

## Briefing paper \$1 billion in Federal cuts to community services

The Federal Government's \$1 billion national funding cuts to community services are devastating the critical support provided to Australia's most vulnerable people and communities. Supports including emergency relief, community mental health, legal advice, and prevention and early intervention have all been hit by funding cuts. The development of policy and reforms to address pressing needs of people facing poverty and inequality and to advocate for them have also been cut. This sector contributes five per cent to national GDP and employs more than eight per cent of Australia's workforce - three times the number employed by the resources sector - yet these cuts are also causing extensive job losses during a time of economic downturn and rising unemployment.

As news reaches Ministers about the devastation caused by these cuts, they are steadily taking action. Social Services Minister Scott Morrison recently provided short-term relief for some organisations that lost DSS funding through transitional arrangements; and Attorney General George Brandis has reversed some of the cuts to the community legal sector. These steps are welcome, but they are only the beginning of repairing the damage caused by the Government's cuts.

ACOSS is calling on the Federal Government to:

- Stop these funding cuts, many of which are one year in to a four-year plan of implementation. It's not too late!
- Determine, in partnership with the community sector, adequate funding levels to meet community need and maximise social and economic participation for all
- Extend current funding for organisations that have not yet been able to finalise new Government funding offers
- Adopt the recommendations of the Productivity Commission to improve government contracting with community organisations.

### Background

Funding cuts to community services have been announced progressively since September 2013 across a range of portfolios. They include:

- \$500 million over five years for Aboriginal and Torres Strait Islander community services (the Department of Prime Minister and Cabinet - Senator the Hon Nigel Scullion and The Hon Tony Abbott)
- \$270 million over four years from social services and a freeze on indexation of sector funding (the Department of Social Services (DSS) - The Hon Scott Morrison)
- \$15 million in cuts to legal aid, community legal centres, Aboriginal and Torres Strait Islander legal services, and women's family violence prevention and legal services. Only some of this cut has been restored, leaving key supports and capacity defunded (the Attorney General's Department - Senator the Hon George Brandis)
- Foreshadowed cuts of \$197 million over three years from health (the Department of Health - The Hon Sussan Ley)

***We are one year in to four years' worth of cuts that are going to decimate support for some of the most vulnerable people in Australia. It's not too late to reverse these cuts and stop their disastrous impact in communities across the country.***

#### WHAT CAN YOU DO?

**Community organisations:** Tell your Government MP what these cuts mean for your community

**MPs:** Bring these matters to the attention of the appropriate Minister

**Ministers:** Halt the cuts and determine, in partnership with the community sector, adequate funding levels to meet community need and maximise social and economic participation for all

# How the community is affected

## 1. Impact on vital services

Community organisations are deeply concerned about the impact of cuts on the people and communities they serve, many of whom have no alternative services to meet their needs.

These cuts have targeted people on the lowest incomes, people experiencing financial crisis or family breakdown, children at risk, vulnerable young people, new mothers and babies, people facing eviction and homelessness, carers in need of respite, those struggling with drug and alcohol addictions, and those with mental health issues or other serious health concerns in the community. The cuts are destroying the fabric of local communities, and years of hard and committed effort by community leaders, many of whom are volunteers. Community organisations are facing extensive job losses, with highly skilled people on modest incomes now facing the grim prospect of unemployment.

In a sector where relationships are key, this loss is significant. Services cannot be sourced easily from other providers and existing partnerships that are central to the effectiveness of community organisations are breaking under the strain of inadequate funding.

### WHAT NEEDS TO BE DONE:

In the short-term, the Government must restore the cuts and provide clear and appropriate support to organisations through funding extensions and transitional arrangements to fill gaps in services. In the long-term, the Government needs to work with the community to determine adequate funding levels to meet community needs, and, importantly, invest over a five-year timeframe.

### Case study: Coordinated & integrated services

*AccordWest has been delivering essential support services to some of the most at-risk families, couples and individuals in the south-west of Western Australia for more than 30 years. In 2013-14 we supported over 18000 people. The reduction in funding and uncertainty about when it would be delivered has meant we lost key staff who were uncertain about their future employment; were unable to reassure vulnerable clients about the continuity of services they rely upon; and reduced our capacity to secure the infrastructure we need to deliver effective services well in the community.*

## 2. Meeting vulnerable clients' needs

The Government has extended funding for some of those organisations which faced cuts, such as emergency relief and food relief, to ensure support for affected clients and communities; and reversed cuts for others such as community legal services.

The Government has changed these funding cuts because it saw the need and vulnerability of clients, and the undermining of sector effectiveness from continuing funding uncertainty. That need continues right across the country, as community organisations struggle to meet the needs of their communities.

### WHAT NEEDS TO BE DONE:

Until appropriate funding levels are determined, the Government should restore in full the funding cut from social services and community infrastructure, including through portfolio savings measures within the DSS, the Attorney General's Department, the Department of Prime Minister and Cabinet, and those foreshadowed by the Department of Health. Community sector funding should include adequate indexation of funding to wage price index. The Government should provide clear and appropriate support to organisations through funding extensions and transitional arrangements.

### Case Study: Emergency relief

*Crossroads has been providing emergency relief since 1986, assisting around 180 families annually as well as providing case management of clients and referral phone enquiries. Crossroads tendered independently for funding and also in a consortium with Sutherland Shire Family Services and Jannali Neighbourhood Aid. All applications were unsuccessful. Crossroads can no longer subsidise rental arrears, medical bills or chemist costs, travel/fares, food, telephone bills, funerals or other essential living costs for people in its community. It is unaware if other organisations received any funding for this.*

### 3. Ongoing funding uncertainty

In 2014, more than 5,500 applications totalling \$3.9 billion were applied for, when only \$800 million in Government funds were available from the DSS.

The lack of information from the Government about funding allocation, cuts and changes is causing significant problems for community organisations. The lack of clarity is impeding their ability to provide ongoing services or implement transitional arrangements to minimise the impact on clients, and to meet existing commitments to staff and partner organisations.

#### WHAT NEEDS TO BE DONE:

The Government should publish immediately details on what funding has been lost in each portfolio, on a geographic or population basis as relevant; and which organisations have been offered funding, including for which services, target population and geographic coverage.

#### Case study: Community mental health

*After eight years of successful service delivery, Family Support Newcastle was not successful in its submission for Community Mental Health Funding and must make five staff redundant. Without adequate notice, it will operate a minimal service for two months until a new service in Newcastle is established, causing disruption and disappointment for clients in need of the organisation's services as well as for its competent staff.*

### 4. Lack of transparency

The removal of funding and the lack of clarity over ongoing funding has increased the risk of families developing even greater needs.

Organisations that have received funding have been explicitly told their offers are confidential, making it impossible to negotiate with other providers or respond to community needs. Confidentiality requirements are undermining collaborative partnerships and relationships. Community organisations need to be well-informed about service funding in their area so they can identify service gaps, and opportunities for partnership and collaboration to address those gaps.

#### WHAT NEEDS TO BE DONE:

The confidentiality provisions currently attached to Government funding for community services must be lifted.

#### Case study: Family support

*Good Beginnings was originally contracted to provide services in a particular location. The new contract is for a restricted area – only part of the previous location – which means more than a dozen families are no longer geographically covered by the funding. Good Beginnings has a strong collaboration with the school that used to host the program and needs to provide a time frame if it is no longer able to operate there. It also needs to know which organisations have been funded to deliver services in adjacent areas so it can assist clients with service referrals, but this is impossible in an information void.*

### 5. Organisational arrangements

Organisations offered funding under the recent DSS tender had less than one month to negotiate contracts before their existing funding ran out. Further, overly prescriptive requirements including increased micro management, return of surplus funds, and short-term contracts have reduced organisational capacity to plan effectively to meet community need.

Meanwhile, the Federal Government's new privacy and data exchange requirements risk compromising organisations' relationship of trust with their clients. Reforms that tie funding to outcomes are a positive step for community services. However, client confidentiality must remain the basis of any reform.

#### WHAT NEEDS TO BE DONE:

Community organisations must be given the time and resources to contract appropriately for funding. This means no funding cuts without proper consultation with people and organisations affected. The Government should work with the sector to implement the recommendations of the Productivity Commission to improve contracting with community arrangements. Data exchange reforms must accommodate the broader operating environments for community organisations, including the importance of trust, confidence and confidentiality between sector organisations and their clients and communities.



The Government-commissioned McClure report recommends an investment approach to secure better social and economic participation by the most vulnerable.

Recognising the Federal Government's Budget challenge, ACOSS has identified more than \$13 billion of potential savings in the next financial year, increasing to more than \$18 billion in 2016-17.

ACOSS' recommended cost savings include fair and responsible measures to address inefficient tax arrangements - without devastating communities or the services that support them.

It's not too late to reverse the damage caused by these cuts, but we need you to speak up about their impact in your community and call on the Government to halt them.