Australian
Council of
Social Service

Reform of Australian Government Administration

2 December 2009

1. INTRODUCTION

This submission focuses on several areas that are key to the relationship between the Australian government and the not-for-profit community sector. These include:

- The interaction between government departments and policy and program areas;
- Appropriate and effective consultation processes;
- Awareness of the broader context in which services are delivered and the implications of administrative decisions on those services; and
- Bureaucratic processes (reducing 'red tape').

This submission responds broadly to many of the issues raised in 'Reform of Australian Government Administration: Building the world's best public service' prepared by the Advisory Group on Reform of Australian Government Administration (henceforth the Discussion Paper). Understandably, much of the Discussion Paper focuses on the internal challenges for the Australian Public Service (APS). However, ACOSS is more interested in the relationship *between* the public service and community organisations and their clients. We see this review as an opportunity to discuss some of the key issues facing our members and their clients in this regard. Thus our submission is written from the perspective of the not-for-profit community and social service sectors and is based on our extensive experience working with Australian government administration.

2. WHO WE ARE

The Australian Council of Social Service (ACOSS) is the peak council of the community services and welfare sector. Established in 1956, ACOSS is the national voice for the needs of people affected by poverty and inequality.

ACOSS aims to reduce poverty and inequality by developing and promoting socially, economically and environmentally responsible public policy and action by government, community and business while supporting non-government organisations that provide assistance to vulnerable Australians. We work with our members, clients and service users, the sector, governments, departments and other relevant agencies on current, emerging and ongoing social, systemic and operational issues.

This submission draws on interactions with governments across the country experienced by ACOSS, the Councils of Social Service in each state and territory, and our member organisations. These interactions relate to policy and advocacy work, specifically the role of the not-for-profit sector in delivering social services.

3. RELATIONSHIPS BETWEEN GOVERNMENT ADMINISTRATION AND CIVIL SOCIETY

The Discussion Paper's initial consideration of the role of the APS has an internal focus and does not address external values and relationships in detail. ACOSS represents not-for-profit non-government organisations in a sector with a high degree of engagement with government. This spans engagement, funding, contractual, and regulatory relationships, the provision of policy and program advice, and advocacy and consultative processes. In that context, ACOSS members have previously expressed their concerns that while government relies upon the community sector, there is a sense that this reliance is often unacknowledged. Relationships are often seen as asymmetrical, and lacking adequate respect. Key examples include onerous funding contracts with little or no room for negotiation; excessive 'red tape' surrounding program grants and evaluations; and lacking, inadequate, and/or poorly conducted consultation with the sector on changes or new directions being considered by government, even though they may have significant implications for the delivery of services and the community sector more broadly.

While the Discussion Paper frequently emphasises the relationship between government and business in Australia, it does not consider the relationship with the community sector to the same extent. Even where the relationship between government administration and external stakeholders is being considered, there is little attention paid to the role of and relationship with social services. This is despite the acknowledgement in other parts of the Discussion Paper of the increasing importance of the community sector in the delivery of primary services for government.

The Discussion Paper notes the challenges facing government administration from the increasing expectations of the public and business. For the community sector, the problem here is commonly the reverse. Governmental contractual and regulatory requirements from organisations have increased, often without corresponding recognition of these increased burdens through resource provision. For example, funding models have led to a decline in real funding for some organisations over the past decade: indexation rates, where present, rarely meet increased operational and service delivery costs; full cost recovery is rarely funded; and requirements of increased outcomes on existing funding levels are often unrealistic.[1] Contracting requirements have increasingly shifted risk onto the community sector partner, constraining their capacity and stifling innovation.

> There is also a growing expectation of individuals and communities that they will receive services that are responsive to their particular needs and circumstances. Place-based delivery of services and programs is becoming increasingly important—whether this is achieved through one-stop shops delivering a range of government services in one customer-friendly location, or through other innovative initiatives (Discussion Paper, p 6).

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1 ACOSS (2009) Submission to the Productivity Commission Inquiry into the Contribution of the not-for-profit sector, Australian Council of Social Service, http://www.acoss.org.au/upload/publications/submissions/6056__ACOSS%20submission%20-%20PC%20Study%20into%20the%20Contribution%20of%20the%20Not%20for%20Profit%20Sector.pdf.

We agree with this statement and with the Discussion Paper's earlier statement that the APS needs to be more agile and adept at dealing with those out of government as well as within it. This is something that ACOSS and its members have long advocated. Many of the administrative practices of government risk undermining this aim. For instance, government departments are increasingly indicating a preference to work with large, nationally-focused organisations rather than small or local organisations who may be best-placed to identify and meet the needs of particular communities. This was an important lesson from the Victorian bush fire relief operation in 2009, where local organisations were both the most effective operators and tended to receive the greatest support from the community.[2] While that was in the context of emergency relief, it is an important reminder of the benefits of capacity-building and community development that are such important contributions of the not-for-profit sector.

The recruitment challenges facing the APS receive some attention in the Discussion Paper. Governmental recruitment processes can have considerable consequences for community organisations when they target the same pool of labour. Funding models that limit community organisations' capacity to match public sector salaries can leave them at a significant disadvantage. In a recent ACOSS survey of our membership, the drift of staff to government employment after they have been trained and developed by the non-profit sector was cited as a significant challenge to community sector development and sustainability.[3] There are growing community expectations of ethical considerations in recruitment practices, for instance ensuring that addressing workforce shortages does not disadvantage a workforce in another country. There has been significant health sector policy development in this regard, particularly in terms of the recruitment of overseas-trained doctors, nurses and allied health professionals.[4]

While workforce challenges in the Australian domestic context may be of a different scale, the issues remain the same. Where once there was movement of staff from the community sector to government *and back*, social services are increasingly aware that the drift has become one way.[5] Governments have some responsibility for ensuring that their actions do not disadvantage the not-for-profit community sector, whether by ensuring adequate funding to cover comparable wages, or ensuring recruitment strategies are mindful of their wider impacts. The promotion of secondment programs and other such policies could achieve greater balance between the workforces of the community and government sectors, while supporting and strengthening the relationship between the two sectors. Such arrangements have an added benefit of greatly enhancing workforce capacity in developing the skills, knowledge and experience of both public and community sector employees.

The Discussion Paper also addresses about financial pressures on government. The community sector has often been detrimentally effected by government attempts to redress these pressures. For instance, the contracting out of essential services to not-for-profit organisations, when underpinned by government attempts to reduce costs, undermines service delivery quality and sector sustainability. The consequent under-funding of services

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2 VCOSS (2009), Submission to the *2009 Bushfires Royal Commission*, Victorian Council of Social Service,
http://www.piac.asn.au/publications/pubs/sub2009074_20090731.html.

3 ACOSS (unpublished) 'Operational Issues Survey', August 2009.

4 Heath Services Union (2007) 'Discussion Paper on the Ethical Recruitment of Overseas Trained Health Workers',

5 ACOSS 2009b, 'Response to the Draft Research Report: Contribution of the Not for Profit Sector', Submission to the Productivity Commission, 24

November, http://www.acoss.org.au/upload/publications/submissions/6590__ACOSS%20response%20to%20PC%2025%20Nov%2009.pdf

and failure to maintain wages in the community sector as compared with government has had a dire impact on the sustainability of the community sector. These problems are compounded by factors such as inadequate time and process for the negotiation of funding contracts with the community sector.[6]

Chapter Three considers the key characteristics of a high performing public service. Public servants often have highly technical and specialised knowledge about a particular program. They may have very little knowledge or experience of how that program fits within broader social policy or service delivery. This is in part a manifestation of how the public service works and is not in itself a criticism. But understanding the broader context is important for the effectiveness of those programs and services. The community sector is well positioned to provide advice on the 'bigger picture' in which a policy or program sits. When community sector representatives are not included on working groups, taskforces and steering committees this considerable knowledge is not captured.[7]

The broad contribution of the not-for-profit sector is vital in this regard. The value of the skill and expertise of the community sector can benefit government through meaningful consultation. In order for that to happen, governments must recognise the limited resources with which not-for-profit organisations undertake much of their work. Effective consultation depends upon adequate time in a process to ensure an organisation is well-informed about an issue or objective and able to best respond to it. The current review of Australian government administration is a good example in this regard. With less than a month provided between the announcement of the review, the distribution of relevant papers and the deadline for response, the capacity of the not-for-profit sector to make a meaningful contribution is highly reduced, however much our sector might wish to engage with government on these issues.

Indeed, the capacity of the community sector to do this work at all has been directly effected by the shift from governments contributing to the overall work of an organisation, to government's purchasing specific services. That shift has brought a significant challenge to organisations, including peak bodies such as ACOSS, to ensure that we maintain our expertise and knowledge of the issues in our sector; let alone the capacity to respond to processes such as this review. All of these conditions inform the way in which we work and hence our ability to contribute to government in terms of providing input on policy development and program delivery.

The Productivity Commission's 2009 inquiry and draft report into the contribution of the sector indicate a breadth and value beyond that most readily identifiable, namely the provision of social services. Additional contributions include the development of research and policy; the development of innovative service provision models; the capacity to advocate on behalf of and as members of the community (independent of political, business and commercial interests); and the support of communities themselves.

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6 Whitlam Institute, SJSC and PIAC (2009) 'A question of balance: principles, contracts and the government-not-for-profit relationship', July, http://www.piac.asn.au/publications/pubs/sub2009074_20090731.html.

7 ACOSS (2009) Submission to the Productivity Commission Inquiry into the Contribution of the not-for-profit sector, Australian Council of Social Service, http://www.acoss.org.au/upload/publications/submissions/6056__ACOSS%20submission%20-%20PC%20Study%20into%20the%20Contribution%20of%20the%20Not%20for%20Profit%20Sector.pdf.

The contribution of the not-for-profit sector is particularly relevant for any consideration of how to improve policy development, creativity and the performance of government in terms of its administration. Governments and the public service can benefit greatly from the skills and expertise of the community sector. These are attributes that accumulate from the wide range of activities in the community sector and can contribute a unique and vital element to the social picture in which government makes policy and develops programs. The community sector can act as an essential source of information and analysis to the broad context of issues as well as to the detail of effective policies and programs. However government can only benefit from these attributes if it first recognises them and then facilitates their contribution appropriately.

By extension, the ability of government to acknowledge and incorporate the contribution of the community sector can enhance other important values such as the public's trust in government and its institutions. It is in the nature of community organisations that they both work with and reflect the communities in which they are active. Improving relationships between government and the non-government sector and reducing barriers like red tape and inadequate funding can yield direct benefits in terms of government's enhanced legitimacy in the eyes of the community.

In terms of other barriers to the provision of high quality policy advice and the development of effective policies, one of the most common complaints from the community sector is governmental 'siloing'. This relates to incomplete communication between and beyond government departments. Government 'silos' tend to stifle the creative and innovative thinking that can produce the most effective social policy. They also act as a strong barrier to addressing multiple needs which, due to their complexity, are unlikely to have singular solutions.

To that end, ACOSS is highly supportive of the Discussion Paper's proposal for strategic policy hubs. These hubs should incorporate the community sector, both through the representative value of peak bodies and with frontline services and local initiatives. Such an approach will maximise the knowledge available about a particular issue and its possible solutions. Indeed, engaging with non-government actors including the community sector is a necessary component of any effective policy development and implementation. Ultimately, the public will be best served when government engages comprehensively with a range of interests. The community and social service sectors are one vital component of that range.

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