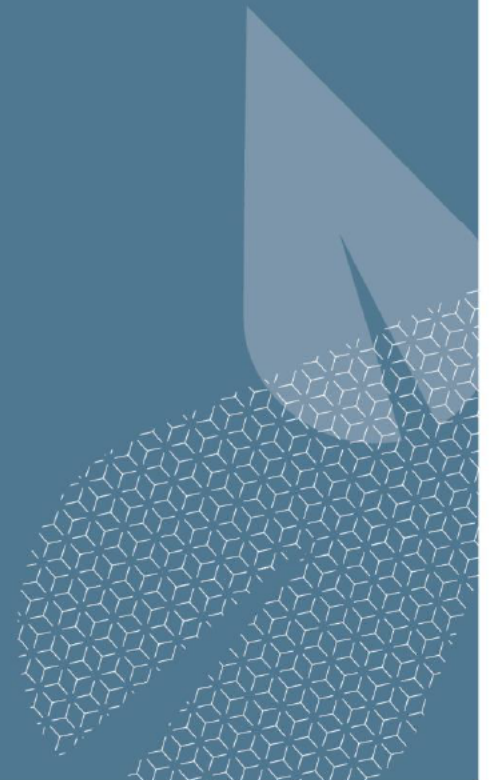




Anglicare Sydney response to a Stronger, more diverse Community Sector

November 2023



ANGLICARE SYDNEY

We have been a significant provider of community-based services for more than 50 years. In 2022/23 we supported more than 62,000 clients across Greater Sydney and the Illawarra through a wide portfolio of services including Emergency Relief, Financial Counselling, Foster Care, Adoptions and Family Support, Relationship Counselling, Mental Health Support, NDIS support services, Refugee and Asylum Seekers Youth Services, Men's Behaviour Change Management Program, and Disaster Recovery and Chaplaincy. We are also a provider of both residential and community aged care.

In 2022/23 89% of our government funding across all our services derived from the Federal Government - \$272 million. We therefore have a significant number of Federally funded programs across a wide geographic footprint.

GENERAL STATEMENT

We agree with the Issue Paper that the CS sector deliver essential community services, advocacy, social justice and social wellbeing supports to people experiencing poverty, disadvantage and hardship every day.

We further contend that the CS sector is grounded in a strong understanding of how social determinants of health impacts on people's lives, and local communities and, as a sector, are well placed to be able to assist people along the spectrum of early intervention and prevention, to varying levels of support including provision of crisis assistance. Consequently, we support an increased investment in the sector to improve financial stability, keep pace with the rising cost of wages and enable integrated funding and service delivery models to ensure that the sector is well planned and sustainable, flexible and scalable.

We have observed that current funding arrangements are often designed around individual programs and problems, and this has contributed to often sporadic, disconnected service delivery, a lack of, or limited opportunities to foster collaboration between services, and an over emphasis on short term rather than longer term wellbeing.

RESPONSE TO SPECIFIC QUESTIONS

2.1 What would adequate and flexible funding look like?

Anglicare Sydney has been providing community services for many decades but the last five years have proved particularly challenging because of three factors:

- a) **COVID** - with several lockdowns which played havoc with what had generally been face to face service delivery. We had to be agile and innovative in how we maintained services in such an environment.
- b) **Natural disasters** - bushfires in 2019 and 2020 and floods in 2022 required more intensive engagement with those who are disaster affected, generating new initiatives to outreach more effectively to hard-to-reach and living off the grid communities and extending and deepening locally based partnerships. Anglicare participated in community led recovery events, partnered with communities in others and developed Anglicare led programs and initiatives - all a result of the additional funding provided by DSS.

During the bushfires, we received this funding with little notice or rationale as to how the funds were to be used. They were specifically deployed to provide financial relief to bushfire victims but it would have been more effective if there had been some discussion with the Department and providers in terms of the rationale for the release of funds and how best those funds might be deployed before notification arrived in the relevant Inbox. In the case of bushfires in the Southern Highlands a significant amount of funds was released by DSS to be provided as material relief but grants could not be used for staffing to deliver such support or for management and coordination of the use of funds on the ground. Anglicare used its own appeals fund for that purpose. However, in future disaster scenarios – given the prospects of climate change and the forecasts for the approaching summer – there needs to be greater flexibility in the design, delivery and use of funds provided to support disaster impacted communities. Further, disaster-related funding needs to have an increased focus on disaster preparedness and the longer-term recovery journeys, particularly for vulnerable cohorts and communities disproportionately impacted by disasters.

- c) **Rising cost of living** - inflationary pressures have resulted from international supply shocks and falling rental availability compounded by rising interest rates generating mortgage stress for low-income households and putting further pressure on the private rental market. This pressure is also being generated by other factors such as a downturn in residential construction, increasing population through new migration and falling household size – all of which have led to falling vacancy rates.ⁱ CSOs have been reporting widely an intensifying demand for financial hardship services as a result of cost-of-living pressures. Results from the Australian Community Sector Survey highlight a charitable sector significantly challenged by the demands now being placed upon it where only 3% of providers felt they could always meet demand.

Anglicare Sydney has also been experiencing the emergence of new cohorts of people seeking support who have never accessed support from us before, more referrals from other agencies who cannot meet demand and an increasing need to close our own waiting lists. For example:

- i. Between January 23 and August 2023 approximately 28,000 supports were provided to clients through our community hubs.
- ii. 900 of these services supported people in rental arrears to maintain their housing, utilising DSS funds valued at \$784,950
- iii. This is \$100,000 more than for the same period in 2022 (\$657,700).
- iv. The average cost of the DSS arrears service was \$872 in 2023 compared with \$636 in 2019 – a 37% increase.

The grants and funding programs need to be able to respond to changes in the community context with disasters such as COVID, bushfires and floods as well as serious economic downturn which further marginalises those below the poverty line and widens the potential for poverty for those on the minimum wage. This could be achieved through regular reviews and top-up allocations and further supported by greater use of sub-contracting arrangements at the local level which stimulates local economies and improves local partnerships and networks.

Funding can be largely tied – in terms of being program specific and geographically limited. Current contracts typically provide a solution to a particular symptom, such as mental health, drug and alcohol, food relief, financial counselling, parenting. When funding is siloed by program, it

makes true collaboration very challenging - particularly across population cohorts where issues are complex and multi layered.

More flexibility could be provided in relation to the geographic boundaries of the grant agreements since there are times when various activities do not necessarily align with these boundaries. For example Anglicare has funded financial counselling in one region but not in an adjacent region when a situation arises which may require that expertise, despite having emergency relief and other related services in both areas. For many providers and clients this is a very frustrating experience.

A more flexible approach to funding and program mix could be adopted which is tied to improving outcomes of people and places not just based on program and demographic identifiers. Anglicare supports a mix of early intervention and targeted, some place-based and soft entry, universal services. These should be available to the vulnerable and disadvantaged regardless of the postcode in which they live. Whilst additional funding may be granted to areas of high disadvantage, this should not remove funding from other areas but may require additional funding in areas of high need. This may even include a 'one place, one budget' approach where funding arrangements are pooled in order to meet community need.

Flexible funding could focus not just on program/project-based initiatives but also include community based models. There have been calls for years for this type of approach in the mental health system where mental health is embedded and funded in places where people present. This could also apply in the broader community services sector. Increased brokerage funding in particular program areas would also generate a more flexible approach to presenting needs.

Place based funding models that also incentivise local community service providers to jointly access pooled funding is an example of an innovative approach to foster collaboration and a, more joined-up service delivery.

2.2 What administrative and overhead costs are not being considered in current grant funding?

In our Emergency Relief program, the DSS funding covers the provision of material aid and some supports and originally only a very small percentage (5%) was assigned for the coverage of overhead costs. This was clearly inadequate. It should be noted that while DSS has permitted this to increase to 30% it needs to come from the existing funding which effectively reduces the quantum of funding available to support people in financial hardship. Anglicare currently allocates 8% to overheads and internally covers the remaining costs including all staffing and management. This means full cost recovery is not possible in the delivery of the service from current funding provided.

Additionally, there are other considerations in relation to overheads:

- a. There is a long running expectation that Emergency Relief will largely be run by volunteers so staffing costs are largely funded by the provider. This is no longer realistic and limits the ability to implement a highly professional service including trauma-informed practice.
- b. Efficiency dividends are not helpful. There is the expectation that the longer a service runs there will a saving in unit costs when in fact costs continue to rise with CPI and improvements in wages and salaries such as the minimum wage decision, so the funding is eroded. This often means cutting staff in critical programs.

- c. The costs of recruitment and training are often not adequately covered either in the establishment phase where these costs can become quite critical or during the life of the program.
- d. Costs of operating in regional and remote locations. Flexible funding also needs to take into account the issues for regional providers where travel costs and issues of recruitment of staff are significant barriers to enabling good outcomes for clients. Contracts which account for these additional costs ensure a service has the right staff who are locally based.

2.3 How are rising operational costs impacting the delivery of community services?

Rising operational costs are reflected in the CPI and wage changes and are needing to be covered by the use of donor funds or, if donor funds are not available - we decide to do less with the same amount of funding - doing the most that is possible with rising unit costs. This may also involve reducing staff training and development opportunities which has impacts on workforce recruitment, engagement and retention. While the imperative is to try and do more with less some rising operational costs such as rent cannot be avoided and inevitably means fewer staff or less support for the client.

4 What have been your experiences with, and reflections on, the supplementation and change to indexation?

Currently many programs are only partially indexed which means full cost recovery becomes a burden on the provider. The supplementation process being initiated by DSS is a positive first step to help mitigate rising costs.

However timing of payment is also critical. Currently the timing of the indexation payments can be problematic. Payments usually arrive between February and April - and this can become a sudden surplus of funds, after a 6-8-month period where the provider fills the gap with their own funds which then is followed by a need to spend the funds quickly in a few months and may then require a need to roll over the funding in the following financial year. Often the process of rollover itself can be challenging and time consuming. It is important therefore that there is timely communication on the indexed funds to allow for internal planning.

A second issue relates to both the cessation of funding for a program and when notification for potential rollover of that funding into the next financial year occurs. Often this does not happen until 6-8 weeks out from 30 June and staff have already committed to looking elsewhere for work and the end of lease arrangements have come into play. This makes it extremely difficult to maintain existing staff and premises even if the program does continue into the next financial year.

2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?

There are a number of useful strategies which could be employed:

- a. Use of Roundtables with the sector to determine service gaps and the more equitable distribution of funds
- b. Build in evaluations into the original tender process so that the results from this process can help inform new strategic directions in terms of what is working well and what needs to be changed.

- c. There needs to be more active engagement by contract managers over the life of the program especially around the possibilities of innovation and piloting new ideas and service models.

3.1 What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?

4.1 How can the government ensure opportunities are available for new and emerging organisations to access funding?

Anglicare Sydney has long been a proponent of longer-term funding agreements - at least 5 years and in some cases up to 10 years. The exceptions would be one off time limited projects.

There are a number of arguments which support longer term (at least 5 years) funding arrangements:

1. This provides stability of contract, security in relation to staff recruitment and retention.
2. It also enables future longer term planning especially in relation to infrastructure, staffing profile and service models.
3. It creates greater stability in the local community where providers are not seen to be FIFO and it enables the building of longer term and more sustainable partnerships at the local level.
4. Reduces the need for clients to be regularly transitioning across to new providers with the challenges that entails for many.

With the rollover of funds grant agreements have been effectively extended but, as indicated earlier in the submission, this process creates significant uncertainty when the original contract term is about to expire and there is insufficient notice given of that extension. Contracts with a built-in life of at least 5 years would be preferable. In some case - eg Family Relationship Centres where considerable funding, infrastructure and the employment of highly skilled staff are critical, contracts longer than 5 years would be optimal - perhaps 7-10 years.

However, there are two challenges with longer term contract arrangements:

- a. The lack of agility to meet rising and changing demand where demographic shifts occur and gaps in service delivery become apparent. There needs to be some retendering through the period of the contract where such gaps emerge perhaps providing a 20% additional funding to meet these changes. This would also enable new and emerging organisations to be new entrants into the sector.
- b. Performance would need to be monitored to ensure that all providers are achieving their outcomes and not becoming complacent over the longer period of the contract. This requires built in evaluation and reporting over the life of the program and regular engagement with contract managers to ensure quality services are being provided.

3.2 What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?

Most CSOs begin their budget process in February and March so it is highly desirable that any extension of a funding contract be communicated before March. Notifications in April and May make it very difficult to plan as staff begin looking for other work and rental and leasing contracts are running out. Later than March makes both workforce and infrastructure planning very difficult.

3.4 What funding flexibility do CSOs require to enable service delivery and innovation?

Currently all budgets are fully expended with very tight guidelines in relation to how the funds are to be spent. In this environment innovation and piloting of new projects becomes the financial responsibility of the provider.

Anglicare's Mobile Community Pantry is a good example of an internally funded innovation that has increased capacity and service footprint into communities experiencing increasing levels of food insecurity. Beginning with one van and utilising extensive partnerships with parishes, Anglicare mobilised food relief for those who found it hard to access community hubs. Sourcing customised vans and food supplies and using church-based volunteers, Anglicare vans visit a number of parish sites on a rotating basis. There are currently 56 sites in operation, with more than 23,000 accessing support and 350 volunteers enabling the food to be delivered. This initiative has been fully funded internally by Anglicare. It would not have been possible to use existing funding from grants to implement such an initiative.

Innovation for larger organisations, who have access to donated funds, is no doubt easier than for smaller organisations where the only significant source of funding is the grant. Yet these smaller locally based, grassroots organisations would also have new and innovative solutions if they had the funding capability to do so.

Additional seed funding therefore needs to be released periodically over the period of the grant to enable piloting of new and innovative projects with some time limits and built in evaluation which measures performance, outcomes and effectiveness. This could then generate a cycle of innovation in the sector.

3.5 How can government improve the variation process, with consideration that CSOs must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?

It is the timing of the notification of the variation process that is critical. Short lead time notifications for renewal create issues for workforce planning and resource management.

There are also some challenges with the actual tendering process. The DSS funding processes are relatively streamlined, and the generic nature of the applications has simplified the process. Information requests are reasonable and relevant (i.e. organisational documentation) and the number of criterion (3-5 questions) are realistic and straightforward. Additionally, the use of an ID number precluding the need for copious organisational attachments has also reduced the complexity of the application process.

In our experience however, funding processes undertaken with other Commonwealth Departments, NSW Government and PHN's can be time consuming, intensive in terms of multiple criteria, different in terms of supporting documentation requirements and difficult due to the

multi-layered approach and multiple requests for information (some of which they already hold through previous tendering documents/processes).

It would be helpful if, at least, all Commonwealth Departments relied on a simple template requirement with a centrally held ID as used by the DSS that does not require the ongoing need to provide certificates of insurances and financial statements.

4.1 What is your experience with and reflections on place-based funding approaches?

Place based funding approaches focus on the multiple needs of a community and require the delivery of a range of integrated supports. Anglicare has seen significant change occur in people's lives when they have been able to engage with a multi program hub model where a holistic lens can be applied. This approach is particularly effective when established in the early intervention and holistic family needs context. This type of approach needs to be sufficiently resourced to ensure the funding streams can effectively deliver a truly integrated suite of services within shared systems and a collaborative framework. The most effective place based initiatives generally occur where the community is ready for such an approach, where there is a good understanding by the funding body of the service landscape and service gaps and where there is participation from a range of stakeholders including all levels of government.

CLOSING STATEMENT

Anglicare Sydney appreciates the opportunity of providing some input and feedback into this consultation process and we look forward to positive outcomes.

We are available to provide further feedback if required.



Chief Executive Officer

ⁱ National Housing Finance and Investment Corporation (2023) *State of the Nations Housing Report*, March, sighted at [state_of_the_nations_housing_report_2022-23\(1\).pdf](#)