

NON-GOVERNMENT HUMAN SERVICES SECTOR — INDEXATION FORMULA

541. Ms J.M. FREEMAN to the Minister for Community Services:

Before I ask my question, I also recognise, on behalf of the member for Kimberley, Dillon from Fitzroy Crossing, who is in the gallery, and I welcome him to the Parliament today.

I refer to the McGowan Labor government's responsible financial management that has meant more support for WA's community services sector.

- (1) Can the minister update the house on how changes to the way the government indexes funding for the non-government human services sector will lead to more money for those services that provide vital support to our community?
- (2) Can the minister outline to the house how this compares with the way the community services sector was treated by the previous Liberal–National government?

Ms S.F. McGURK replied:

Before I answer the member's very good question, I acknowledge, on behalf of the member for Bassendean, representatives from the P&C and school board from Hampton Senior High School who are in the gallery today.

- (1)–(2) I know that the leadership from Hampton Senior High School will be very interested in the indexation formula to apply to the non-government human services sector. It can sound a little dry, but it is incredibly good news for the community sector in Western Australia. I am referring to the indexation formula that applies from year to year, with the state government adjusting any funding that goes to the not-for-profit sector. Of course, that is not in just my portfolio in the community services area, but also relates to disabilities, health, mental health and alcohol and drug services—a total of, I think, over \$1.5 billion of contracts funded by the state government.

I remember in 2015 being in the office of the then CEO of the Western Australian Council of Social Service, Irina Cattalini, when she received the news that the Liberal–National government had unilaterally changed the formula by which contracts would be indexed. A longstanding convention or formula had applied previously. The majority of the indexation was based on the Perth labour wage index of 80 per cent weighting of the wage price index, with 20 per cent for the Perth consumer price index. The then CEO of WACOSS got the news that the then Liberal–National government, despite its rhetoric of working together with and consulting the not-for-profit sector, had decided to change the formula to the CPI. That, of course, had a huge impact on the not-for-profit sector. A huge component of its work is wage related, so it needs recognition in its indexation of what is happening with wages in the rest of the community.

It is due to the good governance of the state's finances and the work of the Treasurer and of cabinet under the leadership of the Premier that we are able to reverse that Liberal–National government decision and go back to an 80 per cent weighting of the wage price index, and 20 per cent for the consumer price index. At the moment, it is estimated that that will provide an improvement for the sector of over \$30 million over the four years of forward estimates, and that is very welcome. There is a lot of work to do to support the community services sector. I wish our finances had been left in better shape so that we could put more money its way, but we are managing our support for it in a responsible way in genuine partnership.