

Community Sector Sustainability

“The community and not-for-profit sector plays a vital role in making our communities liveable, inclusive and fair.”

Victorian Government, 2008⁴³

Community organisations provide a diverse range of services that enable Victorians to participate in the workforce, education and the life of their local community. They assist in building the social inclusion necessary for a liveable state. The strong mission and value base of community organisations results in service provision that contributes to economic, social, cultural and environmental sustainability.

A recent overview of the scope of community organisations⁴⁴ has identified the four core objectives of community organisation activities as being:

- service delivery;
- advocacy;
- philanthropy, and
- fellowship.

Many community organisations undertake activities that span two or more of these objectives. The overall effect of these activities contributes to broad social benefits such as cooperative behaviour in communities and greater levels of participation in community planning and implementation of government policies.

The innovative ways community organisations have developed for reaching individuals and families are essential to address many of the policy challenges facing the Victorian government such as the need to increase workforce participation, improve early childhood outcomes, and address chronic health issues. Community organisations also have a significant role in building social capital, which has a recognised relationship with wellbeing and “links to social, economic and health-related outcomes for individuals and the strength and sustainability of communities”.⁴⁵

The Government recognises the value of the community sector and has committed to strengthening it through the *Victorian Government’s Action Plan: Strengthening Community Organisations*.

To progress this Action Plan VCOSS recommends the introduction of an NGO price index to ensure the value of funding to services. VCOSS also recommends that the Government provide the resources to fully implement the recommendations from the Strengthening Community Organisations Project to develop a workforce strategy, which builds on the work in the Action Plan.

43 Message from the Minister for Community Development – Peter Batchelor in *The Victorian Government’s Action Plan: Strengthening Community Organisations*

44 DPCD (2007) *Stronger Community Organisation Project Report of the Steering Committee*, Department of Planning and Community Development, Melbourne.

45 ABS (2006) *Aspects of Social Capital Australia* ABS Catalogue No. 4911.0 Commonwealth of Australia.

NGO Price Index

Adequate price indexation for funding provided by the Government for the delivery of community service is essential to ensure that the value of the funding keeps pace with costs.

Without adequate indexation, the funds allocated at the beginning of a typical three-year funding and service agreement will not be worth the same value over the life of the agreement, requiring organisations to either cut back on service delivery or subsidise government funding with other sources of funding.

Over the past five years wages growth has outstripped the NGO price index and high inflation has put significant pressure on the ability of community service organisations to meet operating costs⁴⁶.

The current indexation of 2.9% (with an additional capacity building payment of 0.2%), for DHS funded organisations, has hampered the ability of community service organisations to compete in the market for labour and goods and services and to provide the required level of services.

An NGO Price Index of 4.2 per cent should be applied to all funding agreements between the government and community service organisations.

This recommended index is based on movements in the Wage Price Index and movements in the Melbourne Consumer Price Index. It will allow community service organisations to continue to provide the level of services required of them by the Government. This does not include specific program expenses subject to disproportionate price increase, such as petrol.

Community Sector Workforce Strategy

A quality and highly skilled community services workforce is essential to support the wellbeing of Victorians and contribute to an inclusive society.

While strong industry growth is predicted for the community services workforce, there are significant recruitment and retention issues that will challenge the capacity of the industry to deliver the services required⁴⁷.

Increasingly, government standards are requiring higher levels of training and qualifications for staff in this industry yet funding has not increased to cover the higher wages, commensurate with higher qualifications.

Earlier this year under the auspice of the Human Services Partnership Implementation Committee a workforce project board was established to:

46 The Allen Consulting Group "NGO Price Indexation" Report to the Victorian Council of Social Service, August 2008.

47 Australian Services Union (2007) "Building Social Inclusion in Australia: Priorities for the social and community services sector workforce"

- map current workforce activities in the sector and Department of Human Services;
- document a workforce profile;
- identify issues that positively impact on workforce recruitment, retention and skills development;
- scope the demographic and geographical difference and constraints that impact on workforce; and
- identify strategies to address structural workforce issues in the community services sector.

Following from this work the community sector, through the VCOSS Peaks and Statewide Networks Forum, has identified that the five key areas for a community sector workforce strategy are:

- planning;
- recruitment;
- retention;
- skilled workforce; and
- leadership and management.

A critical success factor for establishing a sustainable workforce is for the sector to be resourced to ensure comprehensive representation and participation in the development and delivery of a community sector workforce strategy.

This will require a sector wide coordinating body (Community Sector Workforce Taskforce) to work in conjunction with the Office for the Community Sector workforce reference group.

The *Victorian Government's Action Plan: Strengthening Community Organisations* acknowledges the emerging crisis in the workforce for the sector. Actions 12, 13 and 14 intend to address this through:

- investing in leadership development;
- a community services workforce capability framework; and
- community sector placement and mentoring.

Another critical success factor for developing a sustainable workforce is for the sector to be able to work together to address workforce issues.

It is, therefore, imperative that a sector wide coordinating body be established to deliver a community sector workforce strategy. Such a body would work in conjunction with relevant working parties implementing the *Victorian Government's Action Plan: Strengthening Community Organisations*.

Organisation Capacity Building - VCOSS Training and Development Clearinghouse

The *Victorian Government's Action Plan: Strengthening Community Organisations*, recognises the need for investment in organisation capacity building, particularly for small to medium size organisations that struggle to fund sufficient management capacity. Action 16, 'Developing organisational support services and networks' seeks to address this through expanding access to these services where they already exist.

Two actions are required to enable this:

1. ensuring the continuity of existing services
2. resourcing existing services to enable them to increase their capacity to deliver to the sector

The VCOSS Training and Development Clearinghouse is an organisational support service that is delivering free training, consulting services, publications and collaborations that strengthen the capacity of the community sector. The Clearinghouse has been funded for two years until mid 2009.

In year one of operations a grant from the Community Support Fund of \$160 000 translated into \$550 000 worth of training and development delivered to community organisations across Victoria. Over 700 organisations received free training, and 100 organisations were matched with skilled volunteers.

Continued and expanded resources are essential to enable the Clearinghouse to maintain and expand its established program, and, importantly, to extend its role to engage in targeted capacity building for vulnerable parts of the sector such as working with Aboriginal controlled organisations, and newly arrived immigrant and refugee groups.

Recommendations

1. VCOSS recommends a 4.2% NGO price index for all funding and service agreements with community sector organisations across the State Government.
2. VCOSS recommends an investment of \$1.5 million over three years in the capacity of the community sector workforce. These funds will allow for:
 - project management for the Community Sector Workforce Taskforce;
 - secretariat support to a Community Sector Workforce Taskforce; and
 - project funds to implement strategies.
3. VCOSS recommends an investment of \$750 000 over three years to continue and build on the successful work of the VCOSS Training and Development Clearinghouse.