



*cutting through complexity*

Community Services Directorate, ACT  
Government

# **Development of a Community Services Industry Plan in the ACT**

## **Industry scoping paper**

**February 2016**

KPMG Advisory

## **Disclaimer**

### ***Inherent Limitations***

*This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed. KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. The findings in this report have been formed on the above basis.*

### ***Third Party Reliance***

*This report is solely for the purpose set out in the Scope Section and for the Community Services Directorate, ACT Government's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.*

*This report has been prepared at the request of the Community Services Directorate, ACT Government in accordance with the terms of KPMG's engagement letter dated 23 November 2015. Other than our responsibility to the Community Services Directorate, ACT Government neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.*

### ***Accessibility***

*To comply with the Community Services Directorate, ACT Government's accessibility requirements for publishing on the internet, two versions of this Report are available: a KPMG-branded PDF version and an unbranded Microsoft Word version. The KPMG-branded PDF version of this Report remains the definitive version of this Report.*

# Contents

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>Introduction</b>                                | <b>1</b>  |
| 1.1      | What is an industry plan?                          | 1         |
| 1.2      | What does an industry plan offer?                  | 2         |
| 1.3      | Are we an industry?                                | 3         |
| 1.4      | Lessons learnt from previous international efforts | 4         |
| <b>2</b> | <b>Building on past ACT work</b>                   | <b>6</b>  |
| <b>3</b> | <b>The community services industry</b>             | <b>8</b>  |
| 3.1      | Defining the industry                              | 8         |
| 3.2      | Profile of the sector                              | 9         |
| 3.3      | Economic importance of the sector                  | 10        |
| <b>4</b> | <b>Environmental challenges</b>                    | <b>16</b> |
| <b>5</b> | <b>Involvement in developing an industry plan</b>  | <b>17</b> |
| <b>6</b> | <b>Consultation questions</b>                      | <b>18</b> |

# 1 Introduction

As part of the ACT Government's Community Sector Reform Program, a considerable amount of background work has been undertaken on changes impacting the community sector in the ACT. During this background work, it became evident that a Community Services Industry Plan (the Industry Plan) would help position the sector to be able to respond to the challenges which lie ahead, and help secure the future sustainability of the community services sector in the ACT.

In September 2015, an initial Community Services Industry Workshop was held and an ACT Community Services Industry Plan Steering Committee was established. The Industry Plan is being developed over the next four months and will be developed through consultation with the community sector.

You are invited to be a part of the consultation process to develop a Community Services Industry Plan. Consultation forums will be held in early 2016 by KPMG and the ACT Council of Social Services (ACTCOSS).

This background scoping document is designed to support consultations with community service providers and other stakeholders, and to promote thinking and discussion on: the community sector as an industry, the benefits of an Industry Plan, recent trends and how industry can participate in this important work.

## 1.1 What is an industry plan?

An industry plan is a unifying statement of intent for an industry over a defined time period. It provides a medium through which to develop and articulate a shared vision for the sector into the future; it describes the current state of the industry and articulates trends that are currently impacting on the sector. Industry plans are forward looking. They envisage the desired outcome for the industry for the future and the key capabilities, competencies, and infrastructure required to achieve the vision. Typically the plans are long term and look forward for 10 years, 30 years or even into the next century. Industry plans usually include a statement of actions to be completed within a shorter period of time (e.g. priorities for the first three or five years).

A common vision for the community services industry is an important aspect of the development of a Community Services Industry Plan. Different industries adopt different vision statements but industry plans typically share the following key characteristics:

- **Shared vision and purpose** – An aspirational statement reflecting common purpose and intent
- **Current state** – Analysis of the core capacities and current state of the industry
- **Challenges for the industry** – Key trends impacting on the industry
- **Future state** – Where does the industry see itself in the future
- **Key approaches** – Critical elements to be developed going forward
- **Action plan** – A statement that inspires a collective commitment, motivates members and outlines timeframes, roles and responsibilities for government and the sector.

Some examples of industry plans from other industries and sectors are shown in Figure 1. The NSW Digital Economy Industry Plan aspires to a global vision which is to be achieved through five key focus areas. New Zealand's 30 year infrastructure plan aspires to a resilient and coordinated approach while the creative industries statement redefines an area not traditionally thought of as an industry (the arts) and proposes three key strategies to commercialise and grow the sector as an industry.

Figure 1– Examples of industry plans<sup>1</sup>

| NSW Digital Economy Industry Action Plan |   | New Zealand 30 yr Infrastructure Plan |  | Creative Industries, a Strategy for 21st Century Australia |  |
|--|---|---------------------------------------|--|--|--|
| Topic                                    | Elements  | Topic                                 | Elements   | Topic  | Elements   |
| <b>Aim</b>                               | <ul style="list-style-type: none"> <li>• Achieve digital leadership</li> <li>• Build digital skills</li> <li>• Connect regional communities</li> <li>• Implement open data innovation</li> <li>• Grow Sydney's digital precinct</li> <li>• Improve finance and investment channels</li> <li>• Drive infrastructure productivity.</li> </ul> | <b>Purpose</b>                        | <ul style="list-style-type: none"> <li>• Set a marker for New Zealand's long-term infrastructure journey and the progress achieved</li> <li>• Advance the debate on long-term provision of infrastructure</li> <li>• Deliver a step change in our approach to infrastructure planning and management</li> <li>• Provide confidence to businesses and people to invest in capital, develop skills and take risk.</li> </ul> | <b>Defining the industry</b>                               | <ul style="list-style-type: none"> <li>• Creative industries - the generation of creative intellectual property with the potential to be commercialised. Includes: <ul style="list-style-type: none"> <li>• music and performing arts;</li> <li>• film, television and radio;</li> <li>• advertising and marketing;</li> <li>• software development and interactive content;</li> <li>• writing, publishing and print media; and</li> <li>• architecture, design and visual arts.</li> </ul> </li> </ul> |
| <b>Vision</b>                            | <ul style="list-style-type: none"> <li>• By 2020, NSW is recognised globally for leading innovation and driving productivity gains in key sectors of the economy, enabled by strong, vibrant and connected ICT and Creative Industries.</li> </ul>  | <b>Vision</b>                         | <ul style="list-style-type: none"> <li>• By 2045 New Zealand's infrastructure is resilient and coordinated and contributes to a strong economy and high living standards.</li> </ul>   | <b>Vision</b>  | <ul style="list-style-type: none"> <li>• A competitive creative industries sector is vital to Australia's prosperity, propelling a creative, imaginative nation in the 21st century.</li> </ul>  |
| <b>Key areas</b>                         | <ul style="list-style-type: none"> <li>• Industry development and investment</li> <li>• Skills and research</li> <li>• Global reputation</li> <li>• Collaboration and networks</li> <li>• Innovation.</li> </ul>  | <b>Key areas</b>                      | <ul style="list-style-type: none"> <li>• Strengthening asset management practices</li> <li>• Increasing understanding of levels of service and future drivers of demand</li> <li>• Optimising decision making</li> </ul>   | <b>Key areas</b>   | <ul style="list-style-type: none"> <li>• Leverage national foundations</li> <li>• Optimise commercial capacity</li> <li>• Grow creative content and services.</li> </ul>   |

Source: KPMG 2015

## 1.2 What does an industry plan offer?

With acknowledgement of structural changes taking place, and of the need to outline desired future directions, the industry plan is seen to offer several benefits for the sector and for government. Benefits of the plan are outlined in Figure 2.

Figure 2: Benefits of an industry plan

|   |   |
|---|---|
| <i>Shared understanding</i>                       | Shared understanding, vision, and purpose for the sector that will assist in forward planning amidst the range of reforms occurring.  |
| <i>Future proofing</i>                            | Increase opportunities for organisations to plan and prepare for future demand and workforce requirements by identifying emerging trends (environmental scanning).  |
| <i>Valuing the industry</i>                       | Shifting the dialogue to make a stronger case for the value of the industry as a contributor to the economy and to the wellbeing of the people in the ACT, and deepening the understanding of the sector within and outside the industry. |
| <i>Engagement and alignment</i>                   | Increased engagement of organisations, alignment of the sector to client needs and achievement of the desired future state.   |
| <i>Increased sustainability and effectiveness</i> | Support the existing Community Services reform agenda and Human Services Blueprint through positioning the sector as sustainable, effective, and strengths based.   |
| <i>Measuring progress</i>                         | Developing processes to monitor progress, measure impact and assess the Industry Plan's success.  |

Source: KPMG 2015; ACTCOSS Briefing on the Development of a Community Services Industry Plan for the ACT October 2015

<sup>1</sup> New South Wales Government, [NSW Digital Economy Industry Action Plan](#) (25 September 2012); New Zealand Government, [The Thirty Year New Zealand Infrastructure Plan](#) (2015); Australian Government, [Creative Industries: A Strategy for 21<sup>st</sup> Century Australia](#) (August 2011).

### 1.3 Are we an industry?

Many community organisations may not think of their organisation as part of an industry. Community services are predominantly purpose driven organisations where values of social justice and community service are the driving force in the organisation. In particular, there may be reluctance to conceptualise the sector as an industry if it is seen to conflict with or dilute the core values of the sector, impact on client service delivery or change the fundamental approach of organisations.

As a first step in conceptualising an industry plan for the community services sector, it may be helpful to think of the community service industry as related in terms of primary activities, and driven and united by a common purpose. Other jurisdictions have been successful in developing community sector industry plans which have retained the central focus and purpose of community services while blending this approach with commercial opportunities. Figure 3 outlines key elements of the Tasmanian Community Services Industry Plan and the Queensland Community Services Industry Alliance.

The distinction between for profit, commercial and the community sector is becoming increasingly blurred. With the development and implementation of the National Disability Insurance Scheme (NDIS), the modernisation of business practices, and the development of social impact investing, the demarcations that have traditionally distinguished between not for profit / profit, and the business and the community sector are no longer as marked.

Figure 3 – Examples of Community Services Industry Plans

| Tasmania Community Services Industry Plan 2009-12 |  | Queensland Community Services Industry Alliance 2008 |   |
|---|--|--|---|
| Topic   | Elements   | Topic  | Elements  |
| Vision for our Community                          | <ul style="list-style-type: none"> <li>A fairer, healthier, more just and inclusive society for all.</li> </ul>  | Purpose  | <ul style="list-style-type: none"> <li>The Queensland Compact sets out expectations and commitments for the Queensland Government and the Non-profit Community Services Sector to work together in a respectful, productive, forward-looking relationship that benefits the community.</li> </ul>   |
| Our Vision for Community Services                 | <ul style="list-style-type: none"> <li>A vibrant industry of well-governed and well-managed, non-profit community service organisations that deliver quality services for all Tasmanians.</li> <li>This industry shall focus on improving health and well-being; on involving consumers in our practice; and, in our role as advocates, on addressing poverty, disadvantage and social exclusion.</li> </ul> | Vision   | <ul style="list-style-type: none"> <li>The Queensland Government and Non-profit Community Services Sector working together for a better quality of life and a fair community for all Queenslanders now and in the future.</li> </ul>  |
| Key Approaches                                    | <ul style="list-style-type: none"> <li>Build on our strengths</li> <li>Secure a workforce for the future</li> <li>Get the right sort of investment in social services</li> <li>Strengthen the social service system.</li> </ul>  | Goals  | <p>The Queensland Government and the Non-profit Community Services Sector will work together to:</p> <ol style="list-style-type: none"> <li>Build strong working relationships</li> <li>Improve engagement in planning and policy</li> <li>Improve the sector’s capacity and sustainability</li> <li>Continue to improve service quality and innovation.</li> </ol> |

Source: KPMG 2015

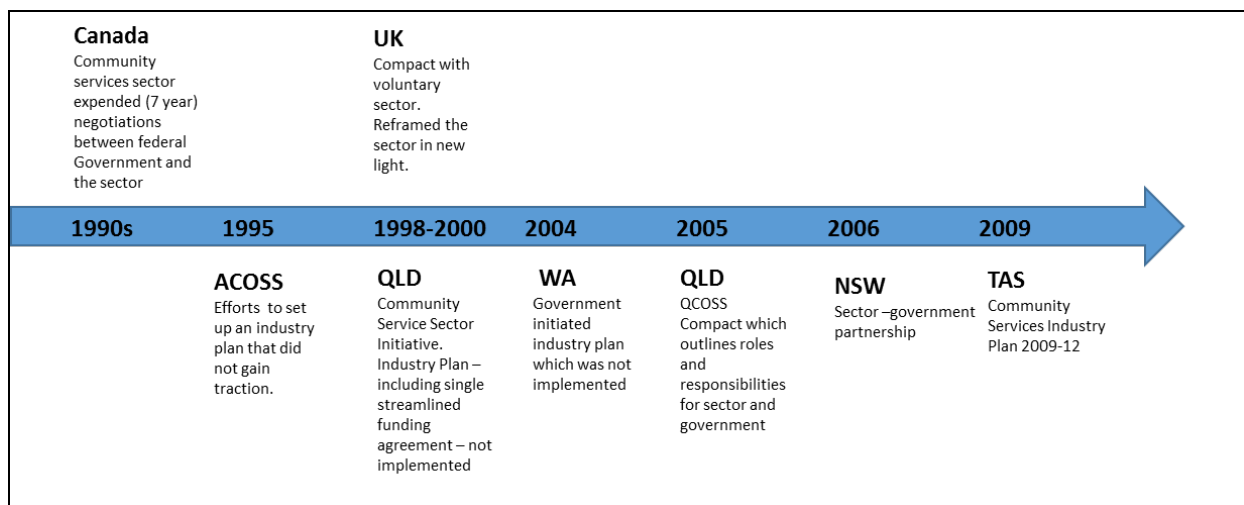
## 1.4 Lessons learnt from previous international efforts

A review of prior attempts to develop industry plans in the community services sector is instructive. Since the 1980s, there have been several efforts in Australia and internationally to develop community sector agreements and industry plans, as shown in Figure 4.

In the United Kingdom, a compact was developed between the sector and government which redefined the sector and gave organisations the option to opt in or opt out of the agreement.<sup>2</sup> In Canada, there were extended efforts over a seven year period to develop an agreement. Ultimately, these efforts were not successful due to a lack of unity and traction.

Previous efforts in Australia have experienced similar challenges. Responding to the industry reforms of competitive tendering and the contracting culture that were initiated in Australia in the 1980s, the Australian Council of Social Service (ACOSS) sought to set up a national industry plan in 1995. The ACOSS plan did not develop as it was not possible to align parties and gain the necessary traction to set up this type of arrangement across the sector at the national level.<sup>3</sup>

Figure 4 – Development of community service sector industry plans (Australia, Canada and United Kingdom)



Source: KPMG 2015; based on Melville, R. (2008) *Strategic Issues for the not-for-profit sector*: UNSW Press

The examples of undeveloped or stalled plans, versus the current successful plans in Tasmania and Queensland, provide valuable information on the necessary preconditions for achieving an industry plan in the ACT context.

The lessons learnt from the Queensland experience were outlined in the recent Community Services Industry Workshop.<sup>4</sup> Some of the key factors leading to the success of the Queensland compact were: using an evidence base and starting the process with a significant piece of work analysing disadvantage over 30 years in Queensland; the significant investment of time and senior resources devoted to the development process; being inclusive and having people ‘in the room’ rather than ‘outside the room’; and working collectively to establish new ways of working together.

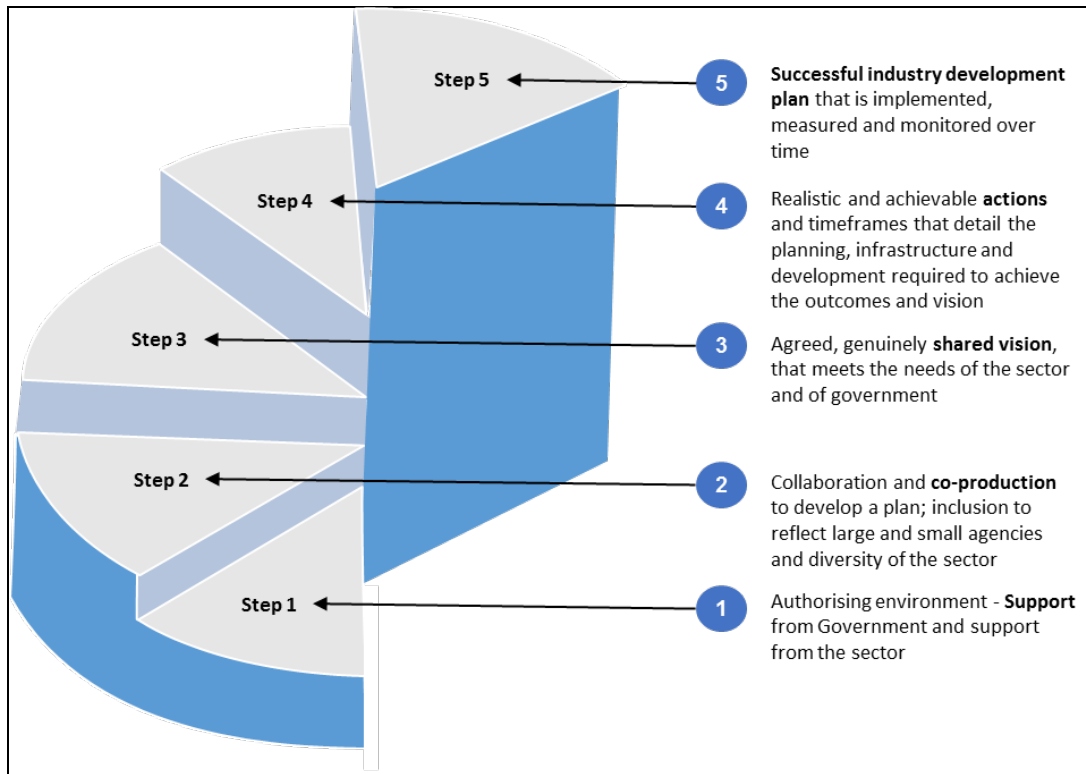
Some of the key preconditions needed to achieve a successful industry plan are shown in Figure 5. For a plan to be successful, support from both government and the sector is critical. Key players and a broad range of stakeholders need to be involved in the development of the plan, the vision needs to motivate and inspire the sector, the analysis and the actions need to be realistic and evidence based, and for successful implementation, a robust assessment needs to be made of gaps in the sector, the required actions and necessary infrastructure needed going forward.

<sup>2</sup> Melville, R, ‘Strategic issues for the not-for-profit sector’ (2008) *UNSW Press*.

<sup>3</sup> *Ibid*.

<sup>4</sup> ACT Government, Community Services Industry Workshop, Document for workshop participants (16 September 2015).

Figure 5: Key preconditions to achieve a successful industry plan



Source: KPMG 2015



## 2 Building on past ACT work

There has already been a considerable amount of reform work and consultation undertaken with the community sector in the ACT. This has included:

- **Human Services Blueprint consultation** – (2013) the views of the sector were sought through an online survey, focus groups, intensive design workshop and targeted engagement as part of the development of the Human Services Blueprint.
- **Community services industry workshop** - (16 September 2015) stakeholder views were sought by the ACT Joint Community Governance Reference Group, with the workshop providing an opportunity to start discussions on industry recognition.
- **ACTCOSS briefing paper** - (2015) the briefing paper provided background to the conceptualisation and progression of an industry plan for the sector.

The sector and the ACT Government are aware of the amount of reform work that has recently been undertaken and the need to build on this work. To avoid rework and duplication, existing work will be used as a starting point for development of the Industry Plan. As ACTCOSS notes, the Industry Plan will need to complement existing reforms so the sector can meet the needs of the community 'through both capability and capacity development and fiscal and operational sustainability'.<sup>5</sup>

The Human Services Blueprint has developed a statement of vision and purpose for the industry which is shown in the figure below.

Figure 6: Vision for human services system in the ACT

**Human Service Blueprint**

**Vision**

All Canberrans have the capability to fully participate in strong, healthy and inclusive communities and are enabled by a cohesive human services system that is:

- Person-centred, strengths-based and focused on achieving positive outcomes and services
- Simple to understand, access and navigate
- Adaptive to evolving changes, needs and knowledge
- Viable and sustainable, leveraging resources across the system to respond to current, emerging and future demand
- Working in collaboration and partnership across the system.

**Purpose**

The "Triple Aim" of the human services system is to simultaneously:

- Improve the experience of people who interact with the system
- Improve the outcomes of people of the ACT
- Maximise the effective use of available resources (both human and financial).

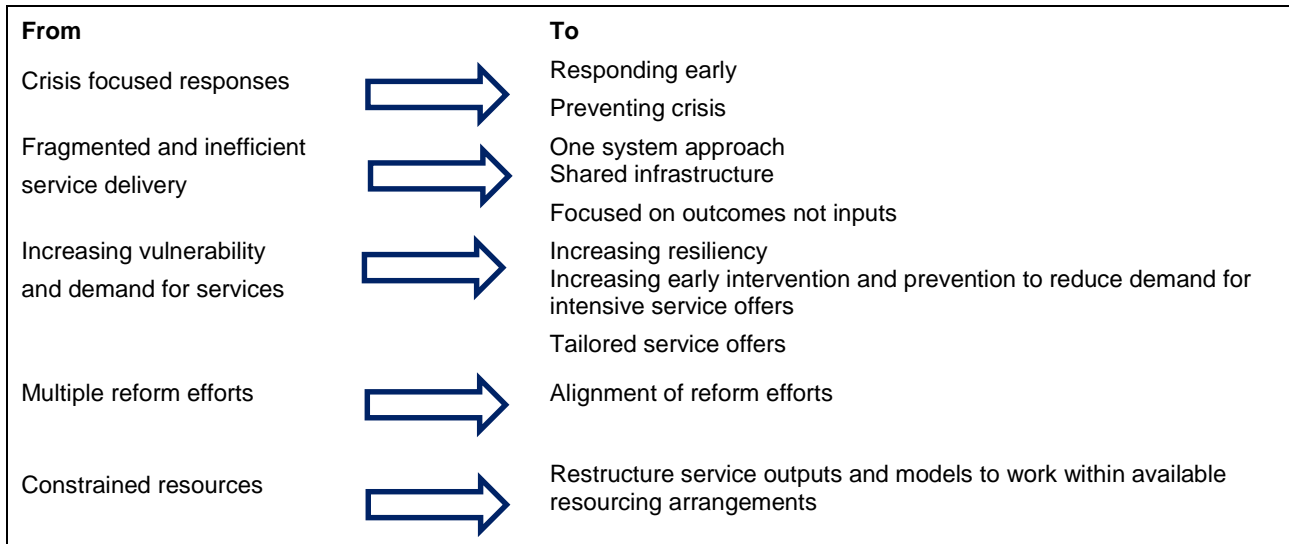
Source: ACT Human Services Blueprint – Consultation Report

In order to achieve this vision, there are changes required in the service system to build the system into a cohesive whole. The progressive changes required are shown in the figure below.

---

<sup>5</sup> Australian Capital Territory Council of Social Services, Briefing on the Development of a Community Services Industry Plan for the ACT (October 2015).

Figure 7: Progressive change required in human services



Source: ACT Human Services Blueprint – Consultation Report

Drawing on the Human Services Blueprint work, the key emerging themes that are relevant to an industry plan are outlined below.

**Person-centred**  
**Strengths-based**  
**Outcomes focused**  
**Simple**  
**Adaptive**  
**Sustainable**  
**Collaborative**

# 3 The community services industry

## 3.1 Defining the industry

Community services includes a broad and diverse range of services and there is no standard definition of what constitutes community services. There are various definitions of the sector which vary according to their purpose:

- **Tax classification** – for the purposes of tax exemptions, community service organisations are organisations which have a physical presence in Australia and meet the following requirements:
  - not-for-profit society, association or club
  - established for community service purposes (except political or lobbying purposes)
  - are not a charity.<sup>6</sup>
- **Industry classifications** – the Australia New Zealand Standard Industry Classification (ANZIC) uses 19 different divisions to classify and group organisations according to their predominant activity. Secondary activities and organisational purpose are not considered. One division is *health care and social assistance*, which includes organisations whose primary activities relate to hospitals, medical and health services, residential care and social assistance.
- **Service activity classifications** – the National Classification of Community Services, developed by the Australian Institute of Health and Welfare (AIHW), describes the type of service activity delivered, location of delivery, and target clients. There are eight classification categories, with linkage back to the ANZIC classes.

For the purposes of the development of the Industry Plan, it is intended to adopt a broad and inclusive definition including not for profit and for profit providers who are engaged in health and human service activities. Community services have therefore been defined to include but not be limited to the following key services:

- ✓ Housing and Homelessness Services;
- ✓ Child Protection Services;
- ✓ Disability Services;
- ✓ Community Health Services;
- ✓ Aged Care;
- ✓ Mental Health Services;
- ✓ Drug and Alcohol Services;
- ✓ Youth and Family Services;
- ✓ Women’s services
- ✓ Sexual Health Services;
- ✓ Culturally and Linguistically Diverse Services; and
- ✓ Aboriginal and Torres Strait Islander Community Services.

---

<sup>6</sup> Australian Taxation Office, [Income tax exemption checklist – community service organisations](#) (2016).

## 3.2 Profile of the sector

The following section profiles the community sector, although it must be kept in mind that there are different definitions of the sector and different time frames for data collection and reporting. Each definition is noted in the following section against the relevant metrics of the Australian Bureau of Statistics (ABS). It is important to note that there are differences between government and community sector organisation data, and data development is one area of focus under the proposed Industry Plan.

In 2014,<sup>7</sup> based on ANZSIC Industry Classification, there were 152 organisations which provided aged care residential services, other residential care services, child care services, and other social assistance services in the ACT (Figure 8).

Figure 8 – Selected number of community services in the ACT

### Number of Businesses

At June 2014, based on ANZSIC Industry Classification there were a total of approximately 152 community sector organisations which provided:

- Aged Care Residential Services = 17
- Other Residential Care Services = 19
- Child Care Services = 83
- Other Social Assistance Services = 33

### Size

- About 20% of businesses had turnover of less than \$50k per year. Another 20% had turnover of \$2m or more.

### Entries/exits

- In 2014, there were 16 new entries and 10 exits.

Source: ABS Counts of Australian Businesses, including Entries and Exits, Jun 2010 to Jun 2014

Currently, however, there is rapid change in the environment due to the NDIS, with a large influx of new providers. There are now more than 170 organisations registered to provide disability services in the ACT compared to 65 organisations previously identified.<sup>8</sup>

Based on ABS labour force statistics (August 2015), the Health Care and Community Services sector employed approximately 21,700 people (based on a four quarter average).<sup>9</sup> The workforce profile shows that the majority of employees in the industry are females, with a higher proportion of part time workers than in the broader economy (Figure 9).

<sup>7</sup> The 2014 ANZSIC Industry Classification data is the most up to date industry classification data currently available; the 2015 data will be available in July 2016.

<sup>8</sup> ACT Community Services Directorate data, 2016.

<sup>9</sup> Australian Bureau of Statistics, Labour Force, Australia, Detailed, Quarterly, August 2015 (19 September 2015) *Cat No 6291.0.55.003*.

Figure 9 – Employment in the Health Care and Community Services

### Employment

As at August 2015, the Health Care and Community Services sector employed approximately 21,700 people (four quarter average). This:

- is equivalent to roughly 10.4% of total employment in the ACT
- constitutes the second largest employer after public administration\*.
- includes employment in hospitals and health care for approximately half of these services\*\*.

### Part time/full time split

- There is a relatively high proportion (42%) of part time employment compared to the broader economy, which is approximately 25% part time\*.

### Gender split

- Nationally, in the Health Care and Community Services sector there is a 78/22 split between females and males; this compares with the split of approximately 46/54 females to males in the broader economy\*.

### Span of control

- Nearly 60% of all staff employed in residential care services are carers and nurses, with small numbers of managers, administrative workers, and cleaners. Social assistance services has about 45% of employment in child carers or child care managers, 12% aged carers, 7% welfare support workers and then a mix of other social workers and administrative staff\*\*.

Sources: \* ABS Labour Force, Australia, Quarterly, August 2015 (Four Quarter Average). \*\*ACT Government 2015 JCGRG meeting; Community Services – industry development.

The following section outlines the economic contribution of the health and community services industry to the ACT economy.

## 3.3 Economic importance of the sector

The Health and Community Services Industry is a major contributor to the ACT economy. The contribution of the industry can be seen in its economic contribution, the extent of employment provided, and the provision of volunteers. Although often not measured in economic terms, there is a multiplying effect in the economy of the social impact of the health and community services provided.

### Economic contribution

The contribution of the ACT health and community services in the sectors is presented below. The health and community services industry:

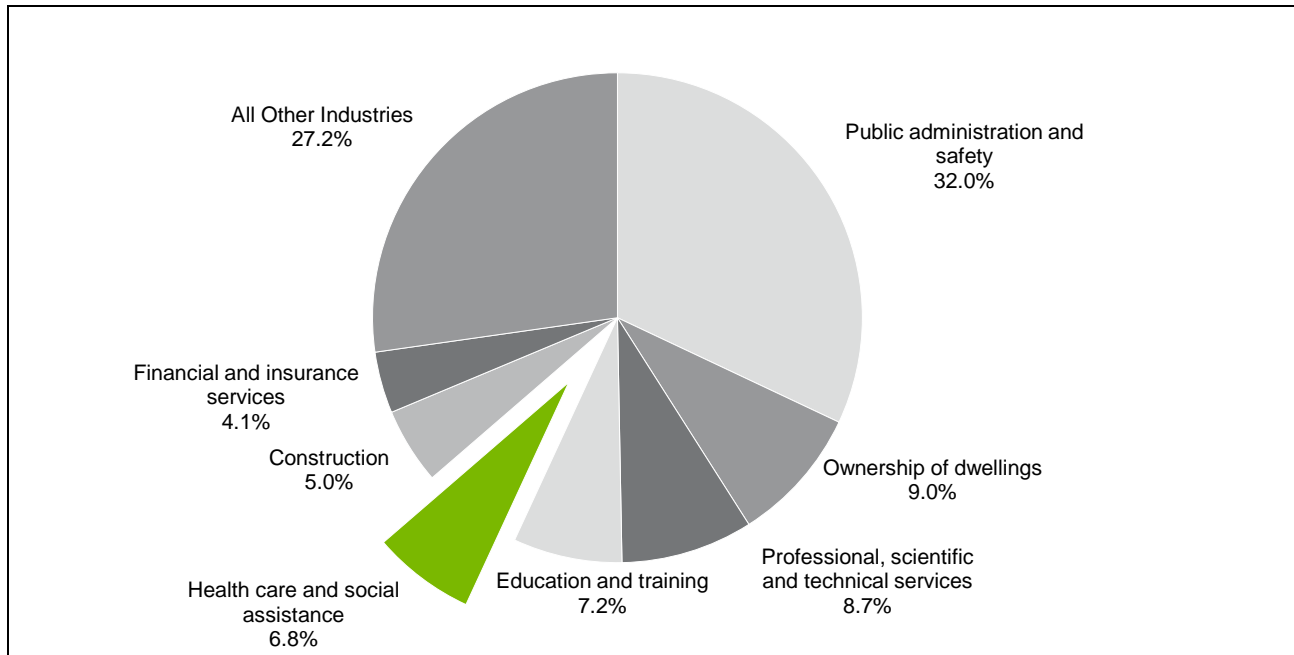
- ✓ injects more than **\$2.2 billion**<sup>10</sup> to the ACT's economy each year, accounting for a 6.8 per cent share of ACT's economy (see Figure 10);

<sup>10</sup> Australian Bureau of Statistics, Australian National Accounts: State Accounts 2014-15 (20 November 2015) *Cat No 522.0*, Table 9.

- ✓ is the ACT's **second largest industry employer** providing jobs for more than 21,700<sup>11</sup> people;
- ✓ contributes to the **economic prosperity** of the ACT by offering employment and business opportunities, and providing essential support for individuals and families; and
- ✓ has the largest number of **active volunteers**<sup>12</sup> (which includes the health and community/welfare sector).

In 2014–15, the Industry contributed more than \$2.2 billion to the ACT's economy<sup>1</sup>. This was the fifth largest contribution of all industries, representing a 6.8 per cent share of ACT's economy (Figure 10).

Figure 10 – Contribution to ACT's economy by industry, 2014-15



Source: ABS Australian National Accounts, State Accounts, 2014-15.

## Employment

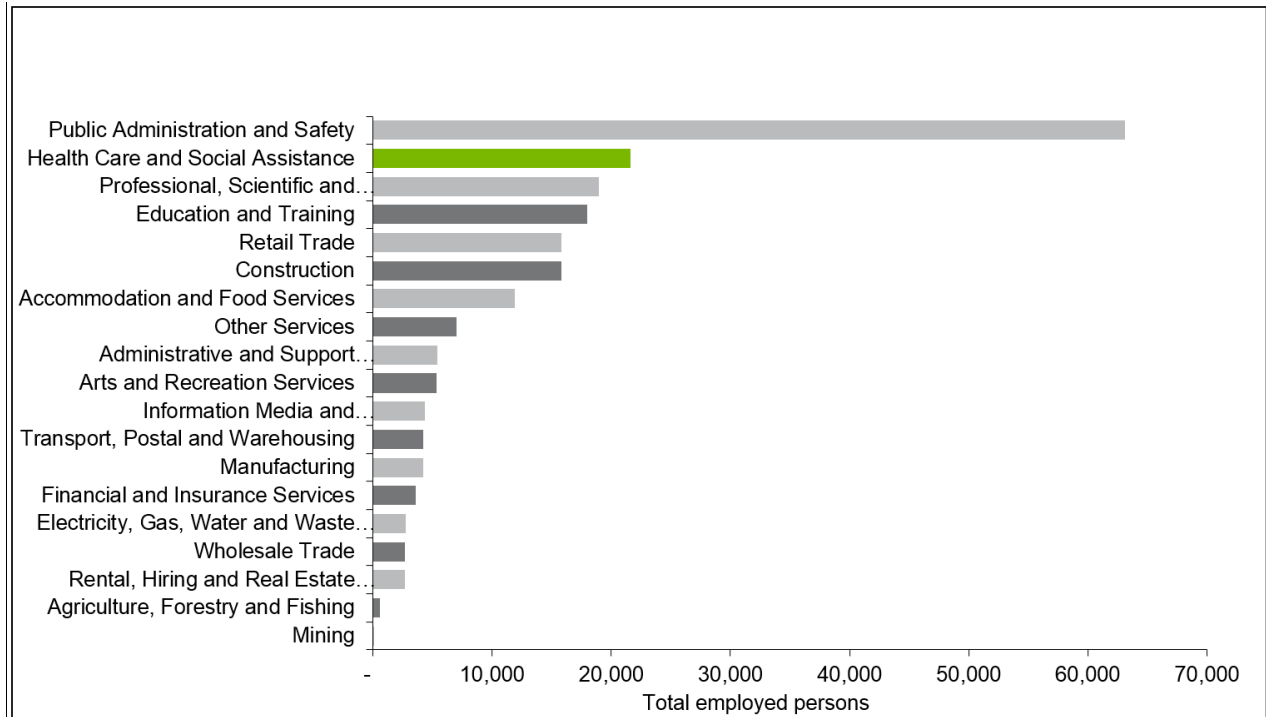
The Health and Community Services Industry is the ACT's second largest industry employer (Figure 11), providing jobs for 21,700 people, which accounts for 10.4<sup>13</sup> per cent of the Territory's total labour market.

<sup>11</sup> Australian Bureau of Statistics, Labour Force, Australia, Detailed, Quarterly, August 2015: Four quarter average of total employed persons (19 September 2015) *Cat No 6291.0.55.003*.

<sup>12</sup> Volunteering ACT, Self Service: The State of Volunteering in the ACT (2013).

<sup>13</sup> Australian Bureau of Statistics, Labour Force, Australia, Detailed, Quarterly, August 2015: Four quarter average of total employed persons (19 September 2015) *Cat No 6291.0.55.003*.

Figure 11: Employment by Industry in ACT, 2015



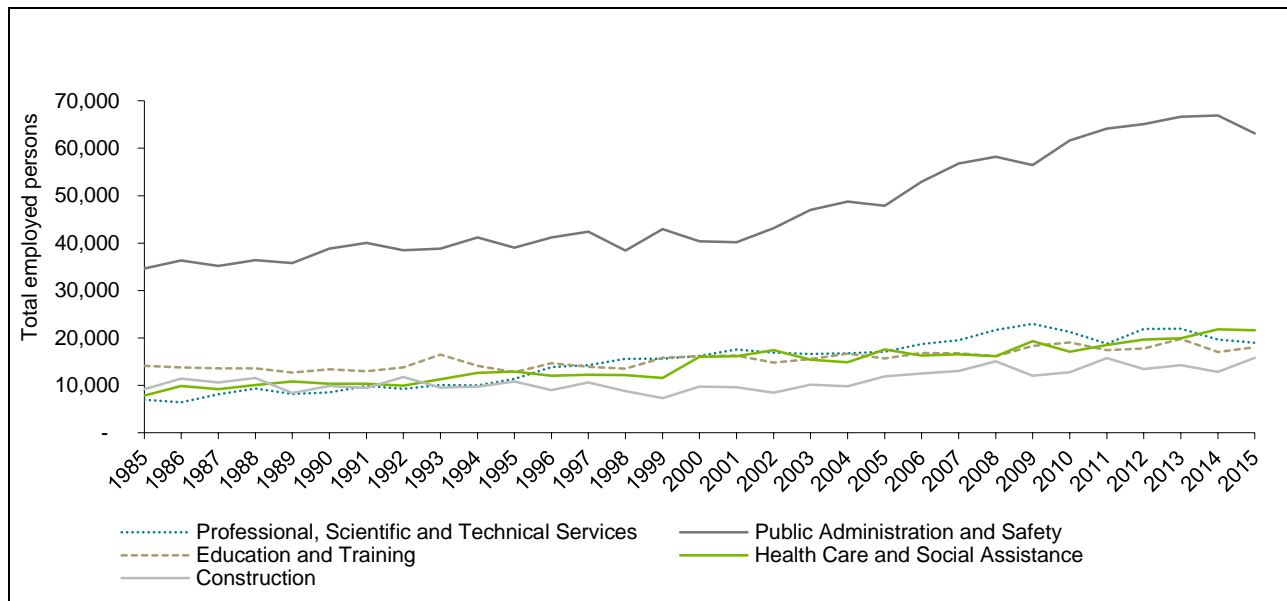
Source: ABS Labour Force, August 2015 (Four Quarter Average)

The Industry has consistently experienced strong growth over the medium and long-term (see Figure 12). However, in the year to 2015, there has been a slight decline in the number of jobs in the sector.

Nationally, the Industry has delivered more new jobs to the Australian economy than any other industry. In the five years to 2015, the Industry created one in three new Australian jobs, maintaining an average annual growth of 2.8 per cent.<sup>3</sup> In the ACT, the Industry has created 3,104 new jobs or 8.5 per cent of the ACT's total employment growth over the five years to 2015<sup>3</sup>. By comparison, Public Administration and Safety jobs reduced by 987 over the same period.

In 2015, there were estimated to be 1,783 fewer jobs in the Industry than in the previous year.

Figure 12 - Employment by Industry, ACT, 1985 - 2015



Source: ABS Labour Force, August 2015 (Four Quarter Average)

## Social impact, social capital and sustainability

It has been noted that the contribution of the community services portfolio is often undervalued due to the difficulty of measuring its economic contribution and challenges with measuring outcomes in the industry.<sup>14</sup>

There is, however, an increasing amount of work being undertaken on conceptualising the contribution of community services as well as measuring the social and economic impact of these services.

In 2010 the Productivity Commission released its final report into the contribution of the not-for-profit or community sector.<sup>15</sup> The Productivity Commission found that community sector organisations contribute to wellbeing in four broad ways, including by connecting the community and expanding social networks available to individuals:

*Connection through worship, social and sporting clubs and other organisations that promote community engagement are obvious examples, but connection can also occur through volunteering, such as with a service delivery organisation. Provision of social support services can also provide a means by which socially excluded individuals can re-engage with society.*<sup>16</sup>

The Productivity Commission suggested that the extent of activity by community sector organisations can be an indicator of the health of society.<sup>17</sup>

In 2015 the Australian Institute of Health and Welfare (AIHW) proposed a new reporting framework on the performance of the welfare system, the contribution of the community and other sectors, and the influence of selected determinants.<sup>18</sup> The AIHW has proposed that adult volunteering be a measure of community and social engagement:

*The contribution of volunteers to a variety of organisations helps to build social networks, increases shared values and strengthens social cohesion. By volunteering, individuals can become more outwardly focused, leading to a decrease in social isolation, greater social connections and the promotion of good mental health.*<sup>19</sup>

KPMG reported in 2015 positive findings from a case study into an Aboriginal and Torres Strait Islander volunteer initiative, Indigenous Community Volunteers, which matches the capabilities of volunteers to community needs in a range of Indigenous communities.<sup>20</sup> Improved community pride and well-being and strengthened community connectedness were reported as some of the positive findings.<sup>21</sup>

In addition, there is research that shows investment in 'soft infrastructure' or community sector organisations can promote social capital and sustainability.<sup>22</sup> In 2010 Professor Cuthill considered social sustainability in the rapid urban growth area of South East Queensland in Australia. Cuthill argues that a socially sustainable community is, among other things, built on:

*... equitable access to a range of health, education and community services, and government policy and processes support and provide appropriate resources to assist individuals and groups to develop their skills, knowledge and abilities to participate in social and civic networks.*<sup>23</sup>

Cuthill refers to evidence of how community sector organisations increase social sustainability through early intervention for vulnerable youth, savings in health costs, reducing crime and increasing employment.<sup>24</sup> An early intervention program for vulnerable youth run by community sector organisations in Canada, for example,

---

<sup>14</sup> Fieldwork, Community Services Queensland, A Community Services Industry Body (20 December 2012), 13.

<sup>15</sup> Australian Government, Productivity Commission, '[Contribution of the not-for-profit sector](#)' (2010).

<sup>16</sup> Ibid, 37.

<sup>17</sup> Ibid, 17.

<sup>18</sup> Australian Government, Australian Institute of Health and Welfare, '[Australia's welfare 2015](#)' (2015), 344.

<sup>19</sup> Ibid, 356.

<sup>20</sup> KPMG, '[Economic and social impact of Indigenous Community Volunteers \(ICV\) activities](#)' (2015), 5.

<sup>21</sup> Ibid.

<sup>22</sup> Michael Curthill, 'Strengthening the 'social' in sustainable development: Developing a conceptual framework for social sustainability in a rapid urban growth region in Australia' (2010) 18(6) Sustainable Development page 362.

<sup>23</sup> Ibid, 368.

<sup>24</sup> Ibid.



has been shown to increase educational attainment and reduce the need for more costly special education.<sup>25</sup> The various programs, including home visiting, child-focused playgroups, parent support, and school and classroom programs, were also found to save \$2.50 per family for every dollar invested by government.<sup>26</sup>

An evaluation of the Keeping Them Safe child protection initiative in New South Wales has also shown positive results from investment in the community.<sup>27</sup> The Keeping Them Safe evaluation shows that an increased investment of \$100 per child within the community is associated with a decrease of 9 children and young people reported at risk of harm per 1,000 children in the population.<sup>28</sup> Similarly, the few community organisations which are participating in social benefit bonds in other jurisdictions, are also measuring client outcomes as well as what these outcomes mean in terms of savings generated for government when the interventions are successful.

The GROW initiative is a community mental health program, which is operating in the Australian Capital Territory, and has been the subject of a pilot study in Western Australia by Dr Lizzie Finn to better understand its impact on psychological wellbeing. Dr Finn concluded that her 'GROW research highlights the critical importance in the recovery journey of the community context which GROW members enter to pursue wellness.'<sup>29</sup> Dr Finn recommends that longitudinal research into the GROW initiative and community mental health programs be conducted.<sup>30</sup>

As noted in these studies, improving outcomes for the disadvantaged as well as more generally developing strong social cohesion can result in increased employment and productivity for people, less reliance on government benefits<sup>31</sup> and services across multiple agencies and the development of social capital, sustainability and increased liveability of cities. This can also be associated with broader long term benefits which may include longer term and even inter-generational savings for government.

While we wait for there to be widespread measurement of the social and economic impact of the sector, it is possible to refer to specific program outputs. These social outputs are seen to have a multiplier effect within the economy.<sup>32</sup> Some selected examples are given below.

In ACT for the 2014-15 year support was provided for:

|                          |  |
|--------------------------|--|
| 28,533 walk in inquiries | The Human Services Gateway is a one stop access to disability, housing and homelessness services, child, youth and family supports; in 2014-15 there were 28,533 walk in inquiries (an average of 2,400 a month)   |
| 59 families              | The Strengthening Families initiative supported families living with multiple and complex needs; this included 272 family members within 59 families receiving a tailored package of services as part of the program. <sup>33</sup>  |
| 1,146 people             | Services supported 1,146 people move into the NDIS. Preparation for full implementation of the NDIS included the provision of \$8m in grants through the Enhanced Service Offer (ESO). Over the first two rounds of these grants, 24,553 hours of Learning and life skills development assistance was funded, 19,587 hours of recreation/holiday program time and 'other community access support' of 3,589 hours was purchased. |

<sup>25</sup> Ray DeV. Peters, Kelly Petrunka, Shahriar Khan, Angela Howell-Moneta, Geoffrey Nelson, S. Mark Pancer, Colleen Loomis, 'Cost-Savings Analysis of the Better Beginnings, Better Futures Community-Based Project for Young Children and Their Families: A 10-Year Follow-up' (2015) *Prevention Science*.

<sup>26</sup> Ibid, 8.

<sup>27</sup> Cassells R, Cortis N, Duncan A, Eastman C, Gao G, Giuntoli, G, Katz I, Keegan M, Macvean M, Mavisakalyan A, Shlonsky A, Skattebol, J, Smyth C and Valentine K, 'Keep Them Safe Outcomes Evaluation Final Report' (2014) *NSW Department of Premier and Cabinet*, 7.

<sup>28</sup> Ibid, 8.

<sup>29</sup> Lizzie D. Finn, Brian J. Bishop, Neville Sparrow, 'Capturing Dynamic Processes of Change in GROW Mutual HelpGroups for Mental Health' (2009) *Am J Community Psychol*, 8.

<sup>30</sup> Ibid, 12.

<sup>31</sup> Fieldwork, Community Services Queensland, A Community Services Industry Body (20 December 2012), 9.

<sup>32</sup> Ibid.

<sup>33</sup> Community Services Directorate data, 2015.

|                 |  |
|-----------------|--|
| 36 young people | Services supported 36 young people to remain in education, employment or training through supported accommodation.   |
| 27 children     | The Melaleuca Place Trauma Recovery Centre was opened for children up to 12 years of age who have experienced trauma or are clients of Care and Protection Services. In the first year 27 children were supported. |

Source: ACT Community Services Directorate Annual Report 2014-15

# 4 Environmental challenges

There are a number of challenges currently facing the community services industry in the ACT and at the national level. Some challenges are external and are impacting on all industries. Demographic changes, for example, impact the workforce while analysis of disadvantage highlights the growing need for services. Digital technological advances provide opportunities to change service provision modalities as well as modernise both business and measurement functions for a whole range of organisations and businesses in the public and private sector. Other challenges, such as the rollout of NDIS, are more unique to the industry.

Figure 13 – Challenges for Community Services industry

| Catalysts for change                               | Description  |
|--|--|
| Disadvantage                                       | Using a Socio-Economic Indexes for Individuals (SEIFI) 'it is estimated that more than 40,000 ACT residents experience high levels of disadvantage'; SEIFA at the suburb level identifies 712 individuals. <sup>34</sup> |
| Demographic changes                                | 'Population growth and the needs of young and old Canberrans' including an ageing population. <sup>35</sup>  |
| New partnerships (government, business, community) | The need for 'leadership and collaborative partnerships across and between government, business, non-government organisations and the wider community.' <sup>36</sup>  |
| Housing affordability and diversity                | The need for affordable housing and more choice in housing, 'particularly diversity to meet the needs of people of all ages, abilities and lifestyles.' <sup>37</sup>  |
| New technologies                                   | Technology and the use of data is creating opportunities and new mediums to improve service delivery.  |
| Introduction of NDIS                               | The introduction of NDIS has created a new way of funding and delivering human services.   |
| Procurement reforms                                | Contracting and procurement reforms.   |
| Social investment                                  | New forms of social financing including payment by outcomes and social benefit in some jurisdictions.  |
| Productivity Commission Review into Human Services | Introducing Competition and Informed Choice into Human Services. This review forms part of the Commonwealth Government response to the Harper Competition Policy Review (released November 2015).                        |

Sources – KPMG and ACT government (see footnotes)

<sup>34</sup> ACT Government, Towards One Human Services System with you at the centre, 8

<sup>35</sup> Ibid.

<sup>36</sup> ACT Government, Time to talk: Canberra 2030 Outcomes Report (December 2010), 7.

<sup>37</sup> Ibid.

# 5 Involvement in developing an industry plan

The analysis has shown that the community services sector makes a significant contribution to the ACT economy through employment, and through the social and economic outcomes generated by the industry. An Industry Plan presents an opportunity for the sector to be recognised as an industry, and to have its value measured.

KPMG is working with the ACT Government to support the development of the plan. An intensive consultation period will be conducted in early 2016 to support the development of the plan.

The key stages in the consultation process are outlined in Table 1.

*Table 1- Consultations to develop a Community Services Industry Plan*

| Purpose   | Consultation method                               | Timing     |
|---|---|------------|
| <ul style="list-style-type: none"> <li>• <b>Confirming the state of the sector</b></li> <li>• <b>Testing applicability to subsectors</b></li> <li>• <b>Establishing a common purpose</b></li> </ul> | Focus groups                                      | Early 2016 |
| <ul style="list-style-type: none"> <li>• <b>Establishing directions for the future</b></li> <li>• <b>Agreement of roles and responsibilities</b></li> </ul>   | Focus groups<br>Interviews                        | February   |
| <ul style="list-style-type: none"> <li>• <b>Validating the draft industry plan</b></li> <li>• <b>Testing of workforce capability and sector capacity</b></li> </ul>                                 | Sector-wide survey,<br>Focus group,<br>interviews | March      |

For further information about the development of the Community Services Industry Plan please contact:

[industryplan@kpmg.com.au](mailto:industryplan@kpmg.com.au)

# 6 Consultation questions

## Theme 1 & 2 - Confirming the state of the sector and establishing a common purpose

Table 2 – Key questions related to confirming the state of the sector and establishing a common purpose

| Themes  | Questions   |
|---|---|
| <b>Defining community services</b>                                      | <ul style="list-style-type: none"> <li>Confirm the definition of Community Services that will be used in the development of the Industry Plan, and the suggestion of an “opt in” approach.</li> </ul>   |
| <b>Drivers for reform</b>   | <ul style="list-style-type: none"> <li>What are the main drivers for change impacting on the community services industry? What do they mean for the workforce, business structures, and financial sustainability of service providers?</li> <li>Are there some drivers that are more important than others in terms of the nature and extent of their impact?</li> <li>How is industry adapting to these changes currently? Are some organisations better equipped than others to adapt to the changes? Are organisations working together or operating in isolation from one another?</li> </ul> |
| <b>What are the major strengths of the industry?</b>                    | <ul style="list-style-type: none"> <li>What makes the community services industry unique and what does the industry do better than other industries?</li> <li>What skills, capabilities and resources have been developed by the industry?</li> <li>How is the industry perceived by its clients, the general public and other stakeholders?</li> </ul>   |
| <b>What are the major weaknesses being experienced in the industry?</b> | <ul style="list-style-type: none"> <li>What skills, capabilities and knowledge do you think are missing from the industry?</li> <li>What would clients say could be improved about community services?</li> <li>What things do you think the industry should stop doing or that it’s not very good at?</li> </ul>   |
| <b>What are the major opportunities facing the industry?</b>            | <ul style="list-style-type: none"> <li>What new developments are occurring that provide the greatest potential to better meet client needs?</li> <li>Where are these opportunities emanating from – national, local, provider or client led?</li> <li>How could the industry do things differently to take advantage of these opportunities?</li> </ul>   |
| <b>What are the major threats facing the industry?</b>                  | <ul style="list-style-type: none"> <li>What obstacles does the industry face in delivering quality services now and into the future?</li> <li>Are there threats to the ongoing viability of services? Are some services more vulnerable than others?</li> </ul>   |

| Themes   | Questions   |
|--|---|
| <b>Vision for the Community Services industry in the ACT and Values and Principles</b> | <ul style="list-style-type: none"> <li>• Where does the industry see itself in three years and ten years? What will be different and what will be same?</li> <li>• What would an ideal future look like for the industry and for the clients it serves?</li> <li>• What do we want to achieve with an industry plan? What kind of community services industry do we want to create?</li> <li>• How do we come up with a vision statement that is broad enough to capture the interests of all players in the community services sector?</li> <li>• What should be the shared values and principles that will guide the achievement of vision for the community services industry?</li> <li>• How are the values and principles for an industry approach different or the same as they are for individual organisations? How do we account for the mix of profit and not for profit groups?</li> </ul> |

Source: KPMG

### Theme 3 & 4 - Establishing directions for the future; establishing actions for the first three years

Table 3 – Key questions to establish directions for the future and the priority actions for the first three years of the Industry Plan

| Themes  | Questions  |
|---|--|
| <b>Priority actions for the first three years</b> | <ul style="list-style-type: none"> <li>• Considering the organising principles, what are the priority actions for industry and government for the first three years?</li> <li>• How should industry work together to achieve its objectives? What types of partnerships or alliances are needed?</li> </ul>  |
| <b>Roles and responsibilities</b>                 | <ul style="list-style-type: none"> <li>• What does government need to do to support implementation of the Industry Plan?</li> <li>• What does industry need to do to support implementation of the Industry Plan?</li> <li>• What governance mechanisms are needed to facilitate collaboration between industry and government to achieve the objectives of the Industry Plan?</li> <li>• What role is there for other players including clients and the broader community?</li> </ul> |

Source: KPMG

## Theme 5 & 6 - Validating the draft Industry Plan and testing workforce capability and capacity

Table 4 – Key questions for feedback on draft Industry Plan and industry gap analysis

| Themes                               | Questions   |
|--------------------------------------|---|
| <b>Feedback on the Industry Plan</b> | <ul style="list-style-type: none"> <li>• Does the vision and purpose in the draft Industry Plan capture your vision for the industry for the future?</li> <li>• Are there any significant trends or challenges for the future that have not been captured in the draft Industry Plan?</li> <li>• Is the analysis of current capabilities and the state of the industry accurate? Are there other strengths and weaknesses that need to be added?</li> <li>• Do you agree with the organising themes/principles in the draft Industry Plan? Are there the right number of themes?</li> <li>• Are the agreed actions for government and the industry for the first three years realistic? Any revisions to these actions required?</li> <li>• Other comments on the draft Industry Plan?</li> </ul> |
| <b>Gap analysis</b>                  | <ul style="list-style-type: none"> <li>• Considering the vision and principles in the Industry Plan, are the themes that have been identified the most relevant?</li> <li>• Considering the organising themes that have been developed in the Industry Plan, what is your organisation's current state of development on each of the following dimensions:<br/><br/>The exact questions to be developed will be based on the Draft Industry Plan themes. Sample questions follow based on the theme of 'outcomes' chosen as a focus area: <ul style="list-style-type: none"> <li>• Has your organisation defined client outcomes? Are outcomes measured? Is relevant data available? Are the organisation's current technological systems a barrier to measuring outcomes?</li> </ul> </li> </ul> |

Source: KPMG

Contact us

**Liz Forsyth**  
**Partner**

+ 61 (2) 9335 8233

[lforsyth@kpmg.com.au](mailto:lforsyth@kpmg.com.au)

**Tina Davey**  
**Director**

+ 61 (7) 3225 6865

[tdavey2@kpmg.com.au](mailto:tdavey2@kpmg.com.au)

**Ruth Lawrence**  
**Associate Director**

+ 61 (2) 9346 5554

[rlawrence2@kpmg.com.au](mailto:rlawrence2@kpmg.com.au)

[www.kpmg.com.au](http://www.kpmg.com.au)

This proposal is made by KPMG, an Australian partnership and a member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity, and is in all respects subject to the negotiation, agreement, and signing of a specific engagement letter or contract. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

© 2016 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

Liability limited by a scheme approved under Professional Standards Legislation.

February 2016