Queensland Budget | 2024 – 2025
Strengthen the sustainability of the sector

■ Background

By industry, health care and social assistance was the largest employer group in Queensland in 2021. Queensland charities employed 174,778 people and engaged 369,673 volunteers.[1] This workforce plays a crucial role in improving outcomes for Queenslanders, thereby contributing significantly to the economic and social wellbeing of the wider community.

On a daily basis, the community sector works to alleviate poverty, disadvantage and inequality for the benefit of all Queenslanders. Due to the cost-of-living and housing crisis, recent years have seen hardship touch the lives of far more Queenslanders, while also having a deeper impact on those already under pressure.

The 2023 Intergenerational Report has projected a rapid acceleration of spending on social services. In the coming decade, these supportive industries are expected to grow at unprecedented rates to meet demand.[2,3] Importantly, government income to spend on services is expected to slow and flatten at the same time. This highlights the need to review government processes to ensure the sustainability of community organisations as a service system.

As per the Value of Queensland's Not-for-profit Sector report, "if we do not understand the extent to which the sector is financially sustainable, there is a significant risk that those much-needed services become less reliable, less clinically appropriate…" Further to this, if the sector becomes less sustainable, the service system will contract.[4] This will likely have a disproportionate impact on services being delivered in regional and remote areas of Queensland. Longer-term, this will result in a growing divide in equality, opportunity and wellbeing between geographic regions.

To enable the sector to achieve greater outcomes, the Queensland Government must commit to partnering with the sector and leading strategic reforms that will enable its sustainability.

Noting the interconnection between federal and state funding for community services, it is important to recognise federal reform priorities that have direct implications for the sustainability of the community sector. In particular, the Draft National Care and Support Economy Strategy will drive a vision of "a sustainable and productive care and support economy that delivers quality care and support with decent jobs."[5]

[1] Australian Charities and Not-for-profits Commission, (2023). Australian Charities Report – 9th Edition. P15, Table 5. https://www.acnc.gov.au/tools/reports/australian-charities-report-9th-edition

[2] Department of the Prime Minister and Cabinet, (2023). *Draft National Care and Support Economy Strategy 2023: Care and Support Economy Taskforce.* Commonwealth of Australia, Canberra. P8. https://www.pmc.gov.au/sites/default/files/resource/download/draft-national-care-and-support-economy-strategy-2023.pdf

[3] Commonwealth of Australia, (2023). *Intergenerational Report 2023: Australia's future to 2063.* Canberra. PP13-16. https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf

[4] Gilchrist, D. J. & Emery, T., (2021), *Queensland's Social Services Sector: Its Sustainability and Economic Contribution, a report of the UWA Not-for-profits Research Team for the Queensland Council of Social Service.* Perth, Australia. https://www.qcoss.org.au/wp-content/uploads/2021/07/Value-of-Qld-NFP-Sector_FINAL.pdf

[5] Department of the Prime Minister and Cabinet, (2023). *Draft National Care and Support Economy Strategy 2023: Care and Support Economy Taskforce.* Commonwealth of Australia, Canberra. P2. https://www.pmc.gov.au/sites/default/files/resource/download/draft-national-care-and-support-economy-strategy-2023.pdf

This strategy acknowledges the influence government has as the primary funder, designer and regulator within each service market. However, while there are many services being provided by the community sector, this strategy focuses on the service delivery areas within the responsibility of the federal government: aged care, disability support, veteran's care and early childhood education and care.

In conjunction with federal reforms, the Queensland Government must establish its own forward-looking reforms that connect and complement federal reforms. A whole-of-government strategy should embrace a new strategic engagement with the community sector.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

1. A Queensland Care and Support Strategy that aligns with the National Strategy and has a specific vision for a sustainable community services system.

2. A whole-of-government policy on the procurement of community services. This would be similar to the Western Australian Government's Delivering Community Services in Partnership Policy.

The development of these two initiatives would ideally be led by the Queensland Government Social Services Category Council, which governs the social services spending profile across the Queensland Government and aims to improve procurement and contract management practice while delivering value for money.[6]

The benefits of a whole-of-government strategy and community services procurement policy would be multi-faceted. Its implementation would support the delivery of more efficient and effective services that will improve quality of life for Queenslanders experiencing disadvantage, while reducing longer-term impact and pressure on government services, such as hospitals.

Further to this, it would have a significant impact on supporting and strengthening the community services workforce, thereby reducing gender inequalities. This is because the health and social assistance industry is Queensland's largest employer of women. Of the people employed by the industry, three out of four workers are women.

The Strategy and policy must also consider how current commissioning policy, processes and practices align with principles of self-determination for Aboriginal and Torres Strait Islander people. Deliverable 1.4 of the Breaking Cycles Action Plan 2023-25 should be expanded across all Queensland Government departments to 'transform approaches to investment and commissioning that enables self-determination…'[7]

The purpose of this paper is to present the reform priorities identified by the community services sector, which will improve the sustainability of the service system.

6   Queensland Government. (2018) *Social Services Category Council*. Procurement Governance [Webpage]. Last updated 3/7/2023. [Accessed 5/10/2023]. https://www.forgov.qld.gov.au/finance-and-procurement/procurement/understanding-procurement/procurement-governance/social-services-procurement-category-council
7   Department of Child Safety, Seniors and Disability Services. (2023). Breaking Cycles, An action plan: co-designing, developing and implementing services with and for Aboriginal and Torres Strait Islander children and families 2023-2025. Breaking Cycles Action Plan 2023-25 (dcssds.qld.gov.au)

Sustainability model

As highlighted in the [Queensland's Cost Indexation for Government Purchasing of Human Services](#) report, there are three components to sustainability that must be considered and maintained (Figure 1). These components are:

1. Comprehensive tenders
   The regular realignment of prices to costs by establishing new contracts with the real cost of delivering services built into the new price (for example, a 5-yearly tendering process).

2. Capital injections
   The capitalisation of the service industry to allow timely and effective responses to economic, social and policy changes in an ad hoc manner.

3. Indexation
   The establishment of a sound annual indexation calculation process that allows the industry to respond to iterative changes in the cost of production over the life of a multi-year contract (i.e., in between resetting the base through the re-contracting process).[8]

This paper discusses each of these components to understand how they impact on service delivery, as well as service users. Recommendations are provided to highlight what the community services sector needs to ensure a sustainable service system that is efficient and effective.

Figure 1. Service system sustainability and the current reform focus of paper (Original source: Gilchrist & Feenan, 2023 (p 11))

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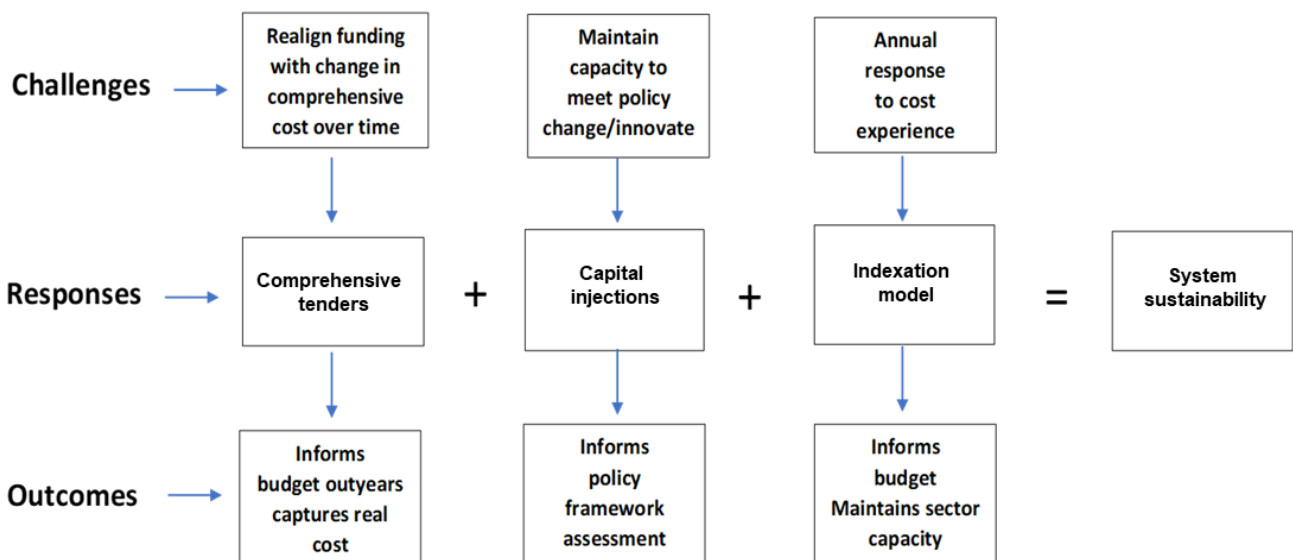
8   Gilchrist, D. J. & Feenan, C., (2023), Queensland's Cost Indexation for Government Purchasing of Human Services, a report developed by the UWA Centre for Public Value for the Queensland Council of Social Service, Brisbane, Australia. https://www.qcoss.org.au/wp-content/uploads/2023/04/UWA_report_Queensland-Indexation_Gilchrist-and-Feenan_Mar-2023.pdf

How we developed our position

As the peak body for Queensland's social service sector, the Queensland Council of Social Service (QCOSS) actively engages with community organisations across Queensland. In 2023, a primary topic of engagement was identifying issues that impact on the sustainability of the community sector and proposed solutions to those issues. This information was collated to inform the sector reform priorities outlined in this paper.

Information was collected in the following ways:

1. QCOSS Community Services CEO Network ('CEO Network')

    The CEO Network was established in late 2020. It is a growing network of community sector CEOs who work collaboratively to identify and respond to systemic challenges. The CEO Network have been consulted throughout the development of this paper and have actively contributed to identifying the sector reform priorities and solutions.

2. QCOSS COO Working Group ('COO Working Group')

    Recognising the in-depth knowledge and understanding that Chief Operating Officers have of current procurement practices and their impact on service sustainability, the CEO Network agreed to form a sub-committee to bring together Chief Operating Officers from a range of community organisations. The purpose of this group was to explore and agree on proposed solutions that support an organisation's sustainability. The COO Working Group was established in June 2023.

3. QCOSS Town Hall sector engagement workshops ('QCOSS Town Halls')

    QCOSS Town Halls were held between August and October 2023 in Toowoomba (3 August), Logan (8 August), Gympie (11 August), Townsville (25 August), Rockhampton (31 August), Brisbane (5 September), Mount Isa (13 September), Mackay (15 September), Moreton Bay (21 September) and Cairns (20 October). A total of 208 community sector employees participated.

    Participating organisations represented a diverse range of service delivery areas, including: neighbourhood centres; housing and homelessness; child, youth and family services; disability; community development and seniors services. As well as being asked to consider proposed solutions, QCOSS Town Hall participants were divided into small groups to discuss how issues that impact on sustainability of community organisations affect:

    - the organisation and its workforce
    - people accessing services.

4. Australian Community Sector Survey

    Data was also used from the Australian Community Sector Survey (ACSS) 2021. The 2021 ACSS was conducted by the Social Policy Research Centre at UNSW Sydney, as part of a partnership between ACOSS, the COSS network, and Bendigo Bank. From this survey, Queensland respondents made up 39 per cent of the national survey sample. In total, 722 respondents completed the survey from Queensland. Within this report, only data representing respondents who identified as operating within Queensland is considered.

Sector reform priorities

In procuring services from community organisations, government is purchasing good social outcomes for people. However, procurement and contracting processes have been a long-standing issue. In 2010, the Productivity Commission Report into the Contribution of the Not-for-Profit Sector highlighted "…that current government tendering, contracting and reporting requirements impose a significant compliance burden and constrain the efficiency and effectiveness of service delivery. There is a sense of frustration that often these arrangements do not appear to result in improved service delivery outcomes for clients."[9]

To strengthen the sustainability of Queensland community organisations, QCOSS member organisations have identified a range of reform priorities. These are outlined below and must be addressed through government policy.

Providing longer contract agreement terms

The community sector has consistently identified that the length of service agreements is inadequate and that short-term funding is a barrier to improving community outcomes. This is because community organisations are providing services in response to embedded and long-term disadvantage within communities.

Short-term funding prevents organisations from being able to implement longer-term plans that respond to the root cause of an issue. As a result, short-term contracts perpetuate a cycle that require community organisations to react in a crisis response. They also have an impact on the community sector's ability to maintain a stable workforce. If organisations received longer-term contracts, they could stabilise their workforce, implement longer-term plans and achieve better outcomes.

> *"I think going to longer periods of time, particularly for some of the bigger issues. Domestic violence, drug and alcohol, housing, homelessness, some of those things are not shrinking, they're growing. So one year and two year little contracts are just not making it. I think realistically, we need to get serious and be proactive rather than reactive."*

> *"…for staff welfare and wellbeing, staff that don't know if they're going to have a job in two years' time, it could be quite stressful. I think the industry is at risk of losing experienced staff for better job security, and I think job security is something really important. The way that funding is set up for most organisations, at least at the state level or even federal level, there's a level of risk and unknown… it's a pending date, 21st of December, that's it."*

> *"Even just getting the same contract that we've had for years rolled over can take time. It can be even after the next financial period; we're still delivering the service with no contracts waiting for it to get signed. When you plan short term, you can't expect any real change or outcomes. I think that does require long-term planning, long-term thinking, and a long-term investment if you want to make genuine change. Most of our contracts, our longest ones are three years, some of them are less than that and some big contracts are just a year on year or every couple of years and it is a problem, especially when the tender processes are quite arduous and expensive. It's a difficult space."*

Longer service agreements have been highlighted by successive Productivity Commission reports. In 2010, the Contributions of the Not-for-Profit Sector report recommended that "the length of service agreements and contracts should reflect the length of the period required to achieve agreed outcomes rather than having arbitrary or standard contract periods."[10] While the 2020

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[9]   Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector*. Commonwealth of Australia, Canberra. P308. https://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf

[10]   Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector*. Commonwealth of Australia, Canberra. P347. https://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf

Productivity Commission [Inquiry Report into Mental Health](#) was for commissioning agencies to "extend the length of the funding cycle… from a one-year term to a minimum of five years."[11]

According to the [Communities 2032 Action Plan 2022–2025](#), the Queensland Government will be "providing greater funding certainty through long term (five year) contracts where possible."[12] While the community sector is supportive of this commitment to providing greater funding certainty, it must be followed by transparent implementation.

When discussing contract length, many CEOs highlighted the limitations attached to a one-year contract for grants/pilot projects. This places a significant burden on an organisation, with the CEO of a large regional organisation stating "…it takes three months to recruit, leaving nine months of the contract. Then two months out from the end, the staff leaves for a full-time role with Queensland Health. It just isn't worth it."

Community organisations face significant 'start up' pressure when entering short term contracts, where hiring and onboarding periods are not considered within service agreements. As a result, organisations are less able to meet service goals and several organisations are questioning the value of one-year contract terms and choosing not to commit to them (see case study 1). Members have linked insufficient time provisions with poorer service provision, staffing and organisational health to the detriment of community service users. These findings are backed by several Productivity Commission reports.[13,14,15]

Longer-term contracts (and more advanced contract renewals) will also have a positive impact on regional and remote service providers. This is because it will improve employment stability. As indicated by the CEO of a regional and remote service provider, "People wont usually move to a remote or rural community without the stability of a reliable job and knowing this job will be stable for a few years. People with families are reluctant to disrupt their children's schooling for a short period of time."

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

1. As per the [Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services Productivity Commission](#) report:

    a. A default seven-year contract length is required for community services[16]

    b. Default contract terms of ten years are required for services in remote Indigenous communities[17]

2. The strategy/policy must provide guidelines on the decision-making process to determine contract length. It must distinguish between contract types (such as a 'grant/pilot project' / standard service agreement) and indicate why a contract would not be allocated a default term.

3. Queensland Government departments must implement transparency measures that indicate the proportion of service agreements with a community organisation that have a default term.

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[11]   Productivity Commission. (2020). *Mental Health.* Inquiry Report, Volume 1. Commonwealth of Australia, Canberra. P76.
         https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-volume1.pdf
[12]   Queensland Government. (2022). *Communities 2032: Action Plan 2022-2025.* Brisbane. P30.
         https://www.housing.qld.gov.au/__data/assets/pdf_file/0021/33267/communities2032-action-plan.pdf
[13]   Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector.* Commonwealth of Australia, Canberra. P335.
         https://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf
[14]   Productivity Commission. (2020). *Mental Health.* Inquiry Report, Volume 3. Commonwealth of Australia, Canberra. P839-842.
         https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-volume3.pdf
[15]   Productivity Commission. (2017). *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services.* Inquiry Report.
         Commonwealth of Australia, Canberra. PP280-282. https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf
[16]   Ibid. P24.
[17]   Ibid. P29.

Case study 1. Opinions of a 12-month funding grant (CEO of a state-wide community health organisation)

Just prior to COVID I made it really clear that I was no longer chasing 12-month grants. I was like, nope, we're not doing them anymore because they take so much, so many resources and they're often not adequately funded. So the pressure on operations, especially the onboarding, the training, the computer systems. It just takes so much in recruitment that by the time you get everything in place and then you get people settled and then you get the program project rolling. You don't get to finish it. It doesn't get completed.

You end up having to ask for extensions with no extra money. You have to just ask for a time extension. So really the staffing, for example, you may only get the staffing for 12-months, but then you've got to pick up another 12-months of other staff members who are already busy, finishing it off.

I think it leads to burnout and exhaustion and people feeling like they're juggling lots of balls that aren't theirs, but you just… it's like crisis management, you just got it. 'Oh my God, we've got to finish this off. We've got to get this report in so that we can tie that one up.'

Saying that though, they can be incredibly valuable for piloting and concept proofing. Then you've got some evidence to be able to go to government and ask for ongoing funding. But what we find is those 12-month grants. I think they should be at least two years. I think 12-months grants should be scrapped. It should be at least two years. Because you develop your concept and you get your evidence coming in, but if you can't continue it, you may have to wait three years for the government to be able to pick it up, depending on funding cycles. I'm trying to get into other departments… but we've missed the boat with the funding. I might have to wait two, three years before we can get our foot in the door. Which is frustrating.

Appropriate lead in time for contract renewals

Inefficient government processes in progressing contract renewals was a significant issue highlighted by community organisations. As a result of short lead in times for contracts, an organisation's workforce is seriously destabilised as people seek alternative, ongoing employment elsewhere. As a workforce that is predominately women, this has a gendered impact.

> *"Short term (1-3 year) contracts are harder as you get older – it would be good to know at least 3 months before a contract ends if it is going to be refunded – I cannot wait until the last minute to see anymore as I am concerned about picking up another contract at my age. I have left jobs in the last two months of a contract only to know that the contract has been refunded and I could have stayed – it is unnecessarily stressful, and the sector loses out on experienced staff."*

The impact on an organisation's workforce was clearly expressed through ACSS comments from Queensland CEOs and senior leaders, such as:

> *"Being notified as to the continuation of a contract is hit and miss depending on whether it is a state or federal contract. State governments are traditionally less than timely in their notifications and sometimes go to the wire."*

> *"At times there appears to be a lack of understanding by government of our workforce obligations as employers - which includes adequate notice for termination of funding contracts."*

> *"Advance notice of contract renewal from government is terrible. It would not be tolerated in any commercial environment. Frankly, it is disrespectful."*

> *"The follow through on execution of renewal contracts and payment of first tranche of funding is also terrible. There is very poor appreciation in government departments of the potential cash flow risks for funded organisations, due to government delays."*

"Communications start early, however the final approval of a contract renewal is usually quite short notice. Employment Positions are attached to contracts and the short notice does not allow for the fulfilment of IR processes to be done appropriately."

"The notification of funding renewals needs to change. It is completely unreasonable for an organisation to be notified about its funding 1 week before the current contract is about to end and the new contract is to commence. Every year we are putting staff through a very stressful time as they have to consider if they are going to risk staying with us in the hope we receive the funding or move on to more secure employment. The employment market is very tight at the moment, and we are now nearly 3 months into a 1-year funding contract and still haven't been able to recruit the staff to deliver the services. We need longer funding cycles and the decisions need to be provided at least 3 months in advance."

"Funding for extension needs to be discussed and communicated earlier, as it results in staff leaving to gain other employment that can't wait around till the last few weeks to hear if they have a job or not. 12 Months funding is not adequate to commence new programs and bring on a new team. Short contracts such as this do not open an organisation up to hire staff due to contract end dates."

In many instances, community organisations have identified operating under an expired contract while waiting for execution of the renewed contract. This avoidable situation is counterproductive to efficient and effective service delivery as short notice and inadequate communication create significant risk for the organisation (see case study 2).[18,19,20] This is because current practice reduces an organisation's ability to provide appropriate service transition or support handovers and erodes trust in the worker–client relationship. This creates a fractured continuity of care, a disruption to service access, and forced re-traumatisation of clients who must adapt to sudden, unsupported shifts in service provision and retell their trauma stories (see case study 3).

"Department staff still fail to recognise that there are both staff and clients dependent upon our service, and they need a lot of notice to manage reductions in funding/wind down of projects."

"Lack of notice from funders can cause handover issues, detrimental to clients."

To overcome these issues, organisations suggest there should be a six-month phase out stipulated in contracts. This is supported by a recommendation of the 2020 Productivity Commission Inquiry Report into Mental Health, which indicated that "Commissioning agencies should ensure that the outcome for each subsequent funding cycle is known by providers at least six months prior to the end of the previous cycle."[21] This would result in a more stabilised workforce and facilitate an adequate handover of clients to appropriate services, as required. To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

4. Written confirmation of a contract extension (or otherwise) must be provided six months prior to the contract end date, with the ongoing contract executed within three months of the previous contract end date.

5. If an organisation is notified of a cessation of funding within six-months of the contract end date, an automatic six-month 'wind down' period must be provided to support a transition to a newly funded service provider.[22] Where this cannot be achieved and services are ceasing entirely, a contract extension of at least 12 months must be provided in a reducing capacity to enable appropriate client care.[23]

18   James, A., Dunlop, P.D., Gilbert, C., Gilbert, J., Gagné, M., Parsell, C., Cawthray, J. and Farid, H. (2023). *Investigative Panel into building and retaining an effective homelessness sector workforce*. AHURI Final Report No. 409, Australian Housing and Urban Research Institute Limited, Melbourne. PP44 & 64. https://www.ahuri.edu.au/sites/default/files/documents/2023-10/AHURI-Final-Report-409-Investigative-Panel-into-building-and-retaining-an-effective-homelessness-sector-workforce.pdf

19   Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector*. Commonwealth of Australia, Canberra. P335. https://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf

20   Productivity Commission. (2017). *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. Inquiry Report. Commonwealth of Australia, Canberra. PP243-246. https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf

21   Productivity Commission. (2020). *Mental Health, Report no. 95*. Commonwealth of Australia, Canberra. P76. https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-volume1.pdf

22   Productivity Commission. (2017). *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. Inquiry Report. Commonwealth of Australia, Canberra. P49. https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf

23   Blaxland, M., and Cortis, N. (2021) *Valuing Australia's community sector: Better contracting for capacity, sustainability and impact*. Australia Council of Social Services. Sydney. P6. ACSS-2021_better-contracting-report.pdf (acoss.org.au)

Case study 2. Retrospective funding

A community organisation providing a family support service has received recurring funding from the Queensland Government over many years. In June 2022, a temporary extension was granted for a three-month period (to the end of August) while the formal agreement was finalised for a three-year contract.

At the end of August, the formal agreement had not arrived and ongoing engagement with the funding body over the following months was not successful:

> *"every time we chased it and said 'are we going to be paid for September, October, November, December?' The answer was always 'yes, once we sort the paperwork out'."*

In March 2023, the organisation received formal paperwork extending the funding for three years. This included a retrospective payment back to September 2022. However, the size of the retrospective payment and it being received near the end of the financial year caused budgeting issues:

> *"as we approached the end of the financial year we had this huge amount of unspent funds that we couldn't have realistically spent delivering the program because it was almost six-months worth of funding for a program we weren't able to deliver."*

In this instance, the organisation carried significant risk that was imposed on them by the funding body. The organisation made the decision to extend staffing contracts based on the advice provided by the funding body of an extension. By the time the funding was received, this resulted in the organisation outlaying over $100,000 in staffing costs. This created significant anxiety for the employed staff and impacted on services being provided to community.

Case study 3. Account of service disruption caused through contract management processes

An organisation delivering services for people experiencing domestic, family and sexual violence receives a range of funding from the Queensland Government. The organisation operates in an urban area and has a consistently increasing level of demand for services. In order to deliver the most stable, effective services for the community and to support planning, the organisation needs clear communication from their funding body.

However, recent examples of contract management processes have resulted in the organisation having to manage additional risks that impact on effective service delivery. For example, after receiving confirmation that their funding body was not going to renew a long-term contract, the organisation began winding down services. Where possible, they reallocated staff to alternative programs within the organisation, but some staff had to find alternative employment.

One month prior to the end of the contract, the funding body advised the organisation that they would renew the contract. As there was no longer staffing allocated to the program after the contract end date, the organisation had to re-recruit. However, delays in receiving the new contract prevented the organisation from being able to begin the recruitment process until a formal agreement had been received. In this time, there was a gap in services being delivered to the community and created a risk of service users disengaging.

Providing grants that reflect the real cost of delivering quality services

Funding was often recognised as the most prominent issue affecting the sector. Reduced budgets, or budgets that do not reflect the real cost of delivering quality services, result in organisations being forced to make decisions that are not in the best interest of the community. These decisions generally result in longer wait lists. This approach to managing demand through wait lists is not conducive to the provision of client centred services, can cause further harm for the individual waiting for services and it places greater pressure on other services that are required to operate outside their scope.

According to ACNC income and expenditure data, it cost Queensland charities $196m to deliver additional services in 2018.[24] This demonstrates that the funding rationing arrangement and/or the levels of funding for these services are unlikely to be sustainable. The Productivity Commission report into the Contribution of the Not-for-Profit Sector recommends that funding bodies should "transparently articulate whether they are fully funding particular services or activities… or only making a contribution towards the associated costs…" [25]

However, in some instances contracts provided by the Queensland Government specifically state that 'core functions of the organisation will not be funded.' To ensure strong and sustainable services, there must be acknowledgement of the need for resources that are not directly related to service delivery. For example, the Challenge of Sustainability report highlighted considerable cost increases between 2019-2021, including general insurance increasing 30 per cent, ICT costs increasing 29 per cent and costs associated with quality controls increasing by 21 per cent (see case study 4).

QCOSS member organisations highlighted that existing provisions in grants fail to recognise the full breakdown of costs required for organisations to sustainably provide impactful service provision. The competitive nature of the current tendering approach also results in undercutting of services and, in the longer-term, has a negative impact on client outcomes.

Further complicating this issue is the inconsistency in tenders and funding rules across different departments. For example, ratios of 'direct and indirect funding' vary, as does the definition of what constitutes appropriate spending within direct and indirect costs.[26] As per the Paying What It Takes report, "low indirect costs do not mean that a not-for-profit is being impactful, and high indirect costs do not imply that it is not impactful."[27] There is also inconsistency across and within government departments in relation to recouping surpluses, with some departments expecting quarterly recoupment of surpluses. This places considerable administrative burden on organisations:

> "…where programs have seasonal fluctuations, or where we are working to deliver programs efficiently as a group, this model penalises the organisation by recouping surpluses and leaving deficits. For example, one program makes a surplus one quarter due to phasing of staff and the surplus is removed, but the next quarter (the Christmas period) it makes a deficit and this is left to the organisation to manage. This potentially leaves us in a net loss situation at the end of the financial year. Additionally, the administrative burden to manage the quarterly acquittal process is significant for organisations. There is also significant inconsistencies by the department where services are delivered in multiple regions, which is largely due to the interpretation of the funding guidelines by local contract managers."

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24   Gilchrist, D. J. & Emery, T., (2021), *Value of Queensland's Not-for-profit Sector: Its Sustainability and Economic Contribution*, a report of the UWA Not-for-profits Research Team for the Queensland Council of Social Service, Perth, Australia. https://www.uwa.edu.au/schools/-/media/not-for-profits-uwa/policy-and-economics/210326-final-qcoss_value-of-sector-report.pdf

25   Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector*. Commonwealth of Australia, Canberra. P347. https://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf

26   Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect cost to create long-term impact*. P33. https://www.philanthropy.org.au/wp-content/uploads/2022/11/Paying_what_it_takes.pdf

27   Ibid. P3.

To improve the financial position of community organisations, two strategies were identified by community sector stakeholders. Firstly, organisations stated that being allowed to keep rollover funds would greatly support the organisation's ongoing viability. Secondly, a standardised approach to budget line items in tender documents should be implemented across government departments. This is also supported by the Paying what it takes report.[28]

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

6. Standardised budget line items in all tender documents. This will need to include the development of guidelines that create a common understanding of indirect costs. This must be done in collaboration with the community sector (this could be through a sub-committee of the Social Service Category Council Industry Reference Group).

7. Establish whole-of-government guidelines on recoupment of surpluses to ensure consistent implementation. A surplus should not be required to be returned to the funding body and the reporting process should not place undue burden on an organisation.

Case study 4. Recognising costs that are not directly related to service delivery

An organisation receiving funding from both the Australian Government and Queensland Government deliver a wide range of services supporting communities across Queensland. The requirements of one contract include quality accreditation against the 'Right Fit For Risk Cyber Security Accreditation' (RFFR). As the organisation was not able to isolate ICT systems for the one program, this placed a significant burden on the whole organisation to ensure it meets these standards across all program areas.

> *"RFFR has 780 more controls than ISO 27001 [the international standard of cyber security of which is well regarded as a high standard]…It's [RFFR] incredibly complex, restrictive and the work required to administer it, audit it internally, and externally, and upgrade to the new 2022 version which we must do, means we had to employ a dedicated Info Security Manager"*

The extent of costs incurred by meeting RFFR for the organisation are enormous. These costs are not covered by the program funding. As a result, the organisation has had to absorb the costs associated with quality compliances that are not covered by the funding agreement.

The organisation is now reviewing how to continue operating this program. They will either be required to invest additional funds to establish an independent ICT system for staff working on this program, which would reduce the burden of other program areas having to meet the RFFR standards, or they will be forced to not continue the program, despite its success.

As part of the real cost, QCOSS member organisations have drawn particular attention to the following priorities that require appropriate resourcing. The impact of these priorities will be reduced with the implementation of standardised budgets in tender documents.

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28   Ibid. PP3 & 45.

Recruitment and retention of qualified workforce

Recruitment of an adequate workforce was a key theme when discussing prominent issues impacting service provision. As well as length of contracts, this was often linked to the availability of professional development opportunities.

Professional development, inclusive of supervision, was regarded as important to maintaining a committed workforce, but this was not always available due to demands on staff time, and funding pressures. Some CEOs indicated that these opportunities were the first items to be cut from organisational budgets.

> *"I think that's something I've seen really let down in the human services industries. A lot of time it's funding bodies. I don't know, I keep saying funding, but that's how it flows. That's how it flows on a systemic level. You got a funding body that says, 'we need this outcome for this money.' They say, well, okay, we can afford this. Usually what's lost in that space is time and resources that would be funded into things like effective supervision and stuff like that. It really does."*

> *"I think the biggest factor is the resource of the people themselves, the quality of the staff themselves. I think where we under resource ourselves the most is training and professional development."*

Unfortunately, existing contracts do not recognise staff development as a vital component to be funded for service provision. Therefore, costs of training, clinical supervision, personal development and career pathways go unfunded in the sector. This leads to staff being unprepared for the multifaceted demands of practicing in the community sector, leading to higher levels of distress and burnout, and ultimately poorer retention.

Another key aspect to attracting and retaining a qualified workforce is the sector's ability to offer financial security. Weak renumeration coupled with insecure short-term contracts means that staff are increasingly unable to meet costs of living or accept risks to losing work. Staff are now leaving the sector, or not entering the sector, not out of preference but necessity. While clear evidence about the impact of employment uncertainty on workforce retention and attraction has been present for decades, new reports now also indicate the additional psychological strain this causes.

Challenges associated with recruitment and retention of a qualified workforce are heightened in regional and remote areas of Queensland. For a large service provider operating in regional and remote areas, "It is not unusual to have a vacancy in a remote area that exists for six months or more" and the average time to fill a vacancy is currently 4.2 months. The additional barriers to recruitment are created by the procurement and contracting process, as people are unwilling to relocate for a short-term contract that does not provide stability. As a result, regional and remote services often employ new graduates and develop their practice skills with an appropriately experienced team member. Services have found this to be a beneficial strategy, as having a qualified team member provide support to less experienced employees with all aspects of their employment assists with retention. Although this appears to be more expensive, it is cheaper than continuously recruiting and training new staff, which also significantly impacts service delivery.

Changes to the Fair Work Act 2009 (Cth) that commenced 6 December 2023, which seek to provide greater levels of security for employees, are now raising industrial relation concerns for community organisations. This is because the Queensland Government are moving to five-year contracts for programs that have a reasonable expectation of ongoing funding, however these same contracts include clauses that do not allow funds to be used for termination or redundancy payments. These clauses are the primary barrier for a community organisation offering permanent employment to employees. The new provisions to the Fair Work Act make it an offence, subject to some exceptions, for an employer to enter into a fixed term contract with an employee:

- For a period that exceeds two years;
- That allows the contract to be extended or renewed for a period that exceeds two years;
- That provides for an option or right to extend or renew the contract more than once; or
- Where the contract continues the same, or substantially similar, employment relationship and work duties as a previous fixed term contract, and:
  — The contract and previous fixed term contract exceed two years in length;
  — The contract or previous fixed term contract contains a right of renewal or extension; or
  — The employee has previously been engaged under two consecutive fixed term contracts.

Under these provisions, a community organisation cannot continue the long-term practice of offering fixed-term contracts to employees that align with funding agreements that are reasonably expected to be renewed. By enabling the provision of a more permanent workforce, community organisations would be able to stabilise its workforce and overcome significant challenges in the attraction and retention of employees.

Lastly, volunteers should also be recognised as a key component of the workforce for many social services. The State of Volunteering in Queensland 2021 Report found that the economic value of volunteering in Queensland in 2020 was $84 billion. This represents the value of volunteers' time, the resources required to enable volunteer participation, and the productivity benefits from the skills and experiences gained while volunteering. However, the number of people volunteering at social service organisations is reducing. Increasing pressures from the rising cost-of-living and its impact on the out-of-pocket expenses incurred by volunteers is currently a significant barrier to people becoming or staying involved in volunteering. This has an impact on the ability of organisations, particularly smaller organisations, to provide ongoing services in their communities.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

8. As part of the standardised approach to budgeting in tender documents, a specific line item must be included for:
   a. Professional development of staff. Recognising additional costs required for services operating across regional and remote areas of Queensland.
   b. External supervision for clinical staff, as required by professional registration bodies.

9. Funding must be provided to incentivise employment with regional and remote service providers. This should include support to offer:
   a. relocation packages
   b. additional leave entitlements and/or one paid trip to their hometown per year.

10. A review of standard terms and conditions of funding contracts to ensure they enable community organisations to comply with workplace legislation. This review must occur in partnership with the community sector.

11. A whole of sector workforce survey, modelled off the 'Working for Queensland' survey of government employees. This survey should be led by the community sector, with results benchmarked by service delivery area and made available to participating organisations and peak bodies, to support service planning and improvement initiatives. The survey should also extend to the volunteering workforce.

12. Provide a cost-of-volunteering reimbursement fund for volunteers. Funding of $1 million a year over three years should be allocated to the fund, which would assist with reimbursement of out-of-pocket expenses incurred by volunteers in the performance of their work (for example, travel, fuel, protective clothing or uniforms).

Supporting service integration

Community organisations self-identify the importance of partnerships to improve the effectiveness of their service and to strive towards their organisational mission. However, participants of the QCOSS Town Halls often discussed the negative impact of competitive tendering on collaboration across organisations.

Organisations stated that competitive tendering leads to closed relationships and reduces transparency between partner organisations. There was also a belief that it ends with undercutting of services and, in the longer-term, has a negative impact on client outcomes. Further to this, it has a particular impact on specialty services that are working directly with communities experiencing multiple barriers, such as organisations supporting people living with a disability from a culturally and linguistically diverse background. This is because competitive tendering undermines the additional and unique skills required to support clients within a person-centred and integrated service.

Understanding the motives for government to seek consortiums, organisations noted that consortiums can happen, but they take time. At present, the short turnaround time and competitive nature of tendering is a barrier to establishing longer term partnerships between organisations.

Currently, services operate according to how they are funded. They have a narrow scope and sit within a larger, disjointed service system. However, community members typically require access to multiple services that are funded by a variety of government departments.

As government departments fund services to operate within their own unique service delivery regions, many organisations are also unable to integrate their own programs. This is because service boundaries that are contractually bound do not align between funding bodies. As a result, services delivering a range of complementary services cannot accept referrals for programs according to postcode, reducing the ability to deliver a more holistic approach to service delivery.

Community workers are therefore required to navigate referral pathways to ensure a holistic range of supports are available to meet individual needs. In many instances, service navigation is not possible, and community members are left to navigate access alone. This dynamic fails to adequately address the complex needs or intersectional disadvantage of many seeking support.

The time and resources required to establish basic collaboration and support service integration is unrecognised in most grants. It therefore becomes an out-of-pocket expense for those organisations that have time to participate. As demand for services increases, the ability to continue service integration initiatives is under an increasing level of stress and leads to further siloing of service delivery to the detriment of the service user. Funding that supports partnership activities such as interagency participation and care coordination of complex matters, rather than funding focused only on direct service provision, will support a more integrated and effective system (see case study 5).

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

13. As part of the standardised approach to budgeting in tender documents, a specific line item must be included to support the organisation to participate in service integration initiatives.

14. Implement cross-department collaboration and contracting to improve service integration across government departments. For example, the Western Australia 'Delivering Community Services in Partnership Policy' states that 'State agencies must consider the burden placed on organisations required to meet multiple and inconsistent reporting requirements and should, where possible, combine individual service agreements between the organisation and the State agency into a single contract (that is, a master agreement between the parties).' This also aligns with Action 55 of the Queensland Government Communities 2032 Action Plan 2022–2025.

15. Publish a rolling schedule of upcoming tenders over (at least) the next twelve months and allow sufficient time (a default of three months) for providers to prepare considered responses, including the development of integrated bids across related services.[29]

16. Expand community connector/service integration programs to enable integration of services by region.

Case study 5. The need for specific funding to support service integration

…as the Local Level Alliance Facilitator (LLAF), it can be difficult to address gaps and trends and build relationships in the sector when frontline and other community service workers are unable to prioritise their participation in the LLA. This comes from a number of reasons, including individual services being too busy (usually due to increasing need and lack of funding to have adequate staff to needs ratio) or having to cover other staff as they have resigned or team illness (or a mixture of both). It is a perpetual rotation of being unable to address the very needs that are needing light shone on them, because members are unable to actively participate in a way that ensures the LLA thrives.

We have had to limit the number of working groups within the LLA also, due to having difficulty getting people to commit to a working group, for the above reasons, and being unable to justify spending their time in a working group, that isn't within their responsibilities or scope of practice.

Without extra funding to client facing services, lively and consistent collaboration between services is unable to be achieved, as services have goals to reach, per their funding, despite their funding and goals not being adjusted to meet realistic needs and staffing.

There are other LLAF's across Queensland tendered to several services across the state. The network that I run is almost 400 social work professionals strong.

To effectively run a network that addresses the ever-increasing gaps and trends in the region, sufficient funding with consideration to the population and geographical boundaries is needed– that is separate from the program funding itself.

Supporting place-based services

The planning and coordination of place-based services requires local people, government, service providers, and other stakeholders working together. It relies on local people being involved in decision-making, which enables a focus on the unique needs of a particular place.[30]

According to the Australian Public Service Commission, governments need 'timely information for places across Australia to best target investment in communities, to ensure future resilience, and to monitor the

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29   Productivity Commission. (2017). *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. Inquiry Report. Commonwealth of Australia, Canberra. PP46 & 49. https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf

30   National Centre for Place-Based Collaboration (Nexus Centre) | Department of Social Services, Australian Government (dss.gov.au)

benefits and outcomes of response and recovery efforts.'[31] In particular, extreme weather events have highlighted the important role of timely location specific information to support government planning.

Community organisations have a strong understanding of the historical, cultural, social and environmental characteristics of their community. They are therefore well-placed to recognise systemic issues and support the development of preventative responses that address the root cause of entrenched disadvantage.

To capitalise on this place-based knowledge, governments must recognise the strong community connections of organisations with a history of providing services in their local communities.

QCOSS member organisations have highlighted concern when funding for community services does not align with the best interest of the local community. For example:

- When funding is awarded to organisations that have no historical connection to a local community. This reduces the likelihood of services achieving locally relevant outcomes, reduces the service delivery offering, while also weakening the social capital of the community. It is therefore counterproductive to achieving outcomes that address the root cause of systemic issues that are unique to a local community. For example:

  — in a regional centre of Queensland, a tender was offered for the delivery of a youth program. Although local, youth specific organisations delivering services in the region put in a response to the tender, it was awarded to an organisation that has a history of delivering aged care services in the region. This had a negative impact on the established relationships and networks between community organisations and community members, as services were shifted and delivered via a hub and spoke model, reducing the strong connections that had been established with the community over time.

  — Hub and spoke models of service delivery can create additional challenges that result in a reduction in services available to a community. In a regional centre, a housing support program is offered locally by two frontline staff with the management located in Brisbane. When the two local staff were sick, it resulted in there being no service delivery available to the community because management were located elsewhere and therefore no staff could be redeployed to ensure continuity of service delivery.

- When service delivery boundaries of government departments do not align with the local identity of a place. Many Queensland Government departments have their own unique service delivery regions. When these regions do not align, it creates a barrier for local services to develop integrated, place-based services as program eligibility is dependent on postcode. For example, an organisation delivering child safety, DFV, prison reintegration and youth services is unable to deliver a holistic program of support for a family unit, as the contracted service delivery zones of each program do not overlap. They also do not align with the local community identity of place.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

17. Although government tenders include evaluation criteria that assesses local benefit, there must be a weighting of local benefit equal to or greater than value for money. It should include a requirement for a supplier to provide evidence that demonstrates their existing connections to the local community that would enable improved service delivery outcomes.

18. The assessment panel of government tenders should include a local community member who is responsible for delivering local services and understands community need. This could be a public servant working in a local service centre, a local government employee, or a prominent community stakeholder. When it relates to services being delivered to First Nations communities, the assessment panel must include a First Nations person with a connection to the local community.

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[31] Place-based policy and service delivery using location information and analysis | Australian Public Service Commission (apsc.gov.au)

19. A review of service delivery regions of all government departments funding social services. The outcome of the review should be an alignment of boundaries to support place-based commissioning. It is also recommended that boundaries align with ABS statistical areas to enable the improved use of data for service planning.

Outcome-based commissioning

Understanding the characteristics, experience and perspectives of consumers is an important element of designing products and services that are fit for purpose. As a sector that delivers services to people who are often experiencing disadvantage and vulnerability, it is important for community organisations to know they are providing safe and appropriate services to individuals and to the community more broadly.

Previous research indicates that while there is enthusiasm across community organisations to utilise consumer data for service improvement, methods used are primarily informal and rarely integrated into program design. This aligns with results of the 2019 Outcomes Measurement in the Community Sector Survey, which highlights barriers to outcome measurement experienced by community organisations across Australia included limited funding (60.1 per cent), lack of staff capacity (44.7 per cent) and lack of established tools (35.1 per cent).[32]

Challenges associated with delivering longer-term outcomes are commonly raised by QCOSS member organisations. Feedback indicates that while funding bodies are seeking outcome reporting, the resources needed to do this effectively are generally not funded. This is explored further in QCOSS' Using consumer data for continuous improvement report, which examines the internal data systems of three community organisations working towards outcome measurement.

For some organisations, the additional complexity of measuring outcomes for organisations working with vulnerable communities was also viewed as inhibiting flexibility in service delivery and prevented long-term outcomes. This was clearly demonstrated by a national organisation providing family and child support programs in Queensland:

> "It's self-defeating in some ways because we're going 'Hi, you need to show us X, Y, Z. We're trying to get to B, which is to show X, Y, and Z.' I think if we push people organisations in such an outcome focused way rather than a quality of life measure, we can't win unless we train our staff or our providers really well… We end up with this system where it's like a revolving door. We've talked about the revolving door for years. We need to stop that cycle because it puts pressure on an organisation. It's because we've got to show targets that get softened down to the work, 'Hi, you need to get X, Y, and Z by the end of this time period.'"

Funding was often the primary barrier for delivering long-term outcomes. With the correct resources, organisations were confident they could demonstrate outcomes, as well as deliver more meaningful data to funding bodies to support system level planning.

> "If you really want to get an outcome measure, you need to fund the scale. So something like [a regional teenage pregnancy program], we've got $450,000 for teenage mothers in the child protection system, the teenage pregnancy rates four times the national average. There's about 200 people in that cohort. We've basically got three workers… you can't make a systemic impact of reduction of teenage pregnancy unless they wanted to look at how many workers would you give 200 people, then you might be able to collect data that would say, well, this is improved outcomes, reduce teenage pregnancy and reduce child protection intervention, but we're not funding like that."

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[32]   Callis, Z., Seivwright, A., Flatau, P. (2019). Outcomes Measurement in the Australian Community Sector: A National Report Card. Bankwest Foundation Social Impact Series, No 10. Bankwest Foundation, Western Australia.

The human resources required for managing data was also considered a barrier to measuring outcomes. Data analysis was seen as a skills gap for many organisations and was recognised as a specialist skill area. Resources varied widely for organisations, with many not having any dedicated data analytics roles, while others had a team of people.

> *"I think we need more funding for evaluation… don't just fund to do an evaluation but fund us to have a person to contribute. You can't ask people to keep doing that in their own time. Cause that's what happens. Everyone does it in their own time. During service delivery hours it's really hard. I mean the bigger you get, the more you can allocate a bit of resources to that. Cause you can take a bit from everywhere, but I just think government should be recognising it as a valid thing and they should fund properly."*

> *"People want you to collect [data], who's going to do it? I think building in the infrastructure now really is, it is not negotiable. It's not a general operating expense. It's a percentage of your budget."*

> *"I think we're having trouble recruiting people with evaluation skills and even your data analytics, we're training people how to do it because we can't pay the rates for the people who can really do it. So you're training people as you go."*

Organisations face extensive administrative burden for key performance indicators (KPIs) set within service agreements. The onus for measurements required is furthered by the complexity of reporting data, departments and sub-departments all have different formats and portals for reporting, while KPIs are almost always different, even when departments fund the same service for the same purposes.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

20.   As part of the standardised approach to budgeting in tender documents, a specific line item must be included for program evaluation.

21. Implement recommendations from QCOSS' [Using consumer data for continuous improvement](#) report:

   a. Build capacity of the sector workforce by establishing a data capability program that is accessible to all community organisations in Queensland.

   b. Review the data reporting requirements expected by each government department and standardise approaches to support benchmarking and outcome measurement.

   c. Invest in dedicated sector resources. This should include funding for IT systems that are required to measure outcomes, as well as exploring how community services could pool resources across organisations to enable measurement of system-level and place-based outcomes. This collaborative model would be particularly effective for a group of small organisations who would not require 1xFTE responsible for evaluation and data management.

■ The need for capital injections

As well as the need for comprehensive tenders, capital injections are also required to align with significant policy changes to ensure a sustainable service system. This is supported by the 2010 Productivity Commission report exploring Contribution of the Not-for-Profit Sector, which recommended 'that service agreements and contracts include provision for reasonable compensation for providers for the costs imposed by changes in government policy that affect the delivery of the contracted service…'

The following examples provide an indication of the need for capital injections.

▪ Continuing service delivery during COVID-19 lockdowns

As COVID-19 created significant uncertainty, community organisations continued to operate and provide critical services to communities across Queensland. During this time, the community sector demonstrated its ability for a rapid and effective response to meet community need. Federal and State governments enabled this work through capital injections to community organisations.

- **Human Rights Act 2019**

Properly implemented, the Human Rights Act 2019 (HRA) should be a catalyst for a cultural shift where human dignity and respect is at the centre of all public service delivery.

The HRA requires government agencies and community organisations that deliver services on behalf of government to act compatibly with human rights and consider human rights in decision making. This means that many organisations in Queensland providing services to people experiencing disadvantage and vulnerability are required to act in accordance with the HRA.[33]

Services delivered for the benefit of people experiencing disadvantage and vulnerability have historically adopted a charity model. This means that people are provided goods and services by well-meaning benefactors and the person is not perceived of as a 'rights holder'. Using this approach, the service user has no entitlement to the service nor expectations about how the services should be provided.

When service users are rights holders their relationship to government and service providers is transformed. No longer are they perceived a passive recipient of services, instead they are citizens and can expect and even demand to be treated equally with others, with respect and dignity.

Where service delivery is possible due to public funds, it is appropriate that service users have rights and that services are delivered in a rights respecting manner.

As well as delivering rights respecting services, community workers (including volunteers) are often on the frontline to identify human rights violations of people experiencing disadvantage and vulnerability. As 'accidental advocates' they are perfectly positioned to support people to assert their rights and activate complaints processes on their behalf if required.

Queensland is in the enviable position of being able to build upon the ACT and Victorian experience in seeking to build this human rights culture. It is important that human rights literacy in Queensland extends beyond 'politicians, bureaucrats and lawyers' and reaches into the consciousness of people from all walks of life across our many diverse communities.[34]

According to the Queensland Human Rights Commission Annual Report 2019-20, some Queensland government agencies have started to promote human rights to contracted service providers. However, at present implementation has primarily focused on internal activities.[35]

Community services are enthusiastic about taking a central role in the implementation of the HRA and should be considered an essential partner to move Queensland toward having a human rights respecting culture.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

22. The Queensland Government must make an appropriate investment into building the capacity of public entities to operate within the framework of the HRA. This requires a capital injection into the community services sector, which will provide an opportunity to build a culture of human rights within and across frontline services.

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[33]   Section 10 sets out when a function is of a public nature; Section 4(b) requires public entities to act and make decisions in a way that is compatible with human rights.

[34]   Rice, S. (2019). 'Culture, What Culture?' Why We Don't Know if the ACT Human Rights Act is Working. In M. Groves, J. Boughey, and D. Meagher (Ed.), *The Legal Protection of Rights in Australia*. Oxford: Hart Publishing, 185.

[35]   Queensland Human Rights Commission. (2019). Putting people first, The first annual report on the operation of Queensland's Human Rights Act. Retrieved from Human-Rights-Act-Annual-Report-2019-20.pdf (qhrc.qld.gov.au)

■ Appropriate indexation

Indexation is a core component of community sector sustainability. This is because poor indexation leads to a reduction in sustainability, increased risk to service users and government, and a reduction in service quantity.[36]

QCOSS has previously commissioned the University of Western Australia to report on the indexation component of sustainability in the following reports:

- The Challenge of Sustainability
- Queensland's Cost Indexation for Government Purchasing of Human Services

These reports highlight the significant financial pressure being experienced by Queensland community service organisations. This pressure is a result of increasing costs of inputs in the context of an economic and funding framework that places considerable pressure on service supply.[37]

The Queensland Government currently applies an indexation model that is a combination of the Consumer Price Index (CPI) for Brisbane and the Wage Price Index (WPI) for Queensland as calculated by the Australian Bureau of Statistics (ABS). The formula is: $Indexation\ Rate = CPI \times 0.25 + WPI \times 0.75$.

However, as reported in Queensland's Cost Indexation for Government Purchasing of Human Services, the use of the CPI and WPI to estimate human services indexation is inappropriate.

In 2022, QCOSS participated in a Queensland Treasury review of the NGO indexation methodology. The outcome of this review provided various enhancements including:

- providing an additional loading of 0.5 per cent to the wages component to compensate for increases to the superannuation guarantee occurring annually until 2025–26
- a new mechanism to respond where inflation and wages change materially after the rate is set.

While QCOSS are supportive of these enhancements, further work is required to ensure indexation is appropriately calculated.

To strengthen the sustainability of the community sector, QCOSS member organisations are seeking the following:

23. Ensure NGO indexation for 2024/2025 is appropriate for the economic conditions that community services are operating within.

24. The additional loading of 0.5 per cent to the wages component of the methodology will compensate for increases to the superannuation guarantee until 2025/26. Funding must be committed to extend this additional loading and permanently embed it within the NGO indexation methodology.

25. The ABS already calculates a Health Care and Social Assistance Industry Index. The combined index is not adequate for the purposes of indexation in Queensland as it does not reflect the social service industry. As a priority, the Queensland Government should collaborate with Queensland peak bodies to advocate for change in the approach taken by the ABS toward the development of a specific-purpose industry cost index.

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[36]   Gilchrist, D.J. & Feenan, C. (2023). Queensland's Cost Indexation for Government Purchasing of Human Services, a report developed by the UWA Centre for Public Value for the Queensland Council of Social Service, Brisbane, Australia.

[37]   Gilchrist, D.J. & Perks, B. (2022). The Challenge of Sustainability: Not-for-profit Sector and the Impact of Growing Financial Pressure, a report of the UWA Not-for-profits Research Team for the Queensland Council of Social Service, Brisbane, Australia.