cent in the same period.

### **Effects on the community sector**

The most recent report by the SA Centre for Economic Studies released in February 2007, which was also commissioned by SACOSS, studied six community sector organisations to compare rates of government funding set against the cost of delivering services to the community.

The participants in the study indicated that the reduction in funding coupled with a lack of attractive conditions and remuneration has made it increasingly difficult to not only attract suitably qualified and passionate employees to the sector but also to retain them. Conversely, the State Government attracts similarly qualified and skilled employees through attractive remuneration, attractive conditions and a comprehensive workforce development strategy that enables growth, movement and workforce retention. This iniquitous dichotomy where the public sector is a more attractive employment option than the community sector is an untenable situation which will lead to further cuts in the community sector workforce, cuts to the work that organisations are able to perform **and eventually will have a social cost in services ceasing to exist for the disadvantaged in South Australia** (Hancock et al 2007).

According to the report, the cuts to funding over the past ten years have been significant and have lead to:

- **a reduction in the services** that can be offered to the client groups of the participating organisations
- **the feasibility of future operation was not guaranteed** for some organisations because they have had had their funding cut to such a degree

Additionally it was found that **organisations who have suffered severe funding cuts from the state government have not seen a decrease in client demand**. Therefore, people are being turned away from services that they need to survive.

To ascertain the scope of how reduced funding is affecting the community sector, ACOSS released the 2006 Community Sector Survey. Out of the 215 community services agencies in South Australia that were surveyed at least **28,504 people had been turned away from accessing services due to the services being at full capacity** (ACOSS 2006).

Further to this, Carson et al (2005) in '*Careers at the Coalface? The community services workforce in South Australia*', found in their study, which mapped the scope, wages and conditions of the community sector that participants raised concerns over the gradual reductions in state Government funding coupled with poor wages and conditions that are known to be culminating in instability within the sector and in particular the inability to retain and develop current workers. **So what do these gradual changes in funding and service models coupled with an iniquitous employment system mean for the vulnerable and disadvantaged in South Australia?**

### **Effects on social cohesion**

The community sector in South Australia faces increased responsibility and regulation coupled with reduced funding, increased competition through the tendering process, a shortage of volunteers, an ageing (mainly female) population, longer hours, increased demand and low pay. This current situation will undoubtedly lead to further marginalisation of those in society who least can afford any further disadvantage. **The vulnerable will be increasingly excluded from necessary social services** which will lead to tens of thousands of people not receiving the services that they need and further contributing to the societal divide between the have's and the have not's. In order for true social inclusion and social cohesion to occur, the South Australian Government must provide a firm commitment and financial underpinning for an appropriate and holistic system of social service that not only satisfies societal need but is also comprised of a skilled and committed workforce and a working environment that attracts the best, most passionate and most qualified workers.

### **Conclusion**

The challenge for the community sector in the current economic and social environment is to continue to build, and succeed in retaining, a skilled and dedicated workforce to provide services that meet the expectations of both the community and the government. **Real government funding has continued to fall despite the costs of service and consumer demand rising steadily.** This reduction in funding has created instability and budgetary restraints which has created a working environment which is not attractive for potential employees or existing employees. This has been identified consistently as the major barrier to employee retainment and workforce development. The social impacts of these budgetary, workforce development and service delivery barriers rest with the most at risk and vulnerable adults, families and children. **To effectively address the needs of this group it is imperative that the community services sector is able to recruit and retain the most skilled, passionate and qualified staff available.**

### **References**

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