

Submission

No 59

Outsourcing Community Service Delivery

Organisation: New South Wales Local Government, Clerical, Administrative,
Energy, Airlines & Utilities Union (United Services Union)

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**Submission from
New South Wales Local Government, Clerical, Administrative, Energy, Airlines
& Utilities Union**

**To
Legislative Assembly Committee on Community Services
NSW Parliament**

Outsourcing Community Services Delivery Inquiry

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Authorised by Stephen Hughes, Acting General Secretary

About the Union

The New South Wales Local Government, Clerical, Administrative, Energy, Airlines and Utilities Union (United Services Union) appreciates having the opportunity to make a submission to the current enquiry.

The Union has a membership base which is drawn from a broad range of industries - as the name of the Union indicates. Whilst the bulk of our members are employed in local government in NSW, we also cover workers employed in energy, airlines and utilities as well as private sector clerical and administrative workers in NSW.

Our submission is fairly general in nature but will endeavour to provide some information relating to local government community services workers and provide general comments on issues relating to outsourcing of community services delivery by the current NSW State Government.

Community Services in Local Government

Overview

Local government makes a significant contribution to community services in the state. The Division of Local Government Comparative Information publication stated the following:

Councils provide facilities such as community centres and halls, senior citizen centres, aged care centres, childcare centres and youth centres. They employ community development staff and provide services for groups in the community with specific needs e.g. the aged, people with disabilities, Aboriginal and Torres Strait Islanders, and people from diverse cultural and linguistic backgrounds.

Councils with smaller populations will generally have higher costs per capita than councils with larger populations, due to economies of scale, i.e. the decrease in unit cost of a product or service resulting from large-scale operations.¹

¹ Division of Local Government (DLG), Snapshot of NSW Local Government: Comparative Information on NSW Local Government Councils 2009/10, DLG 2011, p132, DLG website <<http://www.dlg.nsw.gov.au/dlg/Scripts/dtSearch/dtisapi6.dll>> viewed 27 April 2010.

The nature of the community services provided by each council varies significantly, in part, due to differences in the demographic makeup of their local communities.

Accountability, reporting and planning

Operations, reporting and planning measures in local government are guided by a number of instruments designed to ensure accountability measures are in place and that councils respond appropriately to the diverse needs of their communities. For example, we note that in the council's Charter in section 8 of the NSW Local Government Act it states that NSW councils are required to provide after due consultation adequate, equitable and appropriate service and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively. Further, councils are required to exercise their functions in a manner that is consistent with and actively promotes the principles of multiculturalism.

Councils are also guided by a range of planning frameworks, guidelines and community consultation strategies. These strategies help to engage communities with their councils and in turn, help inform governments at all levels about existing and emerging needs in the community, as well as impacts that changes in public policies are having on local communities. These processes usually utilise a broad range of skills and contacts developed and fostered by community services workers.

Local government community services workers often play a critical role in assisting and resourcing local networks of not-for-profit community organisations. The networks can assist in identifying critical gaps in service provision and provide advice on policy changes needed.

As well as the critical roles in reporting, planning and assisting accountability, many community services workers in local government provide direct services such as child-care, youth work, services for people with disabilities and various other services.

Over recent decades the types of services provided by local government community workers has evolved – in part reflecting the changing nature of communities.

The changing nature of local government community services

In 1992 the Community Services section of NSW local government was mainly comprised of; a range of children's services and child care workers, pre-school teachers, Community Workers, Community-Development Officers, Recreation Officers, Social Workers, Social Community Planners, Welfare Officers, Youth Workers and Community Arts Officers.

By 2002 a number of trends were evident:

The range of community services workers evolved, diversified, and expanded. Expansions were particularly noteworthy in areas of aged care and disability services. For example some Councils employed workers in positions such as: Disability Project Officer; Host Family Respite Co-ordinators; Dementia Respite Workers; Home and Community Care Co-ordinators (HACC); Home Modification Program Co-ordinators.

In addition to long standing services such as child care and general community development workers, some very specialised areas also evolved, in response to community need. By way of example, this included specialist workers involved in the following areas:

- Supporting of Victims of Domestic Violence
- Suicide Safety
- Cultural Events
- Youth Crime Prevention
- Community Safety

Basically community services has evolved significantly and can cover a wide range of responsibilities and skills. At one end you can have employees whose work focus is with individuals or family groups or small groups of people (e.g. young people with disabilities living in Council provided accommodation). At the other end, some community workers may be expected to convene regular regional forums with community and government organizations and possibly contribute to state based policy and advocacy forums.

There have no doubt been further changes since 2002 which have in part reflected changes in public policy but the role of community services workers continues to be a critical role in assisting to meet human need while resourcing community organisations and assisting governments with data and qualitative information to assist with planning and policy development.

Funding of community services

A large proportion of funding for local government community services workers is provided by councils. There has been a dramatic increase in expenditure on community services in local government over recent years. For example, for the 2007/2008 financial year total local government community services expenses totalled \$409.4 million across the state: the 2008/2009 financial year saw this amount increase to \$478.8 million.²

However some funding is also provided directly by other levels of government. This funding is often tied to particular projects (for example Youth Week

² DLG Loc. cit.

activities.) Funding of this nature can be highly effective because of the existing infrastructure, resources, skills and networks already available to councils.

Female dominated nature

In 1980 Australia was reported to have the highest gender occupational segmentation of 12 OECD countries.³ Despite inroads women have made since that time into some traditional male dominated areas, local government has continued to have many occupations that are highly gender segmented. It is estimated that approximately 75% of welfare and community services workers in NSW local government are female.⁴

The work of community services is often undervalued and in various jurisdictions has been the subject of pay equity cases. In NSW Local Government the union has actively initiated campaigns and legal cases which have successfully improved pay outcomes for women. This has included a case related to pay rates of child care workers at Blacktown Council in 1998. Another campaign and successful case related to the application of the Equal Remuneration Principle as applied to community services workers at the Professional/Specialist Band across NSW local government.

Skill shortages

Some areas of community services work are subject to skill shortages (such as Child Care Centre Directors) and often councils have encountered difficulty in filling vacancies – particularly in non-metropolitan areas.

The industrial parties have worked together in an effort to retain and attract more workers into the industry. Such strategies have included the addition of flexibilities into the NSW Local Government (State) Award, clauses to improve the work and family balance, paid maternity leave and other provisions. More recently the award has also included provisions relating to phased retirement. The latter clause assists in the retention of much needed skills within the industry while older workers transition toward retirement.

General Comments on Outsourcing of Community Services

The United Services Union views with concern any moves designed to diminish the role and responsibility of the state government in the direct delivery of community services. A process of outsourcing community service delivery can be

³ For example see discussion in ABS & Office of Status of Women, *Australian Women's Yearbook 1997*, ABS Canberra, 1997, Cat. No. 4124.0 p 6.

⁴ This figure is based on estimates from the 2001 Australian Bureau of Statistics, Census of Population and Housing, customised tables.

a disruptive process which leaves behind many of the accountability, regulatory and social policy mechanisms which are active in the public sector domain.

This can have impacts which become more evident in the long term as other levels of government pick up the pieces and further unexpected calls are made on the public purse. This is particularly the case if more vulnerable members of the community become increasingly exposed to the harsh realities of the profit motive at work in service provision.

Private sector

When outsourcing leads to a shift in provision from the public sector to the private sector it is a form of privatisation. In such circumstances accountability and regulatory mechanisms often fall through the gaps. This can include the loss of valuable social policy commitments such as commitments to equal employment opportunity, culturally diverse policy commitments and others. By increasing the role of the profit motive in service provision there can be negative implications particularly for 'less profitable' clients. This is exacerbated in instances when private companies cherry pick clients to attract higher profits.

Unlike many areas with large heavy plant and technology inputs, community services is more reliant on its workforce for service provision. This can mean that there are limited avenues for cutting costs and increasing profits. Organisations often turn to processes of reducing costs by reducing wages and conditions or reducing the quality of service provision. This continues to be an area of ongoing concern for the Union and communities in areas of local government which have already been subjected to privatisation processes.

Many of the better resourced companies are multi-national in nature and profits may be taken off shore while communities experience the consequences of leaner services.

Not-for-profit organisations

Whilst many not-for-profit organisations have played a positive role in areas such as housing, disability and home care services, this role has tended to be supplementary to the role of government. At times it has enabled more focussed services targeting particular sections of the community as needed.

Many not-for-profit organisations do not have the capacity or expertise to outright replace government provided service delivery. They are comprised of very diverse organisations. Approaches are not consistent and many of the better resourced organisations are religion based. It is an under-regulated industry which has a high reliance on voluntary workers.

These not-for-profit organisations are sometimes housed in buildings which do not have disabled access, but some are assisted by authorities such as local councils in the provision of accessible venues.

Community board members are often untrained in their responsibilities and, on occasions, seek advice and training and resources from professional social and community workers from state and local government.

Dramatic and sudden shifts in levels of responsibility to the not-for-profit organisations may be preferable compared with profit making organisations but may place considerable strain on the industry. There is a danger that dramatically increased expectation placed on this sector may tip the service provision more toward unacceptable risks unless adequate attention is given to training and accountability issues and adequate attention given to the adequate resourcing of community workers and the ageing nature of the volunteer workforce.

A key concern of the Union is the possibility that the process of outsourcing may be an abrogation of state government responsibilities to vulnerable members of the community by increasing reliance on the unpaid labour of ageing volunteers.

Local Government and not-for-profit organisations

Whilst the relationship between not-for-profit community organisations and local councils can be mutually beneficial, it is possible that any future moves to expand the role of the sector would also have repercussions for local government. As already indicated, not-for-profit organisations are often reliant on support from local government for a diverse array of services, infrastructure and resources.

With a rapidly expanded role, it could be assumed that in some areas it would lead to an increase in the need for local government assistance. In other words, it will result in further cost shifting to local government. Cost shifting from the state government to local government is already an issue of great concern, affecting the viability of some councils.

Conclusion

The United Services Union suggests that there are a number of risks involved in further outsourcing of community services delivery.

The public sector (at all levels of government) has in place an array of measure to ensure accountability to the community and appropriate regulation of service provision. Outsourcing can lead to many valuable commitments and processes falling through the gap, with unexpected and long term consequences which may not be immediately obvious.

Increasing the role of service provision by the private sector may lead to increased gaps in service provision in less profitable areas. These may need to be picked up by the public sector if market failure becomes evident. Additionally the public purse may be called upon where privatisation results in job losses or cuts in wages and conditions. Savings made in this manner can cause significant hardship for families and their communities and does not represent a genuine increase in efficiency.

While sections of the not-for-profit industry have a long history of service provision, in some regions of the state such organisations do not have the capacity or expertise to replace state provided community services.

Some areas of the not-for-profit sector have benefited from assistance from local government but there are councils which may not be in a position to take on board further cost shifting resulting from the effect of the outsourcing of state government services.

Any policies which reduce the financial viability of local government community services could put such services at risk and have a negative impact on the vital infrastructure and support which helps to sustain networks of community based organisations.