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Response to Definition of Charity Consultation Paper

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The Australian Community Workers Association (ACWA) is pleased to respond to *A Definition of Charity Consultation Paper*.

Founded in 1969 and formerly known as the Australian Institute of Welfare and Community Workers Inc, the Australian Community Workers Association Inc (ACWA) is the professional body for welfare and community workers in Australia. ACWA represents the professional interests of community workers employed within non-government social welfare agencies, government departments, private practice, self-help groups, social, commercial industrial enterprises. ACWA has branches and members across Australia.

Membership of ACWA is predicated on the holding of an approved qualification and/or achievement of five core competencies based on current and past experience. Community workers with both qualifications and experience are held in high regard in the sector. ACWA's role amongst many is to define and encourage a high standard of qualification and continued professional development for community workers; an aspiration that is often thwarted as qualified and experienced staff move out of the sector and organisations 'battle the drift of workers' to other industries. (CSHISC 2011:13)

Whilst ACWA has members who work both in the government and private sectors, the majority of community workers in Australia work in the nonprofit sector. Currently in Australia there is a recognised shortage of community workers (DEEWR 2011:1), particularly in the nonprofit sector. The Productivity Commission in its research report into the contribution of the not-for profit sector (NFP's) reports that:

'NFP's in all segments of the market reported difficulties in attracting suitably qualified staff due to resource constraints. The community service sector faces particular workforce challenges. These are illustrated by the ...high turnover and vacancy rates reported in submissions, a high share of part-time and casual workers, and a higher proportion approaching retirement age. NFP's working in community services report the most difficulties in attracting and retaining a suitably qualified workforce (Productivity Commission 2010: 261).

The Health and Community Services Workforce Council in its 2011 workforce planning document (H&CSWC 2011:1) identifies a number of factors that impact on the ability of the NFP sector to retain staff, these being:

- its inability to compete against higher wages offered in other sectors;
- the competition for staff from a government sector that can pay higher salaries; and
- the uneven use of tax status by PBI's to offer salary benefits of salary sacrifice to staff.



A national survey of community workers undertaken by National Institute of Labour Studies, Flinders University reports that whilst job satisfaction for community workers is high when it is applied to the actual work they undertake it is low around the two areas of pay and job security.

Recently the Australian Government made a commitment to welfare and community workers that it will put a joint submission on equal pay with the Australian Services Union to Fair Work Australia. To back up its commitment the Prime Minister, Ms. Julia Gillard, has said government is prepared to provide over \$2 billion to fund its share of any wage increases awarded. Whilst this is a welcome announcement, it is only one of the approaches that will ensure that the community sector has the ongoing capacity to provide services and retain experienced staff.

Health and Community Services Workforce Council Queensland identified the uneven eligibility and take up of salary sacrificing in eligible not for profit sector as an issue that impacts on the stability of the workforce in the sector. The complexity of the taxation system, the difficulties in establishing public benefit and gaining charitable status, the benefit of actually gaining charitable status along with the complexity of salary sacrificing is often too onerous for the boards of some community organisations to address. Clarity around the heads of charity, particularly public benefit, and how it applies to the sector will assist organisations to identify and maximise any additional support for which they may be eligible through the taxation system. A statutory definition of charity will therefore go some way towards stabilising a workforce that is chronically underpaid, has no real job security and can get better wages elsewhere.

It is acknowledged and supported by ACWA that:

- an educative process around charitable status and its benefits and impacts will occur as a result of the various inquiries and reforms of the sector; and
- emerging models internationally such as 'for-benefit' blends of commercial and not-for-profit and social investment bonds may again change the nature and definitions required for the purposes of taxation into the future.

References

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