



**SACOSS**

*South Australian Council  
of Social Service*

**Alternative Employment Models  
in the South Australian Community Sector:  
Towards a Sustainable Workforce**

**SACOSS Information Paper  
June 2010**

*Alternative Employment Models for the South Australian Community Sector:  
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## Purpose and Process

This project began in discussions in the Strong Community Healthy State campaign working group, and then with that group and the Minister for Families and Communities in 2009. Arising from those discussions was the identification of three areas necessary for strengthening the community services workforce – and therefore community service delivery in South Australia.

The three areas identified as needing real attention were:

- low wages in the sector
- training and skills formation in the workforce
- staff attraction and retention.

The first of these issues is currently being addressed through award negotiation and the Australian Services Union federal pay equity case. The second is being dealt with in part through another project exploring training issues being undertaken by SACOSS and other initiatives by the Skills Board (eg the development of an industry workforce action plan), although there remains a need for further work in this area. Given this, the Minister funded this project to look at the third area, the attraction and retention of staff.

While this paper necessarily trespasses onto the other areas, its purpose is to explore alternative employment models and initiatives for use within the community services sector in South Australia, to ascertain what role they can play in strengthening the sector and improving workforce attraction and retention. There will be a particular focus on alternative work patterns, contract terms, leave and redundancy conditions, but obviously the results of the research and any recommendations need to be seen in the wider context of the other strands of work noted above. In particular, in relation to staff recruitment and attraction, further work will be needed particularly in relation to training and career development and job design.

In order to create a resource that is useful for both the sector and government in informing future discussion, action and engagement, the project needed to involve the sector. For this purpose a reference group was established, which discussed and provided feedback on two early drafts of the paper. Representatives were specifically drawn from the following parts of the sector:

- Association of Major Charitable Organisations
- SACOSS Policy Council
- An academic perspective
- The South Australian Department for Families and Communities
- The Australian Services Union

The paper has benefitted from the consideration and comments of these groups, but SACOSS remains ultimately responsible for the content and recommendations in the paper.

## Executive Summary

The community services sector in South Australia has seen extensive growth in recent decades, in part due to government outsourcing to non-profit organisations the delivery of a range of community services. In choosing community service organisations to deliver these services, the government is not abandoning responsibility for their provision. It simply is choosing (for economic, ideological and/or management reasons) a particular mechanism for the service delivery. It is a choice that provides particular benefits for government in terms of service delivery, flexibility and risk management, but it does not remove what is a legitimate community expectation that ultimately the government is responsible for seeing that proper services are delivered effectively. Problems that have major impacts on service delivery, like the attraction and retention of staff in the community services sector, are therefore of importance to government as well as community organisations and their clients.

The community services sector in South Australia faces myriad challenges in the attraction and retention of staff, with surveys by ACOSS and by Carson, Maher and King suggesting the key reasons for this are:

- Low wages (relative to other sectors and the government)
- Workload pressure (contract guidelines, burnout, lack of leave entitlements)
- Job insecurity (incorporating short-term tenure, lack of training and career paths, etc).

These are all symptoms of an employment model characterised by a highly feminised and contingent workforce – an employment model which is itself underpinned by a funding model heavily reliant on contracts that are increasingly short term (many less than a year) and project driven. Figures show that over three-quarters of community service organisations in South Australia have government as their primary source of funding, but that more than half of those who are reliant on state government funding are reliant on short-term, non-recurrent contracts (ACOSS, 2010).

This paper explores ways in which government service-purchase contracts can be used to improve the community sector employment model. This could be done through the tendering and contract processes to deliver minimum standards as well as longer term core funding. These measures would address key issues of job insecurity and workload pressures. The wages issue is the subject of the Australian Services Union's current national pay equity case and is therefore not pursued in this paper, beyond noting its importance and that in principle there is no reason why pay levels in the community sector should be below the equivalent level applicable if the service were being provided by government.

Despite this focus on the funding model as the key underlying problem that needs to be addressed to improve staff retention (lest we simply focus on the symptoms and not the cause of the problem), the paper also considers a number of initiatives which, even within the constraints of a highly contingent workforce, could increase the ability of community organisations and the sector as a whole to attract and retain staff. Allowing for greater flexibility through creative job design could assist in addressing workload pressure, "group employment" may expand training opportunities while providing pathways for injured workers to return, and providing (sector-wide) incentives such as portable long service leave, paid parental leave and cultural leave could all make it easier and more appealing for some of the sector's most relevant employee groups to be able to work.

## Recommendations

1. The initial goal for improving staff attraction and retention in the sector should be to reduce staff turnover to (at least) the level of other relevant industries.
2. Government budgeting processes and forward estimates need to:
  - a. Ensure funding for higher pay in the sector, and cover any increased costs flowing from the current national pay equity case;
  - b. Allow for bargained pay and conditions increases over time; and
  - c. Index contracts to cover annual increases in the cost of service provision, with the indexation based primarily on the Wage Cost Index (rather than the Consumer Price Index).
3. Government tenders should include baseline minimum standards for (and therefore promote and fund):
  - a. Improved salary and conditions offered to staff;
  - b. Evidence of compliance with occupational health, safety and welfare expectations in accordance with relevant statutory requirement, particularly insofar as these relate to employee representation and consultation; and
  - c. Agreed levels of staff training and professional development.
4. Government service-funding contracts should:
  - a. Primarily offer five years of guaranteed program funding to community service organisations;
  - b. Where renewable, should include terms providing for standard six months' notice if funding is not going to be renewed;
  - c. Allow for creativity and flexibility in job design and work conditions, with permanent part-time work favoured over the more contingent forms of casual and short-term contract work;
  - d. Incorporate funding for a redundancy payment to staff employed under the contract where the funding contract spans less than three years;
  - e. Ensure that wage levels and staff classifications which are explicit or implicit in a contract are adequate to cover appropriately qualified staff at a level equivalent to employment in the public service;
  - f. Be set at levels to ensure realistic workloads and to cap and enforce sustainable workloads for staff.
5. A task force should be established with a view to designing a Portable Long Service Leave system for the community services sector that meets key criteria.

6. Paid parental leave should be supported as a contribution to staff attraction and retention, and other family-friendly initiatives considered.
  
7. Areas for further research and development in relation to attraction and retention of staff include:
  - a. the recognition and provision of cultural leave for workers from cultural and linguistically diverse groups; and
  - b. the viability and potential demand for group employment and training schemes.
  
8. As follow-up of the recommendations of this report:
  - a. The Minister for Families and Communities is asked to provide a formal response to the recommendations in this report to the Strong Community Healthy State Working Group, preferably within three months of the provision of this report, in order to support ongoing dialogue.
  - b. Twelve months after the provision of this report, the Strong Community Healthy State Campaign Group should reconsider the recommendations in this report to:
    - identify any progress toward each recommendation; and
    - make any further recommendations necessary for progress of the recommendations or to address staff attraction and retention issues more broadly.

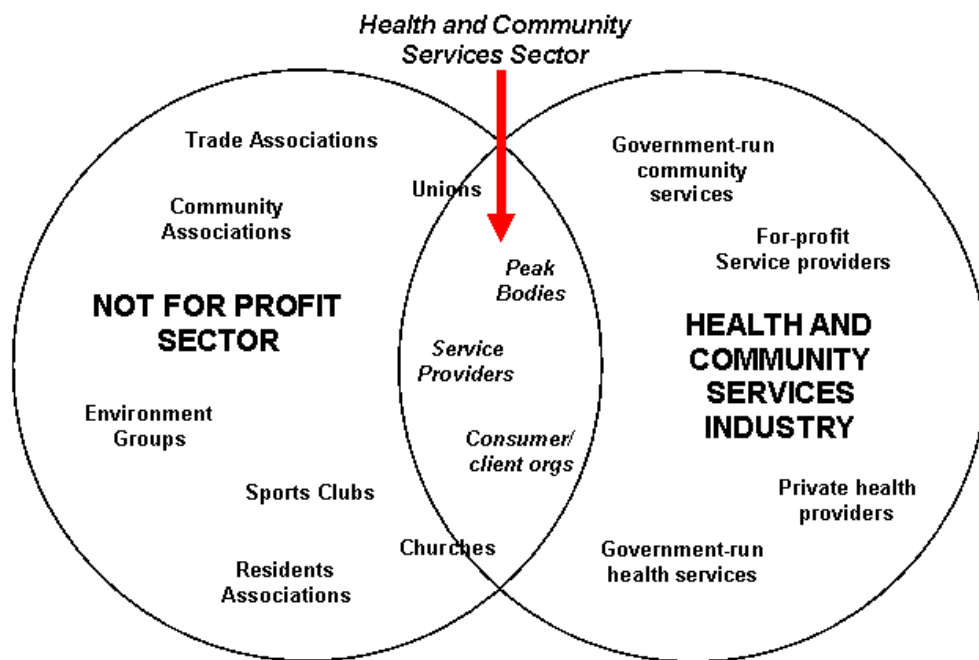


# Introduction

## *The role of the community sector in delivering services*

The community services sector, at least as it is defined in this paper, includes those involved in the *not-for-profit provision* of social services to the community including (but not limited to): child care; personal support, counselling and advocacy; community services and development; family services, disability services, residential aged care; housing services and crisis accommodation; employment services; and various forms of financial and material support. This definition largely follows data and definitions in the two key quantitative reports on the South Australian community sector: Carson, Maher and King (2007) and the annual Community Services Sector Survey conducted by the Australian Council of Social Service (ACOSS) (noting that the taxonomy in the later has changed over time). Defined this way the sector is much narrower than the (Australian Bureau of Statistics defined) health and community service industry of which it is a part. The broader sector incorporates state and private industry service providers, while the community services sector is also a part of the larger not-for-profit sector. The place of the community services sector can be seen in the following diagram.

**Figure 1: The Community Sector**



These distinctions are crucial to understanding the dynamics of the community services sector, and in turn, the issues relating to the attraction and retention of staff – not least because of shifts in service provision between government and the community sector. The welfare state that grew in the twentieth century took on the universal provision of many services that had previously been provided on a smaller scale by charities. With the crisis of the post-World War II welfare state and the rise of neo-liberalism from the 1970s there has been an outsourcing of a range of government services. This contracting out of government service provision has seen a range of charities, consumer groups and private businesses successfully tendering to deliver services on behalf of government and the community.

There are also a range of substantive and important benefits in non-government provision of community services. ACOSS has summarised ten benefits, including potentially greater trust and faster and more effective engagement with marginalised individuals, more responsiveness to emerging needs, empowerment through participation of clients in management structures, and the building of social capital through community involvement (ACOSS, 2009, p. 12).

This process of outsourcing, coupled with an increased recognition of needs for different services, has seen a huge growth in the community services sector over the last few decades, but this should not be seen as a return to a nineteenth-century model of the state and service provision. In tendering out service provision, government is simply making a choice about a service delivery mechanism (via community organisations rather than direct state provision). It is not abandoning its responsibility for that service provision. Thus, where issues like staff shortages or high staff turnover impact on service delivery, it is necessary for government and the community sector to work towards solutions that can result in better services to clients.

### ***The sector “employment model”***

As will be seen below, issues of staff shortages and high levels of staff turnover do have impacts on service delivery and the sector, but to understand such issues it is first necessary to look at the employment model underpinning such staff dynamics. The traditional model of employment in Australia, at least throughout the last century, has been based around the use of full-time workers – usually male. However, the employment model in the community services sector is at times very different to this traditional model.

The employment model in the community services sector can be defined as contingent, feminised and embodied.

The contingent nature of the employment model is in part defined by the high level (35% of the community sector workforce in South Australia) of workers with insecure tenure (fixed term or casual employees) (Carson, Maher and King, 2007, pp.86-87). With a further 43.9% of the workforce employed in ongoing part-time jobs, this left only 22% of workers in the SA community sector in ongoing full-time employment - a long way from the traditional (male) full-time work model.

Behind these raw figures is the fact that 82% of managers and 76% of indirect support staff (administrative, maintenance, payroll, IT, HR) were employed on an ongoing basis, while only four out of every ten jobs in professional occupations (including occupational therapists, social workers, project officers) and direct client support occupations (which accounts for 80% of the jobs overall) were casual or fixed term. What this suggests is not just a model with comparatively large numbers of workers in contingent employment, but an employment model with core (full time and/or ongoing) “organisational staff” and a large number of contingent service providers.

The employment model is also heavily gendered - both in terms of the high numbers of women working in the sector and the devaluing of traditionally female “soft” skills. Women are greatly overrepresented in the community services sector in general, with 87% of the community sector workforce nationally being women (ASU 2007, p.11, ACOSS 2010). In South Australia, women account for only 46% of the labour force generally, yet the community sector workforce in the state is 79.3% female (DFEEST, 2009).

Service provision in the sector is also defined by a high level of “embodied labour” – that is, labour (or aspects of labour) which is unique to the particular person and cannot simply be replaced by another person. The provision of services like counselling or other personal care in the community sector also has embodied in it relations of trust, familiarity, memories of previous conversations, and personal knowledge of client circumstances. Whether it is the disability carer taking an interest in a client’s family, the shelter worker knowing the health circumstances of a regular visitor, or the social worker who has earned the trust of their client, these connections are built by personal relations from time spent together and are embodied in the particular staff providing such services. Trust and family relations can’t simply be handed over to new staff, so staff turnover not only disrupts the logistics of service delivery but means that in many cases the quality of those services is diminished.

Perhaps not as central to the model as contingency, gender, and embodiment, but of importance nonetheless, is that the age profile of the workforce in the sector is older than average in the wider workforce. Some 45.8% of workers in the broader health and community services industry in SA are aged 45 to 64 years, compared with an all industry average of 37.3%, and the number of 15-24 year old workers in the health and community services industry is 7.2% lower than the industry average (DFEEST, 2008). At a minimum this suggests a difficulty in attracting in new workers to the sector, and highlights a need for strategies aimed at retaining some of the sector’s most experienced workers and avoiding early retirement.

***The attraction and retention problem***

A study of South Australian community service agencies identified recruitment and retention as a significant difficulty for the community sector, with a majority of respondent agencies reporting they often have to fill vacancies with staff with less qualifications or experience than is needed. (Carson, Maher & King, 2007). Similarly, ACOSS’s 2009 survey of the community sector found 64% of respondent organisations had trouble attracting appropriately qualified staff. While many industries may also have trouble with skill shortages, the problems are particularly acute in the community services where turnover rates are higher than average across all Australian industries.

**Figure 2: Staff turnover rates**

Year	Community Services Sector Australia-wide %
2008-09	29.1
2007-08	15.9
2006-07	19.2
2005-06	14.3
2004-05	15.9
2003-04	16.3

*Source: ACOSS surveys (2004-10)*

The data from year to year is not a directly comparable time series because of different data sets, but the ACOSS surveys cite an average staff turnover rate of between 10-12% for all industries for most years, although one different survey suggested the overall rate was much higher - 18.5% for 2007 (AHRI, 2008). There is also differentiation within the community services sector with the core-periphery model meaning staff turnover is much higher in direct client support roles than in the management and administrative/support roles. This is not only because of short-term service-delivery contracts. Melville and Perkins’ survey results suggest that unwanted *voluntary* staff turnover in direct client support roles was an issue for nearly half

the respondents – a 50% greater response than in relation to other work classifications. Anecdotal evidence also suggests that staff turnover in the frontline jobs in Aboriginal health and support services is particularly high.

Although some degree of staff turnover is positive, welcoming a flow of new ideas and skills to organisations and industries, the level of turnover currently experienced by the South Australian community sector is detrimental and costly, not only in terms of recruitment and retraining costs but with the loss of skills and continuity of service provision.

### ***Cost for service delivery***

High levels of staff turnover create major problems in the delivery of services in the community services sector. Where services are delivered on short term contracts there is an induction/learning period with higher likelihood of mistakes or of services not being delivered as efficiently as possible, and there may be difficulty finalising projects or service delivery if staff are leaving for other jobs before the completion of their contracts. At its bluntest, a 12 month contract may have three months of reduced productivity at either end, leaving only six months' work at full capacity.

Staffing gaps caused by turnover of employees may lead to breaks in service delivery, but as noted above, even where physical services are maintained the quality of that service may be diminished by loss of the personal relationships where employees are working directly with clients. Community sector organisations rarely have in place the mechanisms to retain the kind of institutional knowledge and client relationships that are lost with exiting staff (Latimer, 2002), and in many cases it is simply not possible because the relationships were embodied and specific to the individuals involved.

Finally, where staff leave the sector altogether (which as we will see below is the destination in about half of all staff exits), there is a loss of skill and experience to the sector – and therefore the ability to deliver highest quality services.

### ***Cost for organisations and the sector***

The costs for service organisations of attracting, recruiting, retraining and subsequent productivity loss due to staff turnover are high. It has been shown that replacing a worker can cost from a minimum of one third to three quarters of the respective salary (AHRI, 2008, UK DEE, 2005, in EOWA, 2008). Costs are incurred through:

- separation (such as loss of institutional knowledge, payouts and reduced productivity of exiting staff);
- recruitment (such as advertising costs and loss of productivity by staff involved in the hiring process); and as noted above,
- orientation and training processes (including low productivity of new staff, training and knowledge transfer phase) (Latimer, 2002).

Existing staff members take with them institutional and role-specific knowledge, as well as particular skill sets that allowed them to shape their role, projects and/or respective interactions with clients. This knowledge and any personal client-employee relationships must be regained over time by new employees – at a cost to employer organisations and client service.

## ***Costs for employees***

High staff turnover rates also create problems for employees. Those employed in organisations with high levels of staff turnover face increased workloads with tasks associated with recruitment, induction and training, and in filling gaps and covering workloads of exiting staff. There are also numerous negative impacts for workers in temporary positions – ie casual or fixed term employment. Financially, these contingent jobs tend to be accompanied by low levels of worker remuneration and benefits, offering limited opportunities for accruing long service leave, superannuation and reducing chances of promotion (VCOSS, 2007). According to the OECD (in ASU, 2007) temporary jobs lead to workers facing employment and financial insecurity and lower perceived job quality, with access to non-wage benefits lower than for workers on permanent contracts. A lack of control felt by many temporary workers over their future work and income prospects has been shown to contribute to high levels of work stress. Clark (2005) cites several studies in which job-future uncertainty, a feature of non-traditional employment arrangements, was shown to be detrimental to employee wellbeing, work attitudes and behaviour.

## ***Future Prospects***

The problem of attraction and retention of staff is likely to continue to deepen in coming years with an ageing population and rising demand for services (VCOSS, 2007). The Department of Employment and Workplace Relations (DEWR) anticipates an average annual growth rate of employment in the Australian Health and Community Services industry of 3.0% (compared with an average of 1.3% for all industries across the same timeframe) between 2007 and 2011-12, with the formation of 169,300 new jobs (DEWR, 2007, p.4). Community care services alone are expected to create 24,600 new positions in this timeframe, with childcare services predicted to create an extra 25,000 positions. Before these predicted new positions need filling, the capacity of the community sector to attract and retain staff needs to be developed, or there will be a continuing and widening gap between the demand for community services and ability of the sector to meet this demand.

## Section 1: Key factors in staff attraction and retention

The 2010 ACOSS Community Sector Survey found that the key issues identified by respondents as making attraction and retention of staff more difficult were:

- Poor salaries (especially relative to other sectors)
- Poor career path options for staff

This was the same for both South Australian respondents and across the country, while just under half of the South Australian respondents also highlighted lack of training and development as a hindrance to staff attraction and retention. This was not replicated at the national level where only one in five respondents saw training and development as a problem and just under half saw it as assisting attraction and recruitment (ACOSS, 2010) (although some caution needs to be exercised because of the small sample size in South Australia).

The problem with pay rates is clear. Pay rates for the community sector remain lower than the average in other industries in South Australia, with most workers in the community services sector earning less than they would doing similar jobs in other organisations. Carson, Maher and King (2007) found Award wages in the community sector to be 10-25 percent less than comparable government awards. The Australian Services Union Members' Survey 2007 showed that almost half the respondents were dissatisfied with pay in the community sector. This was particularly the case with younger people, which has implications for attracting new workers to a sector with a relatively ageing workforce (ASU, 2007, p. 31).

In relation to poor career path options, high levels of staff turnover and non-traditional employment arrangements contribute to a lack of career development and training opportunities — traits often particularly evident in smaller community organisations. Small organisations will always struggle to offer career development because, even if there is training and professional development, there may simply be no other jobs to go to within the organisation. In that sense, a certain amount of “career opportunity” staff turnover is inevitable in a sector characterised by small organisations. However, casual workers and those on fixed term contracts are also less likely to receive on the job training or career development (precisely because their jobs are contingent and not designed as long term). As Carson, Maher and King explain:

*A recent history of short term, project based, funding arrangements have led to the adoption of insecure employment frameworks which militate against efforts of organisations to maintain, develop and grow their workforce in a planned way. Even with new government procurement processes, there are still significant barriers to effective long term planning for service delivery and for sustainable wages and conditions across the sector. (Carson, Maher & King, 2007, p.vi)*

Identifying low wages and lack of career development as key issues in attraction and retention of workers is consistent with overseas experience. For instance, Saunders (2004) examines data from a comprehensive study of the Canadian not-for-profit sector which shows a lack of ability to offer competitive pay rates in the sector, as well as showing that short-term funding leads to an increasing number of temporary positions, undermining the sector's capacity for staff training, long term planning and permanent positions.

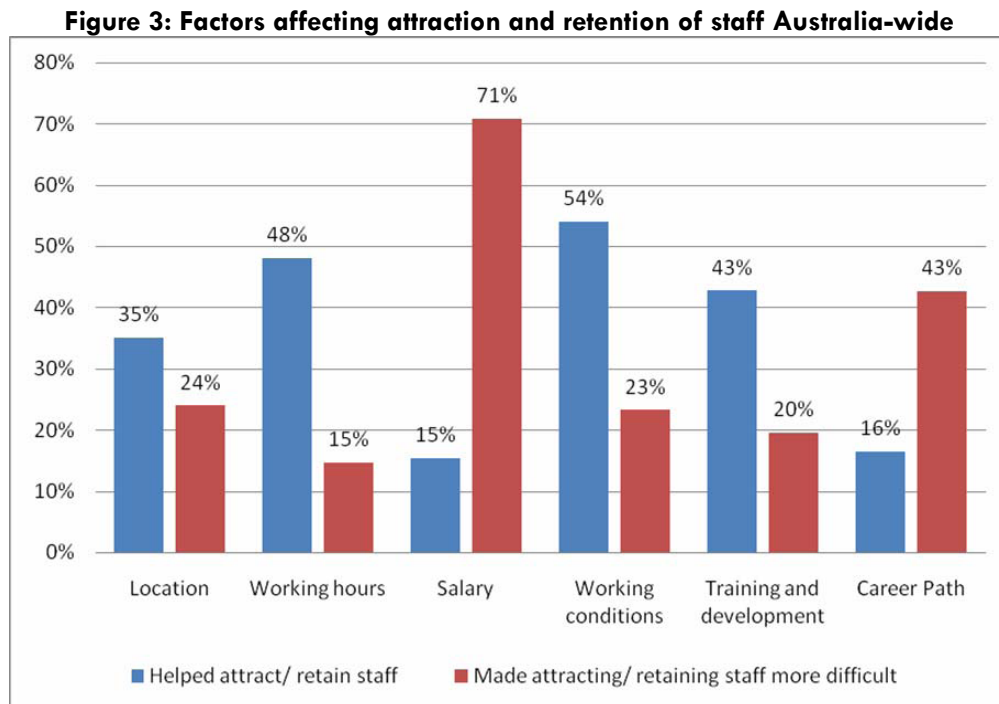
The ACOSS survey found that the key issues identified as *helpful* in attracting and retaining staff were working hours and working conditions, although proportionately more respondents

thought this at the national level than in South Australia. Given that the sector is characterised by high levels of “other than full-time permanent” work, this suggests some positives from the alternative work models – undoubtedly related to the gendered nature of the workforce and the fact that childcare responsibilities fall predominantly on women, leading to a preference for non-full-time work.

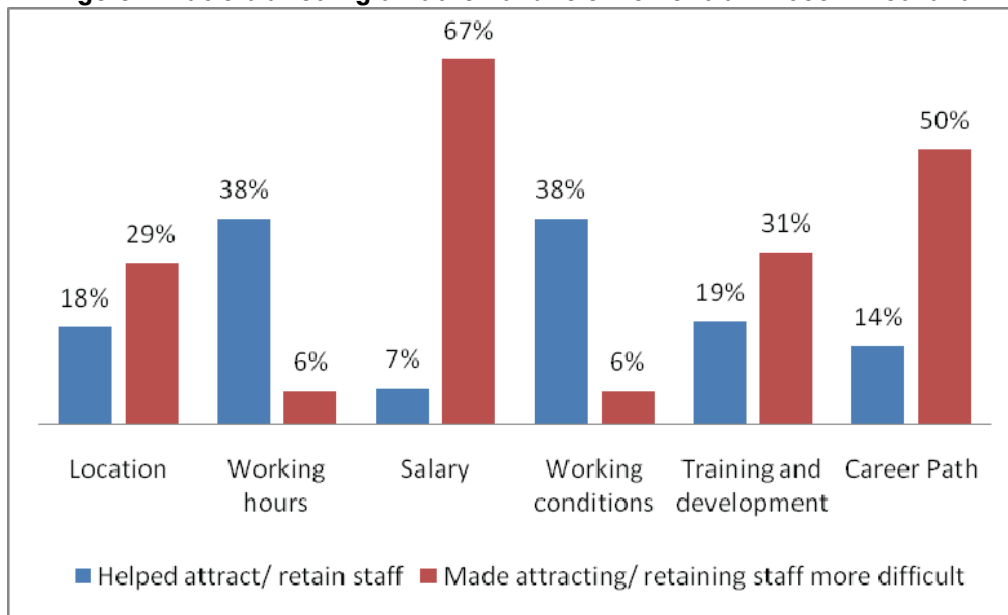
However, the issue is not straightforward. While the non-traditional work hours may help attract workers, they may also attract workers who see themselves as marginal — second-family-income workers whose attachment to the workforce generally may be contingent upon a range of non-work issues (eg family) or in the younger workforce, university students who do not see the community services sector as a long term career. The *retention* problems this creates may not be amenable to changes at the workplace — other than in terms of trying to attract and recruit different types of staff (eg primary household-income-earners) in which case “working hours” loses its appeal for attracting workers.

It should also be noted that in categorising the value of working hours to attracting staff, the survey does not distinguish between part-time work (which in theory has the same [pro rata] entitlements as full time work) and the “truly contingent” work patterns of casual and fixed term work which are more likely to be associated with high levels of staff turnover. The distinction is important because the Australian Work and Life Index suggests that shorter working hours are only one part of the equation of work-life balance, with other factors including insecurity at work (Pocock, Skinner and Ichii, 2009). Accordingly, the benefits of shorter or flexible hours in attracting staff to the community sector could be undermined by lack of job security.

The full results of the ACOSS 2010 survey on factors affecting attraction and retention of staff are in Figure 3.



**Figure 4: Factors affecting attraction and retention of staff – South Australia**



Source: ACOSS Community Sector Survey 2010: p 23 and 7/9.

These results are broadly supported by the larger, one-off study by Carson, Maher and King into the community services workforce in South Australia (2007, p. 138). Their survey of 1,000 community service organisations found that the most reported reasons for voluntary staff exits were:

- Low salaries (41% of responses);
- Demanding nature of work (39%); and
- Insufficient opportunities for promotion and career development (36%).

The focus on low salaries and lack of career paths is also supported by the finding that the destination of 29% of exiting staff was a job in the public sector (where wages and career paths are better), while 27.4% of exiting staff left the sector altogether. That is, over half (56.4%) of staff turnover resulted in the staff being lost to the non-government community services sector, representing a huge loss of skill and experience to the sector and the ability to deliver high quality services.

The Carson, Maher and King survey also supports the ACOSS survey findings in relation to working hours and conditions, with “unattractive conditions such as leave, hours of work etc” not rating highly enough as a reason for staff leaving for responses to be recorded separately. However, while working hours and conditions (eg. leave, entitlements) were not major factors in the reasons for staff turnover, the Carson survey adds another key reason for staff turnover to the ACOSS finding, with the “demanding nature of work” being a key element in staff leaving their jobs. This category covers workload and job stress, which are key elements themselves, and are made worse when accompanied by low pay rates or lack of access to entitlements which devalue the staff’s commitment and contribution.

Importantly though, the data and discussion above deal only with *voluntary* staff turnover. Alongside these instances where staff voluntarily move on to other jobs (or retire) is the staff turnover arising out of the completion of short term contracts — many lasting only six months to a year with all the service and organisational inefficiencies attached to that. Carson, Maher and King’s figures (2007, p. 86) show that 8.1% of the community sector workforce in 2005 was



employed in fixed term contracts, with approximately three-quarters of these employees being women. If the staff turnover rate in 2005 was in the region of 15% as cited above, then clearly a major part of this was the involuntary turnover arising from short-term contracts (Note: while it cannot be assumed that all the contracts would finish in any one year, the impact of short-term contracts is heightened by staff “jumping ship” near the end of contracts to seek other employment).

The importance of this increasingly contingent workforce was underlined in the Australian Services Union Members’ Survey 2007, which indicated that 88% of respondents rated increasing outsourcing and casualisation as important issues. The figure leapt to 99% for workers under 35 years old — a fact which is surely relevant to attraction of new employees into the sector (ASU, 2007).

## **Summary**

Summarising all of the above, three key issues emerge as problems leading to high staff turnover rates:

- Low wages
- Workload pressure
- Job insecurity (incorporating short-term tenure, lack of training and career paths, etc).

These issues dominate the data, but underlying them all is the funding model of the sector. Both the lack of funding and the structure of funding in the community services sector has shaped the employment model in the sector. Put most simply, inadequate, short term, project based funding leads to contingent workers and high staff turnover. As Carson, Maher and King point out,

*agencies are often unable to offer more than short term employment as a consequence of funding contracts that often run for less than a year and specify that employment in programs funded by such contracts cannot be continuing. (2007, p.129).*

That being the case, failure to deal with the funding model which underlies the employment model will undermine or minimise the effectiveness of any other strategies that are developed and adopted with a view to improving staff attraction and retention in the community sector.

Given the above identification of the funding model as a fundamental impediment to attraction and retention of staff, the rest of the paper will be divided into two parts. Section 2 deals with issues and reforms of the funding model, to change the basic employment model that gives rise to the high levels of staff turnover. These changes are largely aimed at limiting the involuntary turnover of staff — or the semi-involuntary turnover where staff on limited term contracts leave for other jobs before being formally redundant at the end of contracts.

By contrast, Section 3 aims more at addressing the reasons for voluntary staff turnover by dealing with changes that can be made even within the constraints of an employment model characterised by high levels of a contingent workforce and therefore high staff turnover. The rationale for the discussion in Section 3 (notwithstanding the fundamental importance of the employment model) is that voluntary turnover is important and in any case, even with changes to the funding model, the sector will remain (for the medium term) with a large amount of contingent workers.

The initiatives discussed here are aimed at plugging the “leakage” from the sector to ensure that, even if contingent work patterns lead to staff turnover, the skills and experience are not lost *from the sector*. This is not to diminish the importance of things like workplace culture, supervision, decision-making, conditions and recruitment strategies for recruitment and retention in individual organisations (such factors are dealt with more in Carson, Maher and King, 2007, pp. 102-104). However, the focus here is on sector-wide issues — although it is worth noting that if some of the initiatives discussed in the final section of this paper are not implemented across the sector but are utilised by individual organisations, they would give those employers a competitive advantage within the sector.

Finally, it should be recognised that the discussion in the next section is aimed at factors to change or mitigate the contingent nature of much community services sector work, but the paper does not deal with the broader gender issues that lead to the devaluing of the work and skills of the sector overall. This is not because gendered valuations are not important in determining relative wage levels, but this is the subject of the current Equal Remuneration Case (Australian Municipal, Administrative, Clerical and Services Union et al, 2010) and need not be dealt with here.

## Section 2: Attraction, retention and the sector funding model

Section 1 identified the funding model for the community services sector as underpinning problems of staff attraction and retention. The problems arise from a funding model that is contingent and inadequate.

### **Contingent Funding**

Overall, in 2003-04, government funding accounted for 49% of expenditure nationally by community services organisations (ASU, 2007, p12), while approximately three-quarters of organisations responding to the ACOSS Community Service Survey identified government funding as the primary source of their funding (ACOSS, 2010). Over the last decade this government funding has shifted from a grants-based system to a system of competitive tendering and specific service-delivery contracts. In South Australia, the extent of the reliance on contingent funding can be seen in the following table, which shows the primary source of funds of community service organisations, and the nature of that funding.

<b>Funding Source</b>	<b>Organisation Primary Funding Source %</b>	<b>Funding is ongoing/recurrent</b>
Commonwealth Government	32%	71%
State/Territory Government	32%	43%
Local Government	14%	33%

*Source: ACOSS Community Service Survey 2010 – South Australia, p 7/11.*

The issue here is not the longer fixed-term funding contracts (eg. 3-5 years) which give some stability and capacity for organisations to plan and manage staff, but rather the fact that many contracts are short term — for a year or less — which means that staff are employed for a similar length of time, incurring all the costs to staff, organisations and service delivery noted above.

It should also be noted that even where organisations identify ongoing government funding as their primary funding source, this does not necessarily mean that funding *of their services* is secure. A community service organisation with a large core-grant may tick the box of recurrent government funding, but still have a large portion of non-recurrent project funding within that organisation. Moreover, as noted above in defining the contingent nature of the employment model, there appears to be a significant dichotomy between core and contingent workers where organisations are tending to maintain core organisational staff (perhaps paid for from ongoing funding) and contracting staff to fit particular (temporary) service requirements and contracts.

### **Initiatives to change contingent funding models**

Since the contingent employment model is driven by short-term funding for service contracts, it is these contracts that can provide the primary mechanism for addressing the issues identified as being crucial to staff attraction and retention. *Tendering processes for government contracts should require organisations to address the issue of the salaries and conditions they offer staff and the beneficence of these, as a part of the tendering process.* This could be done by allowing tenderers to garner extra points for their application for baseline minimum standards of remuneration and conditions, or through requiring those conditions as a prerequisite for tendering. Provisions required to ensure staff retention and attraction could also be incorporated as a term of the contract.

Further, given that occupational health, safety and welfare is important in reducing workplace stress and already has existing legislative frameworks and benchmarks, it also is recommended that the tendering and contracting process identifies specific requirements in relation to the provision of evidence of the bidder's compliance with OHS expectations in accordance with relevant statutory requirements, particularly insofar as these relate to employee representation and consultation.

### ***Longer term core-funding***

The first and most obvious step is to move to longer term funding cycles. *It is recommended that government should aim for contracts that guarantee program funding for five years.* This would allow for better planning, the establishment of longer term programs and initiatives, and enable organisations to employ and retain staff – with both staff and service delivery benefitting from security of tenure and skill retention.

Given the longer length of contract, there would need to be included in the contract clear quality control provisions, but as contracts are already quite specific in terms of the services to be delivered, this is simply a matter of ensuring monitoring and holding the service providers to the contracts. There is no reason that this can't be done through normal contract management, and short-term contracts should not be used as a substitute for proper management of long term contracts.

There would also need to be a mechanism to ensure that employers "passed on" this greater security of funding/tenure – it would not benefit staff (retention) if organisations received five year funding contracts but kept staff on 12 month employment contracts. Again, staff tenure requirements could be included into the terms of the service contract.

### ***Notice Provisions***

Longer notice periods when funding is not to be renewed would also help both service delivery and staff retention because it is often in the final six months, when staff don't know whether funding is going to be renewed, that many projects lose their staffing as people do their best to secure another job before they're put out of work. *It is recommended that renewable funding contracts should provide for a standard six months' notice period if funding is not going to be renewed.*

### ***Redundancy Pay***

The new National Employment Standards (NES) require redundancy payments when a position is terminated and the worker in that position therefore loses their job, or when an employer becomes insolvent or bankrupt (Fair Work Ombudsman, 2010). However, such redundancy is not due to be paid by employers in small businesses (employing fewer than 15 people) or where an employee is hired for a fixed term contract. If short-term service provision contracts were required to incorporate redundancy pay for the staff at the end of their contract, it would both make for easier job transitions for staff (making long terms careers in the sector easier) as well as providing a financial saving/incentive for longer term contracts.

Given that the contingent employment is largely driven by the government funding model, it would be beholden on the government to provide the funding for such a redundancy provision, with mechanisms to ensure that employers could not simply retain the funds if still making staff redundant. It would also need to be applied across all employer organisations to ensure fair competition for staff between employers.

*The mechanism suggested here is that all government service contracts of less than three years incorporate a redundancy payment to staff employed under the contract. Thus for instance, if a service provision contract required a staff person for six months, the funding for the contract would require wages for perhaps six months plus one week redundancy pay (or some proportion of the National Employment Standards rates [notwithstanding that those provisions do not apply to employment of less than a year]). The mechanism would have to be nuanced where staff were part-funded by a contract, but in principle, if employers were allowed to retain the extra redundancy payment if staff were *not* made redundant for some set period after the expiration of the service contract, that would provide an incentive for employers to maintain staff.*

Further work would need to be done to ensure that any such mechanism was not open to misuse, but the recommendation would be that such a mechanism be part of the tender documents and incorporated into the service contract. The contract would stipulate that all staff employed under the contract were paid redundancy pay if they were terminated at the end of the contract (or perhaps one month thereafter).

### ***Career development***

The broader issue of skills and career development is the subject of other government-sector processes (for example the development of an industry workforce action plan by the South Australian Health and Community Services Skills Board) and need not be dealt with here other than to note that it is a particular issue for contingent workers. The employment model of the workforce means that they may go from one job to the next, and perhaps even a higher level job, but training and professional development to learn and be accredited with new skills is usually not part of the job for short-term and casualised workers. Thus any initiatives to address training, skills and professional development needs to be made available to contingent workers – and *baseline minimum standards for some agreed level of staff training and/or professional development should be part of the tender process.*

### ***Inadequate funding***

#### **Overall**

The ACOSS Community Sector Survey revealed that 80 percent of respondents nationally thought that government funding did not cover the true cost of delivering services (2010, p.6). This means that the shortfall has to be made up from alternative budget sources, cost-cutting, or increased commitment and workloads of staff (or all three). In a sector where wages are the major cost of service delivery, the inadequacy of funding to the sector inevitably creates downward pressure on wages and increases in workload pressure and stress on employees (and managers). This is made worse by increasing client demands for services and a subsequent intensification of workload, a problem only likely to deepen in coming years with an ageing population and rising demand for services (VCOSS, 2007). Nationally, a four percent average increase of instances of service provision occurred between July 2008 and 2009, and in South Australia this figure was higher than the national average, at 6% (ACOSS, 2010).

Furthermore, South Australia saw a 19% increase in the number of clients turned away from services in the same year, with 69% of respondents saying that they were not able to meet demand (ACOSS, 2010).

## ***Initiatives to change inadequate funding models***

### **Wages**

As noted above, relatively low wages are the primary immediate cause identified for voluntary staff turnover and loss of staff to the sector as a whole. Notwithstanding the broad societal reasons that have led to the undervaluing of caring and community service work, there are specific features of the funding model which also lead to relatively low wages. Given that most funding contracts are predicated on particular staff pay levels, or are often more directly contracting for services at a particular pay level, *government funding needs to ensure that the wage levels (both in money value and classification level) that are explicit or implicit in its funding contracts are adequate to cover appropriately qualified staff. In principle there should be no reason why staff grades or pay levels in any contract should be below the equivalent level that would be applicable if the service were being provided by the government.*

Evidence from overseas suggests that such valuation is possible. Rutherford (2008) performed an empirical analysis of ten years of data in the UK across three sectors with relatively high concentrations of voluntary sector (comparable equivalent to the Australian non-profit sector) organisations. This study found strong evidence of a voluntary sector *premium* across all three industries. This result is in line with a previous US study (Leete, 2001, in Rutherford, 2008), although other studies in the US have produced contradictory results (Rutherford, 2008).

Again, given that the government is the primary funder for much of the sector in Australia and that services are being delivered on behalf of the government, *government funding needs to fund higher pay in the sector overall.* This should be done primarily through direct funding in grants and service contracts. The appropriate level of wages will be dealt with through the ASU (and others') Equal Remuneration Case and need not be addressed here. However, *the government must ensure that any costs to the sector flowing from award modernisation or the pay equity cases are covered by increased grant funding,* with the additional funding quarantined for wages. The alternative will be a widespread financial strain on community service organisations that could lead to program cuts, downsized workforces, increased staff workloads or the further adoption of more contingent employment models – all of which will increase workforce problems and in turn impact on the quality and quantity of services delivered to the South Australian community.

Further, funding arrangements must be flexible enough to allow for future wage bargaining, otherwise any improvement in community sector wages relative to other sectors arising from the ASU pay equity case, may quickly evaporate as bargaining elsewhere raises wages again beyond the community sector.

### **Indexation**

Even where funding is initially adequate many community service organisations complain that it is not consistently or adequately indexed to meet annually increasing costs. This will be all the more important if there is a move to longer term funding as recommended above. While some longer-term grants in SA are indexed, there is a further problem in that the use of CPI indexation may not reflect the true rise in costs to the sector because of the predominance in wages in the

cost of service delivery (ie. a different cost mix to that measured by CPI). Thus it is recommended, in line with the ACOSS recommendation to the Productivity Commission Review of the Contribution of the Not For Profit Sector, that a *Wage Cost Index be used as the primary index for annual funding adjustments (rather than the the Consumer Price Index)*. ACOSS actually suggested that CPI should be used when it exceeded the Wage Cost Index (ACOSS, 2009, p.34), although a more accurate gauge may be to index 80% of the contract payment to the Wage Cost Index and the remainder based on CPI.

## **Workload pressure**

It was noted above that demand for services is increasing and that workload pressure was a key reason for staff turnover, and further that staff turnover itself exacerbated workload pressures. This is both a response to the sector generally being under-resourced, but also to the very real and immediate human demands from clients. In an industry built on a care-ethic, it is difficult to shut the door or go home when overworked – yet this may be precisely what is necessary for staff sustainability (and therefore to good service provision in the longer run). *Grant and service delivery funding needs to be set at levels to ensure realistic workloads and to enforce sustainable workloads for staff*. This relates not just to the total funding in the contract, but the terms of the contract could be designed to cap workloads of particular individuals. For instance, there could be benchmarks for the number of clients per staff with a cap so that no more clients can be taken on once the quota is filled. This may at times clash with the care ethic when confronted by a needy or stressed client, but such caps are used in areas like financial counselling. Consultation between unions, the sector and the government would be necessary to set the contract benchmarks and caps.

Workload pressures also manifest in staff health and safety issues. A recent Productivity Commission Report has corroborated the significance of psycho-social hazards and injuries in the workplace. All the factors noted in that report as contributory are relevant to the community sector workforce:

*...bullying and harassment; occupational violence or customer aggression; fatigue resulting from long hours of work or shiftwork; demands in excess of a worker's capacity to deliver; and alcohol and drug misuse.” (Productivity Commission, 2010, p. 280)*

As noted above, funding contracts should require OHS compliance, but it probably is the case that one of the areas in which there are systemic problems is the capacity of employers to meet duty of care obligations under the *Occupational Health, Safety and Welfare (OHSW) Act SA* (1986). This requires both a change of management approach, for example, in relation to supporting consultative infrastructure with workplace health and safety representatives, but also the dedication of time and resources to these issues. Putting those workplace issues into an OHS framework is important, both because of the importance of staff injury and long term burnout in staff loss, and also because the legal framework to address the issues is already established.

Beyond simply work-volume issues, creative and flexible job design can be useful in avoiding excessive levels of pressure, job-related stress and worker burnout because, even if there were no issues with pay, conditions, and amount of work, there is no escaping that the content of many jobs in the sector is stressful, exhausting, and distressing. This in itself is enough reason for staff burnout. Nevertheless, there should still be a goal of minimising these burnout factors with innovation in organisational processes and job design. This is recognised as a key pathway

to addressing staffing and skills shortages, lowering overheads, and reducing worker burnout (Mental Health Council Tasmania, 2009). For example, to help workers in direct service provision manage particularly high levels of stress and burnout (due to the constant intensity of working with clients on a full-time basis), positions offering a mix of direct service provision and other (for example, clerical or research) work can be created. However this type of role variation can be difficult for community organisations where funding is premised on a more rigid structure, particularly where contract funding specifies or is premised on the employment of one person to do a particular job (eg. employment of a frontline worker to provide a particular service to a set group of clients). *Funding contracts should allow for creativity and flexibility in job design in order to best respond to the needs of their workers and ensure workers remain healthy and are retained.*

Finally, dealing with workload pressure should be seen as an important part of induction and training. Much learning currently comes informally through peer groups and mentors. This may or may not be the best way to learn the coping skills, but however it is done, learning those skills should be seen as a necessary part of the employment process. Again, training issues are the subject of separate work under the Strong Community Healthy State processes, but here we simply note that to ensure that it is incorporated in the employment model, such training could form part of the tender process and service-contract.

Put together, these initiatives would see a model of employment that was not a return to a traditional full-time work model, but rather changed the contingent nature of the model that is now increasingly dominating the sector. The alternative model would aim for secure tenure full-time or part-time work, with enough funds in the system to provide not just the bare services as contracted but to allow proper staff training, development and career paths. And as argued above, this requires a more proactive approach from government – both in terms of further funding, but also by using its contracts and “purchasing power” to ensure that certain standards are met both in service delivery and in relation to staff.



## **Section 3: Attraction, Retention in a contingent workforce**

As noted above, while changes to the funding and employment models are ultimately necessary to improve attraction and retention of staff in the community services sector, it is reasonable to assume that at least in the medium term, the sector will continue to be characterized by high levels of contingent employment. That being the case, it is necessary, in addition to the above discussion and recommendations, to explore changes which could be made within the model of a contingent workforce to improve staff attraction and retention. These initiatives would be aimed at ensuring that the “churn” is confined as largely as possible to staff moving between jobs within the sector rather than the current bleeding of staff, skills and experience from the sector.

### ***Flexibility***

As noted above, working hours and conditions are viewed as being important factors in attracting staff to the sector. Particularly in a highly feminised workforce, providing flexibility of hours and leave, shorter hours, and greater flexibility can help employees more easily juggle family and work commitments. Similar flexibility is required around provisions offered to workers from culturally diverse backgrounds. For example the recognition, with adequate provisions of cultural leave and organisational support, of customs regarding family obligations would help to ensure Aboriginal and CALD workers were able to balance work and family commitments and avoid workplace discrimination for this (discussed further under ‘Cultural leave’ below).

Creative alternatives to full-time positions should also be explored in order to best match job and employee needs and preferences. For example, job sharing can provide flexibility to employees around when and how many hours they work, while providing a wider skill and knowledge set (as offered by more than one employee) to a single role and therefore benefiting an organisation.

*In creating flexibility, permanent part-time work is favoured over the more truly contingent options of casual or short term contract work, as it can enhance flexibility without incurring a loss of staff entitlements and job security. Further, as the government itself has noted, integrating permanent part-time positions into the structure of an organisation can allow employees to continue advancing their careers even whilst working reduced hours (Government of SA, 2008).*

### ***Recognising Difference***

It was noted above that there is anecdotal evidence of high staff turnover in frontline positions, particularly in areas of Aboriginal health and community service provision. Undoubtedly this is partly due to the stressful nature of the job, but Carson, Maher and King (2007) have also noted a majority view in the sector that indigenous and culturally diverse staff were generally under-represented in the workforce. This is particularly important given the embodied nature of the work and the demographics of those who access the various community services. It is essential to good service delivery that staff from Aboriginal and culturally diverse backgrounds are recruited and retained within the sector.

Seeking recruitment of staff from culturally and linguistically diverse backgrounds may have initial problems where there are low English literacy levels. Even where dealing with clients from the same linguistic groups, a reasonable standard of English would normally still be required for

most jobs in the sector. Any sector/workplace specific initiatives may therefore need to be supported by broader English language training – which would not only increase the employability of the worker, but more easily facilitate feedback as to the needs of the particular communities and clients.

A report prepared by Adelaide University academics on Aboriginal workers in the SA public service made a series of recommendations which could provide guidance for the community services sector for attraction and retention of culturally diverse staff (Barnett, Spoehr and Parnis, 2007). The recommendations included:

- Ongoing cross-cultural training aimed at developing workforce cultural competence;
- Training to include special attention to the role of managers in promoting culturally secure work environments;
- Recruitment strategies reflect both the importance of the work to the (Aboriginal) community and the value of their knowledge and expertise;
- (Aboriginal) training roles be linked to ongoing employment;
- Communication strategy to promote the sector as an employer of (Aboriginal) people;
- Culturally inclusive staff selection processes (including user-friendly wording and interview preparation) to be part of established HR practice;
- Mentoring and “buddying” strategies be used to assist employees, particularly in the specific challenges arising from being the representatives of their communities;
- Succession planning for existing (Aboriginal) employees and exit interviews to continue to improve recruitment and retention strategies.

These recommendations were in relation to Aboriginal workers, but all of the above could easily be applied to the attraction and retention of staff in culturally diverse backgrounds more broadly. However, given that these recommendations were for a large, relatively well-resourced employer (the South Australian public sector), some consideration would need to be given to how to adapt them to a relatively poor sector with multiple, often small, employers. For instance, communication strategies and mentoring may best be handled across various organisations – possibly through peak bodies – while the training issues fit with the broader training agenda which is not the subject of this paper.

## ***Leave Entitlements***

### **Portable long service leave (PLSL) and the community sector**

In a sector with high levels of contingent workers and involuntary staff turnover due to a prevalence of short-term contracts, portable long service leave schemes are one strategy that may help develop and retain the required workforce (Victorian Peaks and Statewide Networks Forum, 2009). Where community service employees have spent more than 10 years working in the sector, very few are able to access long service leave entitlements as small organisations and contingent work arrangements lead to employees changing positions regularly in search of contracts and career progression. (QCOSS, 2008). A PLSL system would reward workers for their commitment to the sector (even while changing employers), offer these workers some incentive to stay in the sector, and address issues of burnout, thus hopefully helping to reduce rates of early retirement and the loss of the most experienced workers in the sector (ASU, 2007). Thus a PLSL scheme would seek to strengthen the sector as a whole, rather than the capacity of individual organisations to retain staff (Urbis, 2009).

However, PLSL systems can create problems for some employers/ organisations. To be effective, a PLSL system must be mandatory across the sector, which may put an increased

strain on organisations – particularly small organisations who may find it harder to “cover” the gap. Conversely, bigger employers can more easily accommodate staff taking long service leave and may already offer LSL at rates above the legal requirements. Assuming their employees are not to lose entitlements, this could create administrative difficulty in a centralised PLSL system. A sector-wide system may also result in those organisations already offering LSL losing the income (interest) from their invested provisions and also losing a competitive advantage in attracting staff in the labour market within the sector.

There is also a risk that a portable scheme would remove the incentive for staff to remain within an individual organisation, thus increasing staff turnover for organisations even if there were greater sector-wide attraction and retention. There may also be a disincentive for organisations, particularly small organisations, to hire staff with accrued leave.

Finally, in an industry already characterised by an older than average workforce, PLSL may not be much use in attracting new young people to the industry as the leave would be a long time in the future. Nonetheless, other industries across Australia characterised by similarly contingent workforces have established such schemes. There are PLSL schemes in the mining and construction industries, the contract cleaning industry and, most relevantly schemes are due to start this year in the community services sector in Victoria and the ACT. The appendix here provides a summary of relevant PLSL schemes, although we are unaware of any research in relation to the impact of these schemes on attraction and retention of staff.

However, much can be learned about system-design from the debates and issues faced in other jurisdictions and industries. We can say that if such a scheme were contemplated for the community services sector in South Australia, it would need to include the following features:

1. Compulsory for all employees (permanent, full-time, part-time, casual, contract, etc.).
2. Compatible with schemes in other states, and eventually be part of a national scheme so that leave is transferrable across jurisdictions
3. No increased costs for community organisations – government should cover costs until the scheme becomes self-funding
4. Well-managed, aiming for self-sustainability as soon as possible
5. Administrative simplicity
6. Monitored and assessed to ensure it is achieving desired goals.

However, there is no “off-the-shelf” model and much thought and practical consideration still needs to go into how to best incorporate these features into a PLSL system. *A task force should be established with a view to solving or ameliorating the various problems noted above and designing a PLSL system for the community services sector which meets the above criteria.*

## **Paid Parental Leave**

*The provision of paid parental leave could make a contribution to staff retention rates by increasing the attractiveness of work in the sector and by assisting parents to return to work after childbirth* (without having to apply for a new job). In a society where women still tend to have primary childcare responsibility, this is particularly important for a sector dominated by female employment. The Productivity Commission (2009, p.xxiii) inquiry into a federal paid parental leave scheme for Australia stated that “paid parental leave would be one of the few areas of social expenditure that actually encourages women to work”. Providing a period of paid leave to parents (and mothers particularly) has been shown to lead to numerous benefits, including but not limited to:

- Parents not losing contact with the workforce, but instead remaining within it and easily able to return to work ready, ensuring career continuity and increased net working time over their working lives.
- Improved retention rates for organisations with paid maternity leave schemes, inevitably saving them significant time and money in recruitment and retraining of new staff.
- Reducing the pressure on parents to juggle caring and working while their children are very young.
- Promoting acceptance of taking time out to care for children.
- Increasing the presence of fathers/other primary caregivers in the child's early life.
- Increasing the benefits accrued from longer periods of breastfeeding for both mothers and children.
- Improved child and family wellbeing, particularly in terms of child and maternal health
- Improved access to longer periods of leave with lowered financial stress, particularly for families on low incomes (Productivity Commission, 2009).

In 2007, some form of paid parental leave was available to over 50% of Australia's workforce, with full-time workers and workers on high wages more likely to have access to the leave (Productivity Commission, 2009). Thus workers in the community sector were less likely to have access to paid parental leave, although the federal government is now proposing a universal scheme. While the length of paid parental leave is the subject of current political controversy and legislation, the proposed 18 or 26 weeks of paid leave would not be sufficient in ensuring the optimal level of one year of breastfeeding (as outlined by the World Health Organisation) was reached. Hence in Australia, The Working Women's Centres support an optimal length of paid leave of 12 months, with the choice for women to return to work on reduced or flexible hours before then (Working Women's Centre, 2008). Furthermore, they support flexibility in all aspects of the scheme, including the possibility of leave sharing between carers, the option to continue to work on a reduced hour basis whilst still receiving leave payments, and the option to begin maternity leave before the birth where necessary. The New South Wales public sector award has also recently been changed to allow for Lactation Breaks for mothers as a condition of employment (Crown Employees, 2009).

### **Cultural Leave**

Like the issue of paid parental leave, cultural leave is simply about making it easier for workers to work generally, but it has particular implications for the community services sector. The attraction and retention of culturally diverse staff is vital where people in those groups form a large part of the client base of the sector. There are many factors in encouraging cultural diversity in workplaces, but cultural leave is a specific way to facilitate employment around cultural variations in work and family obligations. For example, Aboriginal employees may face considerable extra family responsibilities due to cultural norms surrounding family crisis, deaths, or other events, rituals or laws.

The current modern award provision for Ceremonial Leave allows Aboriginal workers, where required by tradition to be present at a ceremonial event, to be granted up to 10 days unpaid leave on approval from an employer. The award does not address other family cultural obligations, or the obligations of workers from other cultural backgrounds. Further research is needed into cultural leave which may be appropriate to other CALD groups, but *increasing the recognition and provision of cultural leave in the award system could assist in retention and attraction of staff from diverse backgrounds.*

## **Group employment**

In other industries where there is a lack of funds and/or preponderance of small employers who would otherwise struggle to offer training and career development, cooperative approaches between employers have been developed which may be of use to the community services sector. The Group Training apprenticeship scheme is one example. An apprentice is taken on by one company, but the work and on-the-job training is shared between a number of other “host” employers to whom the apprentice is hired out. The scheme is recommended for “small and medium sized businesses which: ...are unable to offer an Australian Apprentice a permanent position because they can’t guarantee ongoing work” (DEEWR, 2010).

In the community services sector where work is often done individually (and sometimes in clients’ homes) there may be some supervision and accountability issues in terms of apprenticeship-style training, but the model may be able to be adapted to give greater security of employment to contingent workers. A system where a number of service organisations got together to “group employ” staff could give employers greater flexibility and staff back-up (eg. replacing employees while on leave) more cheaply and with less induction inefficiency than simply hiring temporary workers (while also providing better service from continuity of care providers). For staff, such a system may allow them to develop skills and experience which may not be available in a small workplace (and without the tax and timetabling stress of having several unrelated jobs). Training programs may be able to be worked out between the employers and the employment would also be made more stable because the funding base/risk would be spread across a number of organisations.

Various shared employment arrangements already exist in the community sector on an ad hoc basis, and *more research would be needed to investigate the viability and potential demand for more formalised group employment schemes and how such a scheme might best be developed.* This is beyond the scope of this paper, but a separate research project, perhaps with funding for a pilot scheme, is warranted.

## **Health, Safety and Return to Work**

A study by Safe Work Australia (2009) revealed that workers in the broad health and community service industry have slightly higher rates of workplace injuries than workers across the economy, and that injury rates for part-time workers were almost 50% higher than for full-time workers. Further, two-thirds of health and community service workers who were injured did not claim workers’ compensation, while compensation figures only captured 60% of serious injuries — with mental stress being particularly under-reported. These figures suggest that the employment model in the community services sector (part-time, increasing workloads) is contributing to workplace injuries — further highlighting the problem with the model, but also the need to ensure a path back to work for injured workers — lest their experience also be lost to the sector.

SA Unions are currently running a trial project for “Retraining injured workers for employment” in the manufacturing and community services sectors. The project is focused on return to meaningful work for injured workers who can’t return to their former jobs. Its aim is to identify pathways to build on existing qualifications and experience to enable a return to different jobs still within the sector. *The pilot project should be supported and the results monitored as a contribution to sector workforce retention. So too should be the outcomes of the SafeWork SA funded project being conducted by the ASU: Building Community Sector Health and Safety Project.*

## **Agency hire**

A different employment model within a largely contingent system could involve the increased use of temporary employment through agencies. The Carson, Maher and King (2007) survey shows only 2.9% of the workforce in these arrangements. In theory working for an agency could provide workers with more work continuity by being able to more easily access a series of short-term jobs. However, in practice there are many drawbacks.

The on-call nature of the work creates difficulties for planning work-life balance, and may lead to inability to plan or take time off as sick-leave or holidays as this would be unpaid, and may simply be seen as unreliability for the agency. This is likely to increase workplace stress and burnout, thus militating against retentions of workers in the sector.

An American study by Edwards and Grobar found that on-call and temporary help workers are likely to be younger and less well educated than the workforce as a whole and that this was particularly the case for temporary help agency workers. Temporary help workers also tended to be disproportionately female, black, and Hispanic, and had the lowest earnings of any of the alternative worker categories. Given the analysis above that low wages were the key immediate reason for high staff turnover, this model is unlikely to enhance staff attraction and retention. About 56 percent of temp workers in the Edwards and Grobar study said they would prefer a traditional work arrangement (Edwards & Grobar, 2001).

The only significant qualification to the poor result of this model is that Edwards and Grobar highlighted the ability to help people with disabilities to enter the workforce. Temporary agencies are able to assess people with disabilities for their suitability for different positions, and once in employment, employers are generally able to see the full capabilities of the disabled person and are more willing to hire them on a permanent basis, inevitably reducing the extent to which welfare is employed to support the disabled.

Nonetheless, as an alternative model for the sector the use of temp employment agencies is unlikely to address problems of attraction and retention of staff. Further, to the extent that agency hire is a model in use, those agencies should be required to ensure essential minimum conditions which guarantee wage levels, OHS and working conditions commensurate with the rest of the sector.

## Conclusion

The South Australian community services sector is driven by a workforce that is highly feminised, older than workforces of other industries, reliant on a high percentage of contingent workers, under increasing pressure to 'do more with less', and facing higher than average levels of staff turnover and the subsequent costs and consequences this brings. These workforce features exist alongside a deep-seated undervaluing of much community services work, which is evident in the low pay rates across the sector.

Initially, this paper was a mechanism through which to explore the possibility of utilising a variety of work conditions and entitlements in the community services sector in South Australia in order to enhance the currently inadequate capacity of the sector to attract and retain a skilled, qualified and permanent workforce. However, it became rapidly clear that discussion and implementation of such conditions and entitlements would not provide an effective, long-term solution without also addressing the underlying funding structures and sector employment model created by those structures. Because much of the community sector's funding is from government (state and federal), there is a clear need to address both the quantity and structure of funding allocated by the government to the community sector.

This paper has made a number of recommendations for improving the sector's attraction and retention of staff. These recommendations are in two broad groups, the first being changes to the funding model to change the contingent nature of funding and employment, the second being changes to employment conditions and practices within a still largely contingent funding and employment model. Some of these recommendations, such as provision of a Portable Long Service Leave Scheme or greater cultural leave, clearly require more research to establish the details, while others require political will – for instance in increasing funding for the provision of services to allow for decreased workloads and improved career development.

*The initial goal for improving staff attraction and retention in the sector should be to reduce staff turnover to the level of other industries.* This is only listed as an "initial goal" because the ultimate goal is to improve staff and organisational welfare, but also to deliver better services to the community by ensuring adequate numbers of qualified, experienced and properly-resourced staff. This may require better than the all-industry average staff retention rates, but that is something which would need to be assessed in the future.

Either way, monitoring progress is crucial and in this regard would probably require a stronger statistical base than is currently available. The primary data source, the annual ACROSS survey, varies from year to year and is not always robust enough due to small sample sizes in South Australia. Further monitoring is also required for the implementation of many of the recommendations. To this end, it is recommended that, in the first instance, *the Minister for Families and Communities be asked to make a formal response to the recommendations in this report.* This response would ideally be within three months of the provision of this report. Because this paper had its genesis from discussions on the Stronger Community Healthy State Working Group, the response should be directed to and considered by the Working Group. It is further recommended that, *12 months after the provision of this report, the Stronger Community Healthy State Campaign Group reconsiders the agreed recommendations to:*

- *identify any progress toward each recommendation; and*
- *make any further recommendations necessary for progress of the recommendations or to address staff retention issues more broadly.*

## Appendix: Summary of existing Portable Long Service Leave schemes

### ***ACT PLSL Scheme for the community sector***

The ACT government acknowledges the highly casualised nature of the community sector and child care industries and high rates of part-time, short term and contract positions. The establishment of a PLSL scheme, to be implemented in June 2010, seeks to encourage loyalty to the sector, reduce levels of turnover and associated costs, and improve the quality of services provided by the sector by providing community services workers with long service leave based on their years of service to the industry rather than one employer (Urbis, 2009).

In 2009 the *Long Service Leave (Portable Schemes) Act* was introduced to cover various industries with PLSL schemes, under which the ACT Long Service Leave Authority was created to amalgamate existing long service leave bodies across various sectors into one central body. Whilst the ACT's new PLSL scheme covers the community and child care sectors, it excludes the aged care sector (DHCS ACT, 2009).

Significant research was conducted prior to the development of the ACT's PLSL scheme to address many of the potential problems (see page 18). The ACTCOSS (2008) submission to the ACT government acknowledged that the ACT community sector was not in unanimous support of a PLSL scheme, however ACTCOSS supported it due to the value it would hold for the community sector workforce as a whole, *subject to sufficient government funding* to ensure minimal financial impact on community organisations.

### ***Victorian PLSL Scheme for the community sector***

The Victorian state government has identified portable long service leave schemes as having the potential to increase the capability of the community services sector to attract and retain workers, (State Government of Victoria, 2009) and in 2008 allocated 1.2 million dollars to the establishment of such a scheme in the Victorian community sector (ASU National Net, 2009).

A Central Funding Scheme based PLSL was proposed by the government and received strong opposition from the community sector, stating it would increase costs for already struggling community organisations, add administrative complexity and doubling-up of recording keeping, and included a timeline that did not allow time for adequate consultation by the community sector in regards to assessing proposed models.

As a part of the consultative process on the development of this scheme, the Victorian Peaks and Statewide Networks Forum (2009) established a set of guidelines for the operation of a sustainable PLSL scheme in the community service sector. They include:

- Administrative simplicity – develop systems to ensure records are not unnecessarily duplicated;
- Cost neutrality for community organizations – increased financial costs to community sector organizations should be matched by government funding, as is the case for government employees and the health industry scheme;
- Maximum mobility – for employees across and within the community sector;
- Implementation should coincide with financial recovery after the GFC;
- Assessment and planning timelines should be implemented to allow adequate reviews of current regimes and structures as well as long term planning by organizations.



The system is due for implementation in 2010.

### ***PLSL in the Construction Industry***

In every state and territory in Australia there is in place a portable long service leave scheme for construction industry workers. Many were established as early as the 1970s, and while rates of contribution vary, all schemes are comparable, with workers able to transfer leave accrued in one state or territory to another if/ whenever they move. The features of some of these PLSL schemes are outlined below and may be relevant to the community services sector because of the short-term contract nature of employment in both industries.

#### **Queensland – QLeave**

QLeave is the PLSL scheme operating for both the construction and contract cleaning industries in Queensland. The scheme operates separately in these two industries yet is based on the same fundamental principles. The scheme provides long service leave entitlements to workers across the industries based upon their time spent working within the industry instead of with an individual employer.

Workers under QLeave receive one credit per day worked, and can accrue up to 220 credits in one financial year. After ten years of full-time service (or equivalent) they would then, for example, be entitled to take 8.67 weeks of paid leave, take this leave in blocks or continue working and add to their leave entitlements.

#### **ColInvest – PLSL scheme success in Victoria**

ColInvest has been operating in Victoria since 1976 and has achieved great success as both a benefit provider to construction industry workers and as an investment body. Successful management led to a period of zero contribution, yet due to introduction of increased benefits to workers, currently employers contribute 2% of workers pay into the scheme. The scheme is compulsory for all employees, workers, subcontractors and apprentices within the construction industry, as well as for metal workers working within construction and electrical contractors.

#### **Construction Benefit Services, South Australia**

The Construction Benefit Services introduced a PLSL scheme in 1977 to provide portable leave to workers based on service to the industry rather than to individual employers. As well as allowing for mobility of workers based on projects within the industry, the scheme was aimed at relieving employers of the expense of providing leave to employees. It provides 13 weeks of leave for every ten years full-time-equivalent work in the industry and is compulsory, with employers paying a levy corresponding to the hours worked for each worker (the levy is not deducted from workers' pay) (CBS, 2009).

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