

NOT-FOR-PROFIT SECTOR — GOVERNMENT SUPPORT

Amendment to Motion

Resumed from 19 August on the following motion moved by Hon Sue Ellery (Leader of the Opposition) —

That this house notes the changing demands for assistance on the Western Australian not-for-profit sector and calls on the Barnett government to ensure the sector has appropriate resources and capacity to meet demand.

to which the following amendment was moved by Hon Robyn McSweeney (Minister for Child Protection) —

To delete all words after “notes the” and insert —

impact that the global financial crisis is having upon the community, and notes the government’s continued work towards providing appropriate resources to the not-for-profit sector.

HON LYNN MacLAREN (South Metropolitan) [11.07 am]: I continue my remarks today. So far we have identified that the not-for-profit sector plays a key role in civil society, in particular, to provide assistance to vulnerable and disadvantaged groups whose needs are not met by government or private sector services. Also, not-for-profit organisations build community and, further, they foster social inclusion in ways that government cannot. As not-for-profit organisations deliver efficiencies better than government, it is a sector that government can ill-afford to neglect.

The not-for-profit indexation has been discussed in relation to this matter and I will make some remarks on that aspect. The problem with the current indexation policy is that it was not designed to address increases that result from an increased demand for services. The policy simply cannot cope and was never meant to cope with the extraordinary situation that has arisen since the economic downturn, which has led to a substantial increase in costs. The Western Australian Council of Social Service has asked for a 30 per cent increase in current funding to contracted service providers in the community sector to provide an immediate increase in wages for staff, and maintain the current policy on indexation for future years. In addition, WACOSS has called for a further seven per cent above the 30 per cent request for rural, regional and remote-based services. A major justification for the 30 per cent is found in WACOSS’s analysis of the disparities in wages between the not-for-profit and government sectors. For example, gaps of between 15 per cent and 37 per cent exist between the remuneration of social workers in the government and community sectors. The government has budgeted for no increase above indexation and the maintenance of the existing indexation policy.

Of course, it is appropriate to set high efficiency standards and evidence abounds that the not-for-profit sector is more efficient in service delivery per dollar than equivalent government services. The Productivity Commission’s 2007 report on government services found that non-government service providers were in many cases more efficient than government providers. I quote from the Victorian Council of Social Service paper, titled “‘How many wheelchairs can you push at once?’ Productivity in the community service sector in Victoria” —

Non-for-profit providers have fewer administrative overhead costs, a less bureaucratic style of management, and are generally smaller, more responsive and more flexible than government agencies. They also have tax benefits, including GST concessions and exemptions, and “access to resources that are not costed at market rates (such as donations, church buildings and volunteers)”.

Even more cost efficiencies are being sought through a standard chart of accounts here in Western Australia. This reform will provide a common basis for funding and performance assessment. In Queensland this resulted in even more investment in the not-for-profit sector, and it is a way forward that Western Australia would do well to note.

The International Monetary Fund warns that fiscal tightening at a state level in response to the economic downturn could erode the efficiency of the government stimulus package. Government should make sure that existing programs are not cut through lack of resources. It is particularly important that cuts are not made to sectors where there is a substantial flow-on effect that will adversely impact on the social and economic wellbeing of the Western Australian community. Conversely, as a labour intensive sector, compared with the economy as a whole, increasing funding to the not-for-profit sector would result in a greater net gain and job creation than would an equivalent amount of consumption expenditure in the private sector.

I will quote one of my favourite economists, Professor John Quiggin, who found —

The human services sector is more labour-intensive than the economy as a whole. Between 75 and 80 per cent of final expenditure in the human services sector is allocated to wages and salaries, compared to only around 40 per cent of private final consumption expenditure. Given an increase of \$1 billion of expenditure in the human services sector, about \$750 million is allocated to employment, generating about 25 000 additional jobs... By contrast, each \$1 billion of private final consumption expenditure is associated with about 13 000 jobs. Hence, an increase of \$1 billion in human services expenditure, and a corresponding reduction in general consumption expenditure, would be associated with a net gain of 12 000 jobs.

There we have it. The human services sector in Western Australia is one of the ways forward out of this economic downturn.

I welcomed the positive response by Hon Wendy Duncan about not-for-profit organisations in regional Western Australia. They certainly look to have benefited from royalties for regions and the regional grants scheme. I remind members that these projects include sporting, cultural, social and youth services and health and emergency services and some larger scale infrastructure and tourism projects that have been invested in by the government. I will make one comment on this type of project funding. One of my jobs as a project officer at the Western Australian Council of Social Service was to develop regional community service networks, which received funding under this scheme. What I can tell members about that is very similar to what Hon Helen Morton said; that is, a lot of the job is acquitting the project. Therefore, it drains from the efficiency of the service delivery because a lot of the accounting is also part of the job. Efficiencies are to be gained from sharing those services.

One of the problems with regional grants programs is that even though they inject short-term project funding into those areas, it is short term and it does not build the long-term sustainability of the not-for-profit sector in those communities. We find that communities—this occurred in the example I gave of the area in which I was working—are left hanging at the end of the project. They desperately want to continue the work that was begun. In the case I referred to we were establishing good regional networks. There was nobody to carry the work through to build upon the very good work and the substantial investment that the regional development commissions had made in that region. That is one area in which the government can make short-term gains by investment in those regions. The longer term gains require an adjustment in the indexation funding of organisations. Even if we were to consider three-year projects, it would be better than 12-month projects.

Another concern is that the current review of services means that the contracts only go to the end of the year; there is only another 12-month contract. This is injecting quite a bit of job insecurity into the sector. With that kind of uncertainty it is very difficult to keep good staff and build on foundations that have been established, even if one was successful in getting one of the one-off projects going. There is also a difficulty in forward planning, which, as members know, is important for sustainability in communities.

I will now refer to the sector workforce. The not-for-profit sector in Western Australia is in the midst of a recruitment and retention crisis. Youth are not coming into the sector and many workers are due to retire in the next decade. Staff turnover rates in community services are nearly double the national average. Remuneration in the sector is low and workers are regularly lost to the private and public sectors. Volunteerism is declining. Wages overall should be re-evaluated through the industrial relations system. The substantial decrease in funding to the not-for-profit sector proposed by the government will also exacerbate the current gender pay gap. WA has by far the highest gender pay gap in the country of 27.5 per cent. It is much larger than the national average of 17 per cent. The health and community services industry is the second largest employer of women and is the most female-dominated industry in Western Australia. To reduce this gender pay gap in WA the wage gap between the community services sector and comparable sectors must be reduced. The gaps within the sector must be addressed. Larger organisations should consider undertaking a pay equity audit, in much the same way the government has been asked to do, and women should be provided with greater opportunities for professional development.

The retention and recruitment crisis in the sector is significant. The Australian Services Union, WACOSS and the Community Employers Association Inc of WA had been campaigning for wage increases in the lead-up to the last election, and I understand that they are continuing in their campaigns.

I ask the government to consider how Queensland has responded to calls for greater wages. We call Queensland the other end of the axis of evil nowadays. I would like to look at the bright side of Queensland. Yes, it is the other resource-rich state; it is a boom state.

Hon Simon O'Brien: If it is one end of the axis of evil, where is the other end?

Hon LYNN MacLAREN: According to some people, it is around here. I am merely quoting others.

Hon Simon O'Brien: Who said that?

Hon LYNN MacLAREN: The New South Wales Premier has —

Hon Simon O'Brien: If you don't have a reliable source, do not bring it in here.

Hon LYNN MacLAREN: I refer the minister to *The West Australian*. I know it is hard.

Hon Ed Dermer: It was the New South Wales Treasurer rather than the Premier who made reference to it.

Hon LYNN MacLAREN: The whole point of talking about Queensland is to draw attention to the funding increase to wages in the community sector. It was due to a wage case in the Industrial Relations Commission and it increased funding to the sector to \$414 million over the next four years. Obviously, the case is there that this is not just a cost to government. It is returned multiple-fold by the efficiencies that are gained by having a strong not-for-profit sector.

Hon Helen Morton: They got a 12 per cent increase, but we don't know where they are starting from and how far advanced they are.

Hon LYNN MacLAREN: Queensland has more than 30 000 non-government community sector workers. The Queensland Industrial Relations Commission handed down a decision on 16 June this year. I am sorry that I do not have that handy, but I can get that for the member.

Amendment on the Amendment

Hon LYNN MacLAREN: In reflection of the remarks I have made about the significant challenges in the not-for-profit sector, I wish to amend the amendment. I move —

To delete all words after “notes the” and insert —

woefully inadequate funding to the not-for-profit sector by successive governments and the consequent detrimental impacts on, firstly, those Western Australians who are doing it tough in times of, and in circumstances when they are in, greatest need of assistance, and, secondly, upon the not-for-profit sector workforce which had suffered enormous stress for minimal pay over many years and now faces an even tougher battle to provide assistance to those WA battlers due to an increased demand for services by clients with a greater complexity of need and decreased funding.

HON SUE ELLERY (South Metropolitan — Leader of the Opposition) [11.23 am]: I want to speak on the amendment moved by the minister.

THE PRESIDENT: This is a bit different because the original motion is so broad that it is very hard to distinguish between different aspects of it. The house will have to dispose of this amendment before it goes back to the amendment moved by the Minister for Child Protection, and then to what is left of the original motion. For the sake of clarity, we need to resolve the amendment moved by Hon Lynn MacLaren, and then we will go to the amendment moved by the Minister for Child Protection so that members will have an opportunity to go back to the original amendment. In terms of this amendment, the question is that the words to be deleted be deleted.

Hon SUE ELLERY: On your advice, Mr President, I will speak on the amendment moved by Hon Lynn MacLaren.

The honourable member drew the first part of the amendment to my attention behind the chair before the house began today as perhaps something that I would not like; and she was right about that. It is fair to say that the sector has been under some stress for some time—indeed I canvassed this in my remarks when I first moved my motion—but for different reasons. The point I acknowledge and did acknowledge when we were in government is that the boom time in Western Australia actually created its own pressures on the sector. The sector was making demands on us in government that it was not adequately funded to meet the demand it was subject to in the boom circumstances. The pressures that were created at that time related, in particular, to housing. It meant that for the first time, as a result of inflated house prices, Western Australian families, who had perhaps never anticipated that they might own their own house but were of the view that they could continue to rent in the private sector for the foreseeable future and did not anticipate being in the situation in which many found themselves, were forced out of the private sector. In some cases there were rental auctions happening on a Saturday morning. Real estate agents who were conducting those auctions were saying to person X that despite the advertised weekly rental price, if they were offered an extra \$20 a week, they would take that.

In one circumstance in my electorate, a woman was not eligible for any assistance from the first home owner scheme because she had been a joint first home owner in her marriage. That marriage had ended in acrimony and pretty awful circumstances and the woman went back to university and got a better qualification. She was doing her very best, with no assistance from her former husband, to financially support her and her three children while

she improved her qualification so that she could get a better job to look after her family. She found herself in one of those rental options and was not able to get any assistance under the first home owner scheme and found herself contemplating going on the Homeswest waiting list for public housing. She could not meet any emergency priority criteria and she found herself in a situation that she had never in her wildest dreams contemplated she would be in: turning up to an MP's office and saying she was in a position where she could not afford to support her family in the private rental market. She was not yet in the position, because she had only just started in her new career with a higher qualification and had not accrued enough money, to put together the deposit for a home. There are many examples like that but I remember her sense of frustration in particular.

The sector certainly was under significant stress when we were in government, but that was a different kind of stress from the stress that the sector is now under. At the same time that there was an increasing demand on the services of the not-for-profit sector as a result of the housing situation and the flow-on effects of that, the not-for-profit sector was competing with the mining sector and the flow-on support industries for the mining sector to pay decent wages. I acknowledged at the time that the not-for-profit sector was under pressure when we were in government.

The opposition will not agree to the amendment on the amendment that describes funding to the not-for-profit sector as "woefully inadequate" because I do not accept that that was the case. We did significant work to improve the financial circumstances of the not-for-profit sector. Indexation was just one tiny part of what the former government did. Some important work had begun on some of the measures that I note this government has picked up on, which I referred to in my first contribution to this debate.

I will take a minute to read the second part of the amendment. If it did not have the words "woefully inadequate" in it, I would not have a problem with it.

Hon Lynn MacLaren: You could amend it.

Hon SUE ELLERY: We could make amendments to amendments to amendments. I have made the point that there has been continued pressure on the not-for-profit sector. The point that I made in my speech on the substantive motion, which I will make again when I speak on the government's amendment, is there is mounting evidence from a series of reports about the impact that the current economic downturn is having on the not-for-profit sector. The impact of that is likely to continue beyond the point at which the economy starts to turnaround. The former government was not dealing with high unemployment during the boom. All the research shows that unemployment and increasing unemployment as a result of the economic downturn will have a lag effect beyond the point at which the economy will start to turnaround. That must be factored into the funding provided to not-for-profit organisations. The problems faced by, and the pressures placed on, the not-for-profit sector will not end when the economy starts to turn around because unemployment will continue for some time beyond that. We will not support the amendment on the amendment to the motion.

HON SIMON O'BRIEN (South Metropolitan — Minister for Transport) [11.33 am]: I will make a brief contribution to the debate on the amendment on the amendment, which I will not seek to amend. The government would have difficulty associating itself with the terms of the amendment on the amendment, and in particular the invitation to note the "woefully inadequate funding of the not-for-profit sector by successive governments". This government is not prepared to accept that accusation. In fact, the government that I have the honour to be a part of places a great deal of reliance on the not-for-profit sector. Indeed, the government has been successful in forging, continuing and enhancing its relationships and partnerships with many not-for-profit organisations. It is no secret that governments of a Liberal persuasion value the participation of non-government organisations that provide answers to a range of questions confronting society, including the question of service provision.

There are not-for-profit organisations and there are not-for-profit organisations. Hon Lynn MacLaren made some very pertinent observations about the valuable contributions they make. For example, she highlighted their built-in capacities to provide some efficiencies that government agencies, frankly, cannot provide. For example, not-for-profit organisations are often run either in whole or in part by volunteers. Clearly, that is not something that a state government agency can match. A number of other efficiencies were mentioned of which we are all aware. That point was well made. I again refer to the appreciation I am sure we all have for the efforts of volunteers to contribute to the quality of life in our society.

Sometimes a not-for-profit organisation grows and acquires greater responsibilities and government funding and starts to compete with government agencies. It is interesting to look at the evolution of not-for-profit organisations over the past 50 years or so, particularly in the disabilities sector. In recent years there have been a number of very prominent organisations in the disability sector that have celebrated their fiftieth anniversary. That reflects a post-war phenomenon when a number of organisations were set up in many cases by concerned parents who needed to come together to provide services for their children who had some difficult issues to work through. Forming associations with families in similar situations gave them a way of accessing more services, of

sharing their experiences and of providing support and so on. We have seen those types of organisations grow over the years. I am talking about the Nulsen Haven, the Cerebral Palsy Foundation and a large number of other great organisations. It is interesting to note their evolution over those five or more decades to a point at which they are now major employers in their own right and major deliverers of services on behalf of the government as contractors. That demonstrates that not all not-for-profit organisations are alike. Not the least of the differences is the scale of the operation of many Western Australian not-for-profit organisations. The growth of some of the bigger organisations is a direct result of the policies of governments that have been prepared to outsource or contract out the provision of services. That is what has made them big and strong. It has given them a greater capacity to deliver services to their clients and their clients' families than a government agency perhaps could if it relied on its own processes and personnel.

It is also fair to say, if the house will permit me to indulge in a sudden outburst of bipartisanship, that credit should be given to the policies of successive governments of both Liberal and Labor persuasions. We can all see that many benefits have accrued through the encouragement to fund not-for-profit organisations. However, there is always a competing demand for a finite dollar. Funding sources are never as massive as we would like them to be. The prioritisation and the quantum of funding allocation to government or non-government organisations and to non-profit organisations generally is always a matter for judgement, and it is subject to the priorities of the day. Generally, however, I do not think we can come anywhere near to sustaining the charge levelled in this amendment on the amendment that funding for the not-for-profit sector by successive governments has been woefully inadequate. That may remain a matter for subjective conjecture, and it is probably better if we simply agree to disagree if anyone wishes to take the view that somehow governments have been failing to fund the not-for-profit sector adequately. The amendment on the amendment, as proposed, at least gives the house the capacity to acknowledge the not-for-profit sector workforce and the encouragement of the not-for-profit sector by successive governments—which I think is a very positive trend in Western Australian public activity in recent decades. For that, at least, I thank Hon Lynn MacLaren.

By contrast, the substantive amendment that this amendment proposes to amend, as moved by the Minister for Child Protection, is in touch with the reality of the situation—that is, that the global financial crisis is affecting the community—and it notes the government's continued work towards providing appropriate resources to the not-for-profit sector. That is a sentiment with which all sides of the house should be able to associate themselves. It is a plain statement of fact, and it is also a statement of hope. From inside government—a privileged position that I have the honour to hold at this time—I can say that it is genuine and real. The government is consciously committed to ensuring the fullest possible engagement of the not-for-profit sector in service delivery, because that is the way in these tough economic times in which we will have the best chance of meeting the needs of some of the more vulnerable and needy sections of our community.

With that point of view in mind, I gently reject the amendment on the amendment currently before the Chair, and suggest that we go with the substantive amendment that is an alternative.

HON COL HOLT (South West) [11.43 am]: I cannot support the amendment on the amendment, although I am attracted to certain parts of it. To reiterate what Hon Wendy Duncan spoke about yesterday and the day before, the Nationals recognise that volunteering and the not-for-profit sector play a very important role in regional Western Australia, and always have. Our role in this government is to recognise and support regional Western Australia, including the not-for-profit sector. Having worked with the not-for-profit sector in the south west and all over the state, I know that many of the issues it faces have to do with finances and financial support, adequate resourcing and adequate recognition for their workers and people who manage all their programs. I have the utmost respect for those people, who work long hours. They are generally motivated by the personal reward that comes from doing the right thing in those communities. They do it to create better communities to live in, by supporting those who are a bit less well off or working on community programs that will see their communities grow and prosper. I have worked with many of those people and I have a great deal of respect for them.

In response to the amendment on the amendment, the Liberal-National government, especially through the royalties for regions program, has taken enormous steps towards supporting the not-for-profit sector in the regions. Without reiterating what Hon Wendy Duncan spoke about yesterday and the day before, through our royalties for regions grants schemes we have contributed a lot of resources, money and recognition of the important role played by the not-for-profit sector in regional Western Australia. I am heartened by the fact that, when I travel to the regions and talk to people working in the not-for-profit sector, I am told that they really appreciate the support we are providing and will continue to provide while we are in government. In closing, I will not be supporting the amendment on the amendment.

Amendment on the amendment put and negatived.

Amendment to Motion Resumed

HON LJILJANNA RAVLICH (East Metropolitan) [11.47 am]: I will go back to the substantive motion and read it out so that the amendment now before the Chair can be put into context. Hon Sue Ellery moved the motion —

That this house notes the changing demands for assistance on the Western Australian not-for-profit sector and calls on the Barnett government to ensure the sector has appropriate resources and capacity to meet demand.

Implicit in the substantive motion is that a change has occurred in the economic fortunes of not only Western Australia but of the whole nation and the entire developed world. Also implicit is that there has not been a corresponding change in the recognition by this government that that economic change has come about. The Minister for Child Protection then moved an amendment to the substantive motion to substitute after “That this house notes the”, the words —

impact that the global financial crisis is having upon the community, and notes the government’s continued work towards providing appropriate resources to the not-for-profit sector.

Implicit in that amendment is that the minister is saying that the global financial crisis is really the problem, and it really has nothing to do with the government, which was on the right path in the funding of not-for-profit organisations and cannot do anything about an increasing demand because of the global financial crisis. Most reasonable people would say that that is really not good enough. There is no doubt in my mind that the substantive motion is very straightforward, and picks up on the idea that the changing economic circumstances need to be recognised and responded to. People are hurting out there; there is more demand for the services provided by the not-for-profit sector, and that has to be recognised and addressed. The amendment is really saying that we should just leave things as they are because we have a very good excuse not to do anything, and that therefore is the way forward. That is very concerning, and of course the opposition does not support the amendment moved by the minister.

However, we do not entirely underestimate the impact of the global financial crisis. The point that we on this side of the chamber—that is, the Labor members—have been arguing vigorously is that the global financial crisis has indeed led to an increase in demand for additional services and, therefore, there is the requirement for additional resources at the agency level to redistribute to all the not-for-profit government organisations. However, what we do not find in the budget is additional resources allocated to the not-for-profit sector. Unfortunately, when we talk about the not-for-profit sector, people have differing views about what we are talking about. It is a funny sector in some ways. The Australian Taxation Office defines what is “not for profit” and what is “for profit”, based on certain criteria that it uses to make that determination. Originally, when the not-for-profit sector started to emerge, it was generally providing support services of a humanitarian nature—such as the Red Cross and those sorts of organisations—whereas over time we have seen the proliferation of so-called not-for-profit organisations.

It is important that we go back to try to make some distinction between what is what. Certainly, the for-profit sector really is about earning and distributing taxable business earnings to shareholders. The not-for-profit sector is where corporations exist solely to provide programs and services that are of public benefit. Often these programs and services are not otherwise provided by local, state or federal entities. Although they are able to earn a profit—more accurately called a surplus—the organisation must retain such earnings for its future provision of programs and services. However, the key is that the earnings are not to benefit individuals or stakeholders.

The not-for-profit sector is growing all the time. Over the past 15 to 20 years, in particular, I think it is fair to say that there has been a much closer relationship between the government and the not-for-profit sector to the extent that they pretty much have a fairly symbiotic relationship; certainly they rely on each other. All three levels of government are more than happy to allocate funding to the not-for-profit sector. In return for that funding, service is delivered across a range of service delivery areas. The challenge for government is pretty much the same challenge that governments have with government agencies; that is, how do we get the best value for our dollar? There is no doubt in my mind that not-for-profit sector agencies are always looking for additional funding because there is a growing demand for services, just as government agencies are also looking for, by and large, additional resourcing.

Hon Helen Morton, in making her speech the other day, had a bit of a go at me by saying that I could not understand, and I could not read, budget papers—after all these years. She made the point that in fact the total appropriation reduction from \$162.2 million in 2009-10 to \$90.19 million in 2010-11 was in fact not because there had been a real cut in the spend, but, rather, because there had been a transfer of functions between the Department for Communities, the Department for Child Protection and the Department of Local Government, as shown on the reconciliation table. I do not actually remember making reference to that reduction. I have not gone back to check *Hansard*, but it certainly was not highlighted in the document that I used. Certainly, that transfer

was marked for me to take note of. That was not the figure that I had referred to. I had in fact referred to page 794, which related to the three per cent efficiency dividend. There was a reduction over the forward estimates under the section "Reductions in Non-Government Sector Payments". Unless that means something else —

Hon Helen Morton: The member needs to go back and look at the reference to what that \$1.3 million is.

Hon LJILJANNA RAVLICH: This has been a very tricky budget right throughout, let us face it. This is real smoke-and-mirrors stuff.

Hon Helen Morton: If the member had done her homework, she would have been able to work that out, but she is so lazy!

Hon LJILJANNA RAVLICH: This is real smoke-and-mirrors stuff. I think Hon Helen Morton was wrong. If she is telling me that there has been no three per cent efficiency dividend applied to the non-government sector payments, she can stand in this house and explain what that is doing in the budget. The member should explain what is going on. Quite frankly, we on this side of the house are getting a little sick and tired of trying to weave our way through the changes with the break-up of government agencies, through the changes with using new definitions, and through myriad other changes. It is like a minefield dealing with this government, because every time we go to do something, it has changed the goalposts. It is really quite shocking. This is a government, I might add, that was going to be open, accountable and transparent, and anyone can name it; this is what all of it was going to be like. I have never, never seen such a closed, insular, deceptive, tricky and mean government, to top it all off. It is absolutely mean as!

Hon Helen Morton: The member did not make one single phone call to try to help get some —

Hon Sue Ellery: I asked questions in the house, member, and the minister would not answer them.

The PRESIDENT: Order! Settle down, members. Let us follow the rules of debate, with one person on her feet at one time so that Hansard can follow the debate. Hansard certainly cannot pick up members' interjections if there are 17 of them happening at once!

Hon LJILJANNA RAVLICH: Thank you, Mr President. That was very helpful.

There is no doubt that the substantive motion speaks for itself. Anyone who argues that the changing demands for assistance in the Western Australian not-for-profit sector are such that they do not demand or warrant additional resources is somebody who has got no idea what is going on.

I went back to the budget papers to look at this section again because of the amendment moved by the minister. If she had read the budget papers, she would have recognised that her own amendment is pretty much defeated by the wording that is in the budget papers under her own portfolio. The first significant issue impacting the Department for Communities is —

The demand for community services is growing rapidly in the current economic climate—

There is a recognition of that fact —

and many non-government agencies are finding it difficult to meet the increasing demand. The Department continues to support the delivery of community services to the public by providing grants, financial assistance and support programs to non-government organisations that deliver these services.

Somebody in the department—obviously not the minister, because she moved such a silly amendment—has recognised that the global financial crisis is such that increased pressure has been applied to agencies, particularly not-for-profit agencies. The department wants additional funding to be able to accommodate that.

The real issue is that there has undoubtedly been a budget reduction in real terms. There has been no increase in the budget allocation. The government can therefore deliver only the same number of services, but there is a growing level of unmet demand. It is very hard to get a feel for the quantum of that unmet demand, but there is no doubt that it is significant and will continue to grow. In addition to the general level of unmet demand, there are also some very interesting demographic issues emerging within the community. These should also have been considered by the government when it was framing the budget for 2009-10. I do not know whether members are aware of this, but by 2041, nearly one in three Western Australians will be a senior citizen. That is an amazing shift in age demographic; it should send a very strong signal to the government that it needs to focus its priorities, policies and thinking on ways to deal with the challenges of such a changing demographic. The government will need to ensure that the myriad not-for-profit organisations providing support services to the aged will be adequately funded to meet this additional demand. As the population grows, the increasing aged population will be joined by an increase in the number of people with mental disabilities, physical disabilities, drug addictions and alcohol addictions, and they will all require additional support.

The second last dot point on page 795 states in part —

The global financial crisis, poverty traps, limited superannuation and minimal savings disproportionately impact on women.

In other words, women fare worse than men as a result of these factors. Several programs have been put together by the Department for Communities to support women in some of these areas. However, many of the services provided to women are provided by not-for-profit organisations.

I return to the motion before the house. The Labor Party recognises that the global financial crisis has made an impact on the budget. We recognise that there is unmet demand in the community, and we do not believe that the government's response is adequate in any way, shape or form. It behoves the government to review the position it has adopted on not-for-profit organisations. I firmly believe that this is a situation that will get worse before it gets better. There has been some conjecture about whether the economy has bottomed out, or whether the economic challenges we are facing have some way to go. We only have to look at the government's budget to see that the global financial crisis has indeed knocked the government's capacity to deliver funding for not-for-profit organisations, or even to maintain the same level of funding in the 2009-10 budget. We have to question whether the government has the capacity to maintain that level of funding in the out years. We have debated what the future might look like over the forward estimates, and I have to say that it certainly does not look rosy. We know that revenue will not increase substantially. Western Australia is a resource-based state and has taken a hit in the price of iron ore and other resource products. The rate of revenue will not grow, and meanwhile our debt is spiralling out of control. Limiting the level of debt growth will be a challenge for the government. There are some real concerns in the community that this government will not be able to maintain its level of spending while containing the state debt. The concern is that the people of Western Australia will fare worse in the coming years than they are faring at the moment.

Debate adjourned, pursuant to standing orders.