



**2011-12 Budget Funding
WACOSS Information Package**

***Funding and Contracting Announcements
for Community Services***

June 2011



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This information package contains information prepared by WACOSS for the community services sector about the details of the State Government funding and contracting reforms that were announced as part of the WA State Budget.

The Package contains detailed information and links to other documents designed to help community service organisations understand the impact of the announcements for their organisation.

Included in this information package is:

- WACOSS Update on State Government Funding Announcement

- Details of measures to address the shortfall in funding for community services
 - *Component One*
 - *Component Two*
 - *Delivering Community Services in Partnership Policy*
 - *Indexation*

- How should community service organisations respond?
 - *Professional advice*
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WACOSS Update on State Government Funding Announcement

The State Government has delivered a landmark funding decision in the State Budget which will help to sustain the critical services upon which our community relies.

In total, the Government has delivered a \$1 billion social services package which is intended to help make the community sector more sustainable and to help protect services and support for disadvantaged and vulnerable people in the Western Australian community.

As part of that package, the Government announced funding for the not-for-profit community sector of \$604 million over the next four years. This funding is intended to address a shortfall in the amount paid by the Government to the sector for the services they provide, to enable staff to be paid fair wages, and to help to ensure the sustainability of services.

This will make a real difference for up to 30,000 workers in the WA community sector and the hundreds of thousands of people they help every day.

The funding commitment signals to the sector that the Government is serious about rebuilding its relationship with the not-for-profit sector so that we can deliver better outcomes for those most disadvantaged in our community. It is a serious step in addressing a significant shortfall in funding that has worsened over recent years and put enormous pressure on service organisations.

Details of measures to address the shortfall in funding for community services

The WA Government's 2011 State Budget announced funding for the not-for-profit community sector of \$604 million over four years, including the current 2010-11 financial year.

The funding increase to service agreements with the not-for-profit sector will result in an average 25% increase to eligible contracts over the next three years to 2014-15.

The funding increase will be rolled out in two components and will also include annual indexation on service agreements, starting with 4% indexation in 2011-12.

The first component will be a flat 15% price adjustment to increase the funding levels in all current eligible contracts.

The second component will provide an average increase of 10% on those contracts as they are revised to match the new procurement policy – the *Delivering Community Services in Partnership Policy*.

More details on which contracts are eligible for the funding increase is outlined further below, and organisations can expect to receive further information about their contracts in a letter from their funding agency.

Component One

The first component will fund an upfront across-the-board percentage price adjustment of 15% for eligible community services contracts from 1 July 2011.

It is important to consider the clear distinction between how the State Budget community services funding announcement applies to different types of contracts; as distinct from what the implications are for different organisations, which may have a number of contracts of different types. It is important to note that the funding increase only applies to State Government contracts.

State Government contract types:

- (A) Those contracts funded entirely by the State – will receive the 15% increase
- (B) State contracts with mixed funding with less than 50% Commonwealth funds – will receive the 15% increase
- (C) State contracts with mixed funding for homeless services – will receive the 15% increase only on the State Government’s 50% share of their funding (i.e. 7.5%)
- (D) State contracts where 50% or more of funds are from the Commonwealth – are excluded for the time being (and will be revisited after Fair Work Australia community sector wage equity case is resolved).

State contract funding type	Commonwealth funding %	State contract funding increase	Increase eligible from
State only	0%	15%	1 July 2011**
Mixed funding	<50%	15%	1 July 2011**
	50:50 Homeless	7.5% *	TBC post FWA ***
	50:50 or >50%	0% *	TBC post FWA
Commonwealth only	100%	0% *	NA

* To be re-negotiated once Fair Work Australia community sector wage equity case is decided.

**Note the timing of the payment will be according to your current contract payment schedule, not on 1 July.

***Note the timing of the payment for homeless contracts is still being determined.

WACOSS will make more information available to the sector about the impact of the Fair Work Australia interim decision on the pay equity case of 16 May 2011 and the future decisions pending.

For further details regarding eligibility please visit the Department of the Premier and Cabinet’s website and download the [Sustainable Funding and Contracting with the Not-for-Profit Sector – Component 1](#) fact sheet.

Component Two

A second increase averaging 10% will be rolled out between 1 July 2013 and 30 June 2014 as contracts are reviewed, and will be linked to the roll out of procurement reforms.

This component is targeted towards ensuring the inequities in the funding shortfall are addressed. The adjustments are linked to progressing key contracting reforms, with additional funding allocated to contracts to ensure that services are funded in a sustainable manner. It is designed to address particular funding inequities including the higher operating costs in regions and other complexities.

For more information download the [*Sustainable Funding and Contracting with the Not-for-Profit Sector – Component Two*](#) fact sheet from the Department of the Premier and Cabinet's website.

Procurement Reform - Delivering Community Services in Partnership Policy

A further element of the funding increase is based around a new procurement policy – the Delivering Community Services in Partnership (DCSP) policy. The DCSP policy has been developed jointly by the public and not-for-profit sectors to build and support a more mature contracting relationship between the sectors. The DCSP policy will replace the Funding and Purchasing Community Services policy. It facilitates a greater focus on achieving better outcomes for the community through the funding and contracting of sustainable community services by both sectors.

For more information download the [*Sustainable Funding and Contracting with the Not-for-Profit Sector – Delivering Community Services in Partnership Policy*](#) fact sheet from the Department of the Premier and Cabinet's website.

Indexation

The funding also includes \$96m for indexation, including an additional 4% from 2011-12.

On 13 December 2010, the Government endorsed the continuation of the Non-Government Human Services Sector (NGHSS) Indexation policy. The NGHSS indexation rate is a composite of the Perth Consumer Price Index (CPI) (20%) and the Wage Price Index (WPI) (80%), in recognition of the labour intensive nature of human services.

For more information download the [*Sustainable Funding and Contracting with the Not-for-Profit Sector – NGHSS Indexation Policy*](#) fact sheet from the Department of the Premier and Cabinet's website.

How should community service organisations respond?

The intention of this funding is clearly to improve the sustainability of community services. The predominant use of this extra funding is intended to be directed towards improving wages of staff in the sector, as well as enhancing staff attraction and retention through increased training and professional development opportunities. It is also intended to help strengthen the sustainability of community service organisations through increased investment in areas such as occupational health and safety costs, compliance, legal costs and corporate governance practices.

WACOSS encourages community organisations to think and plan carefully about how these funds are deployed in each organisation. The sector is highly diverse and the funding will effect individual organisations in very different ways.

The eligibility for the increased funds varies across the sector, and organisations should seek advice directly from their funding providers, as well as refer to the [Department of the Premier and Cabinet](#) fact sheets.

WACOSS will work closely with our members and the broader community services sector to assist organisations with their implementation of the funding and procurement reforms. We encourage all funded service providers to attend the upcoming Sector Briefing on 1 June 2011, and for regional organisations to keep an eye out for the regional broadcast of the event when it is released.

Professional advice

WACOSS can link our members with support from Employer Assist to provide guidance about the implementation of the funding increase, particularly in relation to wage increases. We encourage community service organisations to be aware of their obligations and to seek professional advice about how to ensure they are compliant with their legal and contractual obligations and the intentions of funding providers that these funds are used to improve staff wages, and build sustainable services.

Employer Assist has put together some initial advice for organisations about the kind of issues they need to consider and the steps they should take between now and 1 July 2011 when the first component of the funding increase comes into effect. This initial advice is intended to provide a starting point for organisations to begin working out how they may be affected, but we do recommend organisations seek further professional advice.

For more information download the document [Employer Assist Guidance for Community Service Employers](#) from the WACOSS website.

Further information and support

WACOSS will continue to provide further information and support for organisations throughout the implementation process in the coming weeks, months and years. The process for implementing these reforms will take some time, and we encourage organisations to take the time to plan their response carefully.

WACOSS will support the sector with regular updates, workshops and events to help build capacity in small organisations to respond to the reforms and strengthen their sustainability.

We have compiled a list of Frequently Asked Questions on the State Budget community services funding increases which we will add to as further questions and issues emerge. We encourage you to look first at the FAQ to see if your question has already been addressed, and to get in touch if it hasn't so we can both help you out and update our list.

For more information download the document [*Frequently Asked Questions on the State Budget community services funding increases*](#) from the WACOSS website.

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