



Public Health Association
AUSTRALIA

Public Health Association of Australia
Pre-Budget submission 2015-16:
The importance of maintaining levels of cross-portfolio funding to the not-for-profit sector

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Introduction

The Public Health Association of Australia Incorporated (PHAA) is recognised as the principal non-government organisation for public health in Australia and works to promote the health and well-being of all Australians. The Association seeks better population health outcomes based on prevention, the social determinants of health and equity principles. The PHAA has a vision for a healthy region, a healthy nation and healthy people living in a healthy society and a sustaining environment while improving and promoting health for all.

Public Health

Public health includes, but goes beyond the treatment of individuals to encompass health promotion, prevention of disease and disability, recovery and rehabilitation, and disability support. This framework, together with attention to the social, economic and environmental determinants of health, provides particular relevance to, and expertly informs the Association's role.

The Public Health Association of Australia

PHAA is a national organisation comprising around 1900 individual members and representing over 40 professional groups concerned with the promotion of health at a population level.

Key roles of the organisation include the development of policy, capacity building and advocacy. Core to our work is an evidence base drawn from a wide range of members working in public health practice, research, administration and related fields who volunteer their time to inform policy, support advocacy and assist in capacity building within the sector. PHAA supports a preventive approach for better population health outcomes by championing appropriate policies and providing strong support for Australian governments and bodies such as the National Health and Medical Research Council in their efforts to develop and strengthen research and actions in public health. The PHAA is an active participant in a range of population health alliances including the *Australian Health Care Reform Alliance*, the *Social Determinants of Health Alliance*, the *National Complex Needs Alliance* and the *National Alliance for Action on Alcohol*.

PHAA has Branches in every State and Territory and a wide range of Special Interest Groups. The Branches work with the National Office in providing policy advice, in organising seminars and public events and in mentoring public health professionals. This work is based on the agreed policies of the PHAA. Our Special Interest Groups provide specific expertise, peer review and professionalism in assisting the National Organisation to respond to issues and challenges as well as providing a close involvement in the development of policies. In addition to these groups the PHAA's Australian and New Zealand Journal of Public Health (ANZJPH) draws on individuals from within PHAA who provide editorial advice, and review and edit the Journal.

Advocacy and capacity building

In recent years PHAA has further developed its role in advocacy to achieve the best possible health outcomes for the community, both through working with all levels of governments and agencies, and promoting key policies and advocacy goals through the media, public events and other means.

Preamble

PHAA welcomes the opportunity to provide a submission to the 2015-16 Budget process. PHAA's pre-Budget submission seeks to highlight the importance of maintaining levels of cross-portfolio funding to the not-for-profit sector in ensuring the achievement of key outcomes in public health and related areas.

We are keen to ensure that in seeking efficiencies, the Australian Government avoids cost-cutting measures that may represent false economy. Our submission focusses particularly on the potential cumulative impact of savings measures on public health and related outcomes.

Further, PHAA is keen to ensure that funding decisions are based on the principle of enhancing community and public sector capacity to address key issues and priority areas in health and related areas.

Role of National Peak Bodies and the Not-for-Profit Sector

a) Contribution of the not-for-profit sector

According to the Productivity Commission:

- *The not-for-profit (NFP) sector is large and diverse, with around 600 000 organisations.*
 - *The ABS has identified 59 000 economically significant NFPs, contributing \$43 billion to Australia's GDP, and 8 per cent of employment in 2006-07.*
 - *The NFP sector has grown strongly with average annual growth of 7.7 per cent from 1999-2000 to 2006-07.*
- *4.6 million volunteers work with NFPs with a wage equivalent value of \$15 billion.¹*

In releasing the Productivity Commission's report into the contribution of the not-for-profit sector in 2010:

Associate Commissioner, Dennis Trewin, said 'Australia has 600 000 not-for-profit organisations which contributed \$43 billion to Australia's GDP, growing at an annual rate of 7.7 per cent since 2000. If you count the contribution of 4.6 million volunteers, with an imputed value of \$15 billion, this would make it a similar contribution to the retail industry'.²

Interestingly, the Productivity Commission also found that:

The efficiency and effectiveness of delivery of services by NFPs on behalf of governments is adversely affected by inadequate contracting processes. These include overly prescriptive

¹ Productivity Commission 2010, Contribution of the Not-for-Profit Sector, Research Report, Canberra pg. XXIII

² Productivity Commission 2010, Contribution of the Not-for-Profit Sector, Research Report, Canberra (media release, 11 February 2010)

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*requirements, increased micro management, requirements to return surplus funds, and inappropriately short-term contracts.*³

b) The role and contribution of ‘peak bodies’ in the not-for-profit sector

In addition to funding service delivery agencies in the not-for-profit sector, the Productivity Commission report acknowledged that:

*Government may also fund peak bodies as a mechanism for engaging with the sector on policy and other issues, such as the development of standards.*⁴

ACOSS’ submission to the Productivity Commission report further outlined:

*There are also direct benefits from the research, policy development, education and advocacy work undertaken by much of the sector and this needs to be acknowledged in any analysis of its contribution. Often this work draws from experience of service delivery on the ground where gaps or unintended consequences become evident. Experience from the ground also contributes to the development of policies to address the underlying causes of disadvantage or lack of opportunity. Advocacy around these policy changes are then undertaken directly or through representative structures such as peak bodies. Much of this work is at the heart of the community services and welfare not for profit sector and is a vital component of our democracy.*⁵

So what constitutes a ‘peak body’ in the not-for-profit sector? There are numerous definitions in the literature but the definitive definition seems to come from a 1995 report by the Australian Industry Commission, which defined a peak body as:

*A representative organisation that provides information dissemination services, membership support, coordination, advocacy and representation, and research and policy development services for its members and other interested parties.*⁶

Melville and Perkins went on to summarise the contribution of peak bodies as:

- *Providing a cost effective conduit to garner the views and issues of disadvantaged or marginalised groups, which contributes to and improves the development of social policy and programs;*
- *Acting as a repository of sector knowledge and expertise in relation to the needs and circumstances of specific groups in the community, through specialist knowledge and contributions from members;*
- *Instigating and promoting public debate which assists in fostering participatory democracy while contributing to sound social policy development;*
- *Offering a source of dialogue at the national or state level on issues which may impact the health and community services sector and across states and territories;*

³ Productivity Commission 2010, Contribution of the Not-for-Profit Sector, Research Report, Canberra pg. XXIV

⁴ Productivity Commission 2010, Contribution of the Not-for-Profit Sector, Research Report, Canberra pg. 276

⁵ ACOSS Nov 2009, Submission to the Productivity Commission - Response to the Draft research Report: Contribution of the Not for Profit Sector, pg. 1

⁶ Industry Commission 1995, Charitable Organisations in Australia, Report No.45, AGPS, Melbourne pg. 181

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- *Providing a low cost mechanism by which governments can access the knowledge and expertise of the sector to improve the quality, efficiency and relevance of their programs and services;*
- *Assisting government to be accountable to the wider community, by providing information and feedback on the impacts of policy and programs on specific groups in the community;*
- *Representing counter perspectives that assist in a balancing of perspectives presented by other interest groups, and;*
- *Assisting in facilitating dialogues and information sharing amongst community sector organisations.*⁷

The valuable role that peak bodies play in representing the not-for-profit sector is recognised in the ACT Government's 'Social Compact':

*The relationship between the two sectors is significant because they share many goals and values and are interdependent in many roles and functions. The community sector and Government cannot achieve their individual goals without constructive relations built on mutual understanding, respect and cooperation. Despite their distinct roles and accountabilities, there is a strong interface between the community sector and Government.*⁸

Clearly then the value of both the not-for-profit sector, and the contribution of peak bodies in particular, is widely acknowledged in terms of providing an integral mechanism to assist governments in achieving key policy and program goals and service delivery outcomes at both the national and state/territory levels.

The importance of maintaining levels of cross-portfolio funding to the not-for-profit sector

Given the rationale provided, PHAA is concerned at cross-portfolio cost-cutting measures being both implemented and foreshadowed at the national level and the impact these measures will have on the Australian Government's capacity to maintain both access and standards in service delivery to the Australian community.

For instance, PHAA was highly critical the Australian Government's decision to abolish a key housing and homelessness grants program in the lead up to Christmas. Immediately before Christmas 2014, the Australian Government announced that the Housing and Homelessness Service Improvement and Sector Support grants scheme would not be continuing. The grants scheme was designed to provide support for housing and homelessness through research, peak bodies, innovative projects and emerging Australian Government priorities.

⁷ Melville, R. & Perkins, R. (2003), Changing Roles of Community-Sector Peak Bodies in a Neo-Liberal Policy Environment in Australia, University of Wollongong, NSW

⁸ Community Services Directorate ACT Government 2012, The Social Compact: A relationship framework between the ACT Government and Community Sector, Australian Capital Territory, Canberra pg. 3

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This decision will undoubtedly have a huge impact on the capacity of the sector to respond to homelessness and move people into more stable housing, in turn disproportionately affecting some of the most vulnerable members of our community. A number of key national organisations previously funded under the Housing and Homelessness Program have had their funding cut, including the Community Housing Federation of Australia, National Shelter and Homelessness Australia. Disability groups and financial counselling services have also been affected.

Earlier in December 2014 the Australian Institute of Health and Welfare released the third annual report on the clients of specialist homelessness services across Australia. The report found that:

- In 2013–14 an estimated 254,000 Australians accessed specialist homelessness services—an increase of 4% from 2012–13.
- More clients sought support for assistance to maintain their housing tenure.
- The number of people seeking help for domestic and family violence increased.
- An estimated 26,655 clients had a long term health condition or disability that restricted their everyday activities.⁹

Clearly the need for funding to enhance the response to housing and homelessness at the national level is greater than ever and yet we see the Australian Government making extensive cuts in funding to achieve short-term budgetary savings. The long term costs of these cuts in both social and economic terms will be far greater than the short term savings achieved. It's an incredibly short-sighted strategy that will also increase the hardships suffered by the most vulnerable members of our community. Stable housing is one of the key prerequisites for good health and there will no doubt be flow-on effects for the health budget in the longer term if people are literally left out in the cold by the Government's decision to cut vital services.

PHAA also wishes to note the impact of recent and foreshadowed federal budget funding cuts impacting on Aboriginal and Torres Strait Islander health. Cuts in funding to key organisations and agencies that play a central role in advancing health and broader Closing the Gap priorities will have an impact on the Government's capacity to achieve outcomes in these areas. Organisations such as the National Congress of Australia's First Peoples and the National Indigenous Drug and Alcohol Committee (NIDAC) have played an important role in identifying and developing responses to health issues in collaboration with affected communities. These important functions have either been diminished or, in the case of the NIDAC, abolished by recent funding decisions by the Australian Government. Such decisions seem to be at odds with broader policy directions at the national level.

In addition, the cuts in funding to key areas within the Department of Social Services portfolio, such as housing and homelessness programs, will clearly impact disproportionately on Aboriginal and Torres Strait Islander communities and as such impact on the capacity to meet Closing the Gap targets.

Further, the 2014-15 Budget Papers indicate that \$197.1M will be cut from the 'Health Flexible Funds' over 3 years from 2015-16 to 2017-18. There are currently 16 different Flexible Funds providing funding to a diverse range of organisations and groups, including non-government organisation peak bodies and service delivery agencies across the country (see: <http://www.health.gov.au/internet/main/publishing.nsf/Content/budget2011-flexfunds.htm>).

⁹ Australian Institute of Health and Welfare 2014. Specialist homelessness services: 2013–2014. Cat. no. HOU 276. Canberra: AIHW. pg. vii

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At this stage there is no clarity from either the Australian Government or the Department of Health on how these savings are to be achieved. The sector is yet to find out whether:

- any of the 16 current Flexible Funds are to be abolished and if so, which ones;
- levels of resourcing to the Flexible Funds are to be reduced and if so, which funds will be affected;
- some organisations and services that currently receive funding under the Flexible Funds are to be defunded; and/or
- there will be reductions in current levels of funding to organisations across the board.

It is currently entirely unclear how the target of \$197.1M in savings foreshadowed in the 2015 Budget is to be achieved and what the implications might be for the many organisations and groups, including non-government organisation peaks bodies and service delivery agencies, that currently rely on this funding.

In addition, among the Flexible Funds are a number of initiatives, such as the Aboriginal and Torres Strait Islander Chronic Disease Fund and the Substance Misuse Service Delivery Grants Fund, that currently provide funding for programs that target Indigenous Australians. Any further cuts to funding in these key areas would potentially have a devastating impact on families and communities seeking to address a range of health problems.

The recent and foreshadowed cuts to funding add to previous funding cuts and the abolition of a number of key advisory bodies undertaken in the initial stages of the Abbott Government, which are already having a negative impact. We believe that additional cuts will invariably have a further negative impact on both service delivery and outcomes across portfolios.

As the new Government begins to make its mark, community groups and non-government organisations are compelled to reconsider how they operate and how they are going to work with the current Government. There are no surprises in the Abbott Government's attempts to deliver on its commitments to cut regulation, reduce taxation and raise productivity. What is surprising is the cumulative impact the Government's actions could have on those who most need sensible policy responses to community need.

Cutting regulation has public appeal. Conservatives have long pushed the notion that Australia is becoming a "Nanny State". The push comes particularly from big business which is keen to have as much freedom as possible to produce, market, distribute and export their products. Of course industry wants less regulation.

However, governments need to be wary of transferring cost to taxpayers to make industry profits possible.

Take fast food as an example. While industry wants no regulation on marketing, sales and distribution of food that is high in sugar, fat and salt and low in nutrients, the obesity epidemic increases. Having no interference or no regulation undoubtedly boosts profits. However, it is the taxpayer that will wear the long term impact on the health budget of the increasing rates of lifestyle-related chronic conditions such as diabetes, cardiovascular disease and cancer. It is a similar story with the harm associated with alcohol. "Nanny State" was a catch cry for those who in decades passed opposed action on motor vehicle related injuries and death when governments sought to make seatbelt use compulsory and introduce random breath testing. However, such claims sound hollow indeed with death and injury now at 1924 levels despite huge increases in population and motor vehicle ownership.

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At the same time as regulations are being slashed by governments the non-government organisations who are in a position to present coherent arguments to governments are also coming under threat. The Alcohol and Drugs Council of Australia (ADCA) was defunded without notice early in the current term of the Government. This was the national peak body representing the alcohol and other drugs sector, including front line service delivery agencies, researchers and policy makers. ADCA played this role for the best part of half a century and accumulated a considerable library and resources used by hospitals, treatment facilities, researchers and those developing policy for government. The organisation no longer exists.

It is a similar story with the National Aboriginal and Torres Strait Islander Legal Services (NATSILS), the national peak body for Aboriginal and Torres Strait Islander Legal Services (ATSILS), and the positions of all Law Reform and Policy Officers within each State and Territory. This cut was somewhat ironic considering the personal commitment of the Prime Minister to Aboriginal and Torres Strait Islander peoples. However, there is a common thread. Continuing funding for these bodies may make the mantra of less taxes, smaller spending and less regulation more difficult to deliver.

The abolition of a number of key advisory panels further highlights the approach. Among the most notable are the Advisory Panel on the Marketing in Australia of Infant Formula (APMAIF) and the Immigration Health Advisory Group. The latter included psychiatrists, psychologists, nurses and GPs - providing independent policy advice on the health needs of asylum seekers and refugees. Similarly, the government announced its intention early on to “wind down” the operations of the Prime Minister’s Council on Homelessness and the Australian Charities and Not-for-profits Commission (ACNC).

Early action of the Abbott Government in defunding the Climate Commission may have resulted in its phoenix like reincarnation as the Climate Council by “crowd-funding”. However, it is unlikely that many of the other bodies that exist to support improved health outcomes for the most vulnerable, by the nature of what they do, will be able to gain similar financial support.

The reports of Sir Michael Marmot¹⁰ and others on the ‘social determinants of health’ illustrate the prime fallacy in the push for more and more emphasis on personal responsibility. Prevalence of diabetes, for example is currently better explained by where you live than behavioural risk factors such as smoking or exercise. Policies that utilise a broad understanding of all these issues have most chance of success.

Personal responsibility does play an important role but there should be a clear recognition of what the Howard Government called ‘mutual obligation’. In the current climate individuals, non-government organisations and community groups have key responsibilities for those less able to cope. However, there is a clear mutual obligation requiring the government to play an appropriate role.

Cuts to jobs, cuts to non-government organisations, cuts to advisory boards may not have an immediate impact. However, the cumulative effect is a matter for grave concern. Environmental

¹⁰ CSDH (2008). Closing the gap in a generation: health equity through action on the social determinants of health. Final Report of the Commission on Social Determinants of Health. Geneva, World Health Organization

impacts on health, limitations on the ability to deliver sensible policies around drugs and alcohol and understanding the detail on issues around migrant and refugee health are just the tip of the iceberg. The real challenge is that these cuts are already likely to have the heaviest impact on the most vulnerable. And there are further foreshadowed cuts to funding across portfolios.

In addition, cuts to public service program areas and staffing – such as the Population Health Division in the Australian Government Department of Health - are of significant concern given their likelihood to result in a diminished emphasis on key policy and program areas impacting on long term public health outcomes.

Conclusion

The PHAA appreciates the opportunity to make this pre-Budget submission in relation to the importance of maintaining levels of cross-portfolio funding to the not-for-profit sector in ensuring the achievement of key outcomes in public health.

Our key messages are as follows:

- it is important that in seeking efficiencies, the Australian Government avoids cost-cutting measures that may represent false economy, having particular regard to the cumulative impact of such measures on public health and related outcomes; and
- funding decisions should be based on the principle of enhancing – not diminishing – community and public sector capacity to address key issues and priority areas in health and related areas.

Please do not hesitate to contact the PHAA should you require additional information or have any queries in relation to this submission.



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