



**Submission on the  
Secure Local Jobs Package**

**March 2018**

# About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and Torres Strait Islander peoples. We celebrate Aboriginal and Torres Strait Islander cultures and ongoing contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage and low-income citizens of the Territory.

ACTCOSS is a member of the nationwide COSS network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' vision is to live in a fair and equitable community that respects and values diversity, human rights and sustainability and promotes justice, equity, reconciliation and social inclusion.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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## Introduction

ACTCOSS supports measures that improve security of employment, especially for people in low wage industries or roles.

The ACT Government has committed to develop policy, design services and implement funded programs in partnership with community organisations, which is different from the purchaser-provider relationship it has with other providers of goods and services commissioned by the ACT Government.

Implementation of the Secure Local Jobs Package in community service contracts should comply with the commitments made in the partnership approach outlined in the policies and agreements governing the relationships between the ACT Government and community organisations in the ACT, including the 2001 Social Compact<sup>1</sup>, the 2004 Community Sector Funding Policy<sup>2</sup>, the renewal of the Social Compact in 2012, the revision of the standard Service Funding Agreements in 2016 and the ACT Community Services Industry Strategy 2016-2026<sup>3</sup>.

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- 1 ACT Government, *The ACT Social Compact – A relationship framework between the ACT Government and the Community Sector*, ACT Government, Canberra, 2012, <[http://www.cmd.act.gov.au/data/assets/pdf\\_file/0008/521486/The-Social-Compact\\_web-version2.pdf](http://www.cmd.act.gov.au/data/assets/pdf_file/0008/521486/The-Social-Compact_web-version2.pdf)>.
  - 2 ACT Government, *Working Together: Community Sector Funding Policy*, ACT Government, Canberra, 2004, p.1, <<https://www.actcoss.org.au/sites/default/files/public/documents/2004-act-government-community-sector-funding-policy.pdf>>.
  - 3 ACT Government, *ACT Community Services industry Strategy 2016-2026*, ACT Government, 2016, <<http://www.communityservices.act.gov.au/hcs/community-sector-reform/industry-strategy-2016-2026>>.

## Recommendations

- That the ACT Government ensures any contracts with community organisations that have been agreed will transfer over to a grant will be transferred prior to commencement of the Secure Local Jobs Package.
- The New Compliance Unit established to oversee, implement, monitor and review measures introduced by the package includes a person with specialised community service knowledge and experience.
- The Tripartite Advisory Body responsible for reviewing implementation and advising the Minister responsible for procurement includes an NGO Employer representative.
- That prior to implementation, the ACT Government negotiate with representatives of community service organisations an agreed methodology for costing the implementation of the Secure Local Jobs Package in community services contracts administered by the ACT Government.
- That the ACT Government fund provision of information resources, training and organisation development services to maximise capacity to comply with both the compulsory and non-compulsory components of the Secure Local Jobs Package.
- That the ACT Government increase funding to community organisations to cover the gap between current funding levels and the funding required to enable compliance with the requirements of the Secure Local Jobs Package.
- The prevalence of insecure work within the community services industry should be addressed as part of ACT Government Human Services procurement reform in consultation with the community sector. This needs to be a central part of the implementation of the ACT Community Services Industry Strategy 2016-2026, including its focus on the workforce.

## Feedback on proposed Secure Local Jobs Package

The Secure Local Jobs Package includes a number of measures that will require tailored information and support to implement in community organisations. These include:

- Pre-certification by an independent auditor of compliance with the Long Service Leave Scheme, workers compensation insurance and relevant industrial awards
- Evidence of proactive measures (e.g. training and workforce development, access to an Employee Assistance Program, measures to maximise secure employment).

As the primary funder of many community service organisations, the ACT Government should resource development and dissemination of information resources, training and organisation development to ensure funded organisations are well placed to comply with the requirements of the Secure Local Jobs Package.

## Contextual issues that should inform implementation of a Secure Local Jobs Package

### Insecure work in the ACT community service sector

Research commissioned by ACTCOSS has identified insecure work as a key barrier to the recruitment and retention of staff in the ACT community service organisations – most of which are from the not-for-profit, community sector.

The 2016 ACT State of the Community Service Sector survey found that across all community service organisations, 66.7% of staff were permanent; 8.1% were fixed term; and 25.2% were casual. Of these staff 41.9% were employed full time, with 58.1% employed part time.<sup>4</sup>

An analysis of the Australian Charities and Not-for-profits Commission (ACNC) 2015 Annual Information Statement Data undertaken by ACTCOSS provides similar findings. Out of a total of just over 10,000 paid staff employed by community sector charities that are based and operate in the ACT, 28.2% were employed on a casual basis. Of non-casual staff, 41.2% were employed full time, and 30.6 were employed part-time.<sup>5</sup> The difference between the figure for

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4 N Cortis & M Blaxland, *The State of the Community Service Sector in the Australian Capital Territory, 2016 (SPRC Report 19/16)*, Social Policy Research Centre, UNSW Australia, Sydney, 2016, p. 27, <<http://www.actcoss.org.au/publications/advocacy-publications/state-community-service-sector-act-2016-report>>.

5 Own analysis using ACNC, *ACNC 2015 Annual Information Statement Data*, ACNC, Melbourne, last updated 20 June 2017, viewed 20 June 2017, <<http://www.data.gov.au/dataset/acnc2015ais>>. ACT community sector charities and staff numbers were identified using the methodology outlined in

part-time staff between the two sources (58.1% and 30.6%) may indicate that the majority of casual staff are employed on a part-time basis.

Analysis of ACT Leave data from 2015 for the community sector industry provides a significantly higher estimate of part-time staff of 85% (i.e. approximately 18,425 employees registered with the Community Sector Industry Long Service Leave Portable Scheme).<sup>6</sup>

The ACT State of the Sector survey found that, on average, 77% of employees in organisations were female, with more than two in three community service organisations in the ACT being led by women.<sup>7</sup> Similarly, the ACT Leave community sector industry workforce analysis found that in 2015, 76% of registered employees were female.<sup>8</sup> The survey results highlighted the diversity of the community service workforce in terms of the number of organisations employing at least one paid staff member from a CALD background (72.5%), with live experience of disadvantage and/or as a service user (70.6%), with a disability (40.8%), or from an Aboriginal and/or Torres Strait Islander background (32.3%).<sup>9</sup> ACT Leave's Workforce Industry Analysis for the community sector estimated that 13% of registered employees were from a CALD background.<sup>10</sup>

The State of the Community Service Sector in the Australian Capital Territory, 2016 report found that around one third (31.3%) of organisations saw the security of work as making it more difficult to recruit and retain staff.<sup>11</sup> More than half (54.3%) viewed salaries as a barrier to recruitment and retention.<sup>12</sup> Working hours within the sector were more likely to be seen as helping to recruit and retain workers (44.4%).<sup>13</sup> Over two thirds of organisations (68.7%) reported having had difficulty attracting and retaining suitable staff – with much higher rates for providers of Disability, Ageing and Carer services (86.2%) and Child, Youth and Family services (73.1%).<sup>14</sup> The research also found that it was more difficult for organisations to attract and retain professional and practitioner staff.

Staff turnover and shortages were seen to place pressures on existing staff which potentially was compounded by those remaining staff needing recreation or sick leave as a result of overwork. A number of organisations were concerned about the impact this had on service users.<sup>15</sup>

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VCOSS, *Strengthening the state: a snapshot of Victoria's community sector charities*, VCOSS, Melbourne, 2015, pp. 6-9.

6 Piazza Research, *ACT Leave Industry Workforce Analysis – Community Sector*, ACT Long Service Leave Authority, Canberra, 2016, viewed 29 June 2017, <<http://actleave.act.gov.au/files/community/CommunitySectorWorkforceReport2016.pdf>>.

7 N Cortis & M Blaxland, op. cit., p. 28.

8 Piazza Research, op. cit., p. 8.

9 N Cortis & M Blaxland, op. cit., pp. 5 & 30.

10 Piazza Research, op. cit., p. 11.

11 N Cortis & M Blaxland, op. cit., p. 37.

12 *ibid.*, p. 35.

13 *ibid.*, p. 37.

14 *ibid.*, p. 36.

15 *ibid.*, pp. 38-40.

Insecure work within the sector was seen to be impacted on by government funding arrangements. Organisations identified 'the need for greater funding and funding security due to difficulties associated with the cost of employing staff under good working conditions'.<sup>16</sup> Almost half of organisations (49.6%) did not see ACT Government funding as adequate to ensure staff were paid at rates appropriate to their skills, compared to 19.1% of organisations that did see this funding as adequate (the remainder being neutral or not sure).<sup>17</sup> Comments included:

Being funded sufficiently in order to pay competitive wages. We have lost about three staff over the last year to ACT Government agencies who are able to pay better. (Health support service)

Longer term funding, but perhaps more importantly when a funding cycle or period is coming to an end, having clear direction from funders well in advance - staff are often left anxious for months awaiting decisions re continuance of programs, and struggle with loyalty and hope in the face of the potential need to secure other work. (Peak body).<sup>18</sup>

This also was seen to have a significant impact in terms of training and development, with just over half (51.1%) of organisations either not have having enough funding to cover positions while staff attend training at all (36.6%), or only a little of the time (14.5%).<sup>19</sup> More broadly, a large proportion (45.7%) of organisations found that ACT Government funding did not support staff training and development, compared with 17.1% who reported that it did (with 37.7% being neutral or not sure).<sup>20</sup>

## **ACT Government procurement of community services**

ACT Government policies articulate a partnership approach to contracting services, not a straight purchaser-provider model of funding. The implementation of the Secure Local Jobs Package needs to be consistent with this partnership approach and where necessary adapted to reflect the requirements of a partnership.

This partnership approach was first articulated in the 2001 Social Compact and the 2004 Community Sector Funding Policy. It was affirmed in the renewal of the Social Compact in 2012 and the revision of the standard Service Funding Agreements in 2016.

The ACT Government and the community sector have agreed the framework for our partnership approach to building Canberra in the Social Compact which says that:

...to build Canberra as a place where all people reach their potential, make a contribution and share the benefits of an inclusive community...the ACT

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16 *ibid.*, p. 38.

17 *ibid.*, p. 60.

18 *ibid.*, p. 38.

19 *ibid.*, p. 33.

20 *ibid.*, p. 60.



Government recognises the crucial role of the community and the effectiveness of a strong, robust working relationship between government and community organisations to build an inclusive, equitable and sustainable community... This means:

- Citizen participation to improve the wellbeing of our community
- Transparency in process and access to information
- Community, business and government working together to deliver integrated responses that benefit all Canberrans<sup>21</sup>

The ACT Government Community Sector Funding Policy (2004) outlines a commitment to:

- Fund services with a clear and consistent agreement on outcomes, outputs and quality;
- Work with the community sector and consumers to develop the most appropriate services and service mix on the basis of identified need;
- Contribute to the long-term viability/sustainability of funded organisations in the community sector; and
- Contribute to positive and sustainable relationships with the community sector organisations.<sup>22</sup>

To achieve these objectives, the Community Sector Funding Policy states that there will be collaboration between government and community sector agencies in order to:

- i) plan/evaluate sub-sector services;
- ii) manage performance consistently;
- iii) establish an overall basis for funding;
- iv) cultivate a quality improvement culture;
- v) collect and analyse informative data;
- vi) minimise unnecessary administrative process;
- vii) build a focus on shared responsibilities; and
- viii) enhance the transparency of decision-making processes'.<sup>23</sup>

In 2016 a new Service Funding Agreement template was adopted by the ACT Government following consultation across government and with the community. New provisions not previously in the SFA were included to ensure compliance with current government law and policy decisions. The terms and conditions were significantly revised to incorporate the new laws, and outdated or unused provisions were either deleted or moved to the Schedules for parties to determine whether or not they are relevant to the engagement. Requirements

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21 *ibid.*, p. 1.

22 *Ibid.*, p. 5.

23 *ibid.*

and obligations on both the Territory and community sector were streamlined and reduced to avoid repetitive or unnecessary reporting.

The ACT Community Services Industry Strategy 2016-2026 stated that:

...the ACT Government and community organisations agreed that while substantial structural adjustment in community services continued, and as the sector matured, there was a need for strategic and coordinated planning across the different parts of the sector. This planning could inform future investment in sector development that would ensure sustainable, effective, strengths-based services, and support civil society and citizen engagement that would guide the sector and hold it to account into the future.<sup>24</sup>

This partnership approach puts a joint onus of responsibility on both the ACT Government and community organisations to ensure services are adequately resourced to comply with the obligations imposed on organisations funded to deliver ACT Government contracts. Research conducted in 2016 that included data from 166 non-government organisations operating community services in the ACT it was found that 59.9% received funding from the ACT Government.<sup>25</sup>

## Impact of funding arrangements and levels on growth of insecure work in community services

Security of employment in community services has been undermined by the current funding arrangements and levels. The report of the Independent Inquiry into Insecure Work in Australia noted particular challenges faced by the community sector. It noted that:

As governments have increasingly outsourced the provision of services to community organisations, the drive for government savings has left the sector under-funded to sustain the support they provide ... Consequently, these funding and contract duration arrangements make it difficult to attract and retain the workforce the community sector requires and to deliver effective services.<sup>26</sup>

The report notes the persistent failure of governments to adequately index funding levels, failing to address wage and utility costs.<sup>27</sup> It also notes the impact of short-term funding as 'a contributing factor to the growth of insecure employment'.<sup>28</sup>

The ACT Government has a better approach to indexation than some other funding bodies. However, the gap between increases in costs and increases in funding has grown in the ACT over the past decade. In *The State of the*

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24 *ibid.*, p. 7.

25 *ibid.*, p. 56.

26 Independent Inquiry into Insecure Work in Australia, *Lives on hold: unlocking the potential of Australia's workforce*, ACTU, Melbourne, 2012, pp. 55 & 58, <[https://www.actu.org.au/media/349417/lives\\_on\\_hold.pdf](https://www.actu.org.au/media/349417/lives_on_hold.pdf)>.

27 *ibid.*, p. 55.

28 *ibid.*

*Community Service Sector in the Australian Capital Territory, 2016 Report* researchers found that:

...there were large proportions of organisations (64.3%) who disagreed or strongly disagreed that ACT funding arrangements cover the true cost of delivering services, while only 14.7% agreed.

Funding is also widely perceived as inadequate to meet levels of demand in the ACT. Around 3 in 5 organisations (61.5%) disagreed or strongly disagreed with the statement that 'Funding enables us to meet levels of demand in the ACT', and only 13.8% agreed or strongly agreed.

More than half disagreed that funding enables purchasing of necessary capital, such as vehicles and equipment (53.8%). Further, a higher proportion disagreed (38.5%) than agreed (25.4%) that ACT funding enables maintenance of suitable facilities. Only a small minority of organisations agreed that funding enabled their organisation to innovate (10.8%), while 53.1% disagreed. Around half disagreed that funding enables the organisation to pay staff rates appropriate to their skills (49.6%), and 19.1% agreed. Many also disagreed that funding enables community strengthening activities (43.8%), while 19.2% agreed.<sup>29</sup>

The ACT Community Services Industry Strategy 2016-2026 stated that:

As one of the fastest growing areas of the economy, the Community Services Industry will need to increasingly compete for staff with other sectors. In the ACT, the main competition faced by community services is the Federal and Territory public services which have historically offered more secure and higher paid employment conditions. To meet increasing demand for services, the Community Services Industry will need to position itself as an employer of choice and improve its overall attractiveness especially to younger people given the ageing of the workforce.<sup>30</sup>

These conditions in the local employment market go some way to explaining the persistence of the gap between ACT Government funding agreement indexation rates and the cost of delivering community services operated by community organisations.

The movement or churn of staff between different community sector organisations has been raised as a concern in relation to the accrual of long service leave. ACT Leave's workforce industry analysis found that over a quarter of registered employees (26% or 5,600) had been reported as having changed employer within the community sector industry during their service history (within a maximum period of five years, 2010-2015).<sup>31</sup> The ACT Government's introduction of the ACT Portable Long Service Leave Scheme for the community sector industry on 1 July 2010 (expanded to cover Aged Care workers on 1 July 2016) was a positive move to improve work conditions in the community sector. However, it does not address the underlying issues that lead to insecure work in the sector and for those staff who do not have access to

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<sup>29</sup> *ibid.*, p. 58.

<sup>30</sup> *ibid.*, p. 11.

<sup>31</sup> Piazza Research, *op. cit.*, pp. 30-31.

such entitlements. We note that the *ACT Long Service Leave (Portable Schemes) Act 2009* includes casual employees and contractors as workers.

The benefits of a stable workforce in the community services industry also extend to service users. Insecure work in the sector can interrupt continuity, quality and sustainability of services, thereby risking the credibility of the system. Deskilling and casualisation, qualities of insecure work, can compromise service provision and long-term capacity to meet demand. For the sector to adequately meet the needs of service users, the industry must uphold both its perceived and actual reputation. For service users who rely on the work of the community services industry, it is important to address the issue of insecure work in the sector.

## **Community sector recommendations to reduce the prevalence and impacts of insecure work**

In 2017, ACTCOSS provided a submission to the ACT Legislative Assembly Inquiry into the prevalence and consequences of insecure work in the ACT and outlined the following recommendations:

- Invest in a holistic, whole-of-community response to insecure employment that involves government, community sector, employers, and education and training providers to address socioeconomic disadvantage and barriers to secure employment.
- The Standing Committee should undertake a comprehensive survey of data on disadvantage and insecure employment in the ACT, including insights from people with lived experience and those organisations that offer support services. Beyond this inquiry, the ACT Government should capitalise on the release of 2016 Census data to produce a detailed, up-to-date picture of disadvantage in the ACT. This should include an updated Socio-Economic Index for Individuals (SEIFI) for the ACT in order to reveal disadvantage that is hidden by area-level analysis.
- The concessions scheme offered by the ACT Government be improved and expanded to provide access according to need, not age or source of income.
- Pursue equity in education in the ACT as a critical foundation for inclusive economic growth and diversification and to address barriers to gaining secure employment for those transitioning from education.
- Further strengthen alignment between the Vocational Education and Training (VET) system and local employment opportunities, focusing on making the system inclusive and accessible for those experiencing barriers to gaining secure employment.
- Take action to reduce the prevalence of insecure work within the community services sector as part of ACT Government procurement reform in consultation with the community sector. This needs to be a central part of the implementation of the ACT Community Services

Industry Strategy 2016-2026. This should include a review of the adequacy of indexation for government funding of community services.

- Access to secure employment and work that pays a living wage and offers basic entitlements should be a central element of ACT Government's Business Development Strategy and other economic growth and diversification initiatives. These should focus on industries' potential to provide secure employment and work that pays a living wage and offers basic entitlements.
- Expand social procurement for ACT Government contracts to create employment opportunities for people experiencing disadvantage and barriers to gaining secure employment.
- Encourage ACT employers to adopt secure, flexible employment practices that support workers to manage family and caring responsibilities, study, and other life commitments. This would include incorporating provisions into ACT Government procurement policy and practice.
- Build competence and resource ongoing development of tools that support increased capability of employers to value and improve workplace diversity, especially in industries that are growing in the ACT (education, construction, health and community services).
- The ACT Government should establish employment targets for equity groups such as people with disability in the ACT public service and encourage business and community organisations to adopt targets.