

The Hon. Andrew Barr MLA
ACT Budget Consultation
Department of Treasury
GPO Box 158
CANBERRA ACT 2601



16 January 2012

Dear Mr Barr

I am responding to your invitation seeking views and suggestions on how the Government should prioritise and efficiently allocate the Territory's resources in developing the 2012-13 Budget.

Communities@Work is a not-for-profit company limited by guarantee, governed by a volunteer Board of Directors. We are a large community organisation that provides services to more than 13,000 people annually, utilising a paid workforce in excess of 400, over 200 volunteer staff along with 150 self employed family day care educators.

Operating for nearly 35 years in the ACT, Communities@Work programs and staff are committed to delivering quality community services of social value and practical benefit. We work towards the development of strong and socially inclusive communities that care for the well being of all.

Our programs include child care and foster care, parenting and family support, youth programs, educational programs, transition housing, respite, disability services as well as transport, in home support and social activities for seniors.

Our views and suggestions are driven by our assessment that the demands for community services are likely to grow through challenging changes in economic, demographic and associated social circumstances in the coming years. If the Government is to meet all the demands, it will face budgetary pressures which will likely be difficult to resolve given other growing pressures for services. Prioritisation will always be a required tool, but this brings with it political issues and risks of resentment and alienation by those who may see themselves as losers or having been disadvantaged by decisions.

We therefore put the following suggestions forward for consideration to assist in placing the ACT Government in a better position to manage the challenges ahead.

GOVERNMENT SEED FUNDING

Currently a great deal of the community services sector relies on government funding. We believe this model is unsustainable in the longer term and an approach which has a broader funding base needs to evolve over time. This would need to involve organisations developing both related and un-related commercial activities involving providing fee for service options for clients. This for example could involve a range of support services to those who wish to stay in their own homes as they age. Communities@Work undertook a study on such a scenario last year for the ACT Government. Greater emphasis on working with the commercial and business sectors and drawing on their generous support in the most cost effective manner possible is another area which helps to reduce reliance on governments. Encouraging both corporate and private involvement through volunteering is another resource which can be better utilized.

We suggest that a cost effective initiative for 2012/13 would be a project to develop a range of business models for the community sector to broaden its resources base and help to meet demands while reducing reliance on governments in the years to come. Our indicative costing is that about \$150k would be a wise investment in this work.

COMMUNITY SECTOR - RATIONALISATION

A range of studies and related work in recent years has pointed to the disparate nature of the community sector which has a large number of very small to reasonably large entities all trying to their best to meet demands in their particular area of work but a significant number struggling with resource shortcomings. The 2009 Productivity Commission report was an excellent and detailed study of this problem. The need to support proper governance, rising costs and demands logically point to using economies of scale to reduce infrastructure, support costs and to improve the financial health of the sector. Government policy and direction to facilitate this process would be most helpful to a process which is likely to occur due to these forces but which may be less constructive and less effective without government leadership.

Another scenario may be greater use of shared services amongst community organisations to reduce overhead costs and allow smaller, specialized organisation to focus on their primary work rather than trying to fulfil all the required support roles(eg finance, IT, HR, maintenance). A study on this approach was also undertaken by Communities@Work in 2009. Policy direction and leadership by the ACT Government would be useful in this matter.

INFRASTRUCTURE

Communities@Work leases a significant number of properties from the ACT Government which it uses to provide community services. This is common across the Territory's community sector. Much of our portfolio needs injection of capital to bring them up to standards. We also believe this to be the case across the board. We also understand that the ACT Government has been reviewing options for the future management of these properties.

We suggest that there may be options to better work in partnership with organizations such as Communities@Work to better address this infrastructure management issue. For example, an option for providing long term tenancy (25+ years) in return for injecting the capital investment to maintain the properties. The period of tenure would need to ensure that the tenure arrangements made the return on such investments financially viable.

I trust that these views and suggestions are useful in the Budget deliberations. I would be pleased to assist further in any manner you see fit.

Yours sincerely



Lynne Harwood
Chief Executive Officer