



care DIGNITY
respect
change HOPE

**Submission to the A
*stronger, more diverse and
independent community sector*
issues paper**

November 2023

www.anglicare.asn.au

About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of over \$1.94 billion, a workforce of over 11,000 staff and 6,000 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

As part of its mission the Anglicare Australia Network partners with people, families and communities to provide services and advocacy and build resilience, inclusion and justice. Our first strategic goal charges us with reaching this by influencing social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.

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Introduction

Anglicare Australia thanks the Department of Social Services (DSS) for the opportunity to provide feedback to the *A stronger, more diverse and independent community sector* Issues Paper (the Issues Paper).

Anglicare Australia believes that the creation of a fairer society depends on a strong community sector. Community services are both a universal entitlement and a safety net, ensuring that everybody has a stake and everybody counts. Anglicare Australia makes this submission on behalf of our members, and people who use their services. The Anglicare Australia Network consists of social and health care organisations that are linked to the Anglican Church in Australia, that share a belief in the value and the potential of every person, and the principles of justice, hope and compassion. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

Community service organisations are more than just a delivery vehicle for transactional services, they exist to deliver a social good. Their responsibilities extend beyond service provision to community, civic and moral spheres. The nature of the community sector, embedded in communities and with deep relationships and trust within communities, naturally and spontaneously develops social and community good that are difficult to put into a commissioning request or a contract. For every funded output, the community sector brings extra benefits, like volunteers, goodwill, commitment and community belonging. Church groups in particular have access to a very wide web of buildings, people, and often material wealth, as well as an understanding and moral obligation and desire to help and support.

The challenges facing the community sector are not new. Fifteen years ago, the then Rudd Government consulted with the community services industry on the development of a Compact between the community sector and Federal Government. The report on that consultation includes calls for a whole-of-government approach to the Compact development, improved relationships and ways of working, meaningful and measurable change. The priority actions included recognising the value and diversity of the community sector, protecting the right to advocacy, reducing red tape and streamlining reporting, improving funding and procurement processes and improving workforce issues. These are the same priorities we heard when we consulted Anglicare Australia members for this consultation.

This consultation should be about better enabling governments to do what markets cannot, ensuring that opportunities are shared and that everyone has enough to live a decent life. To do that, we need strong community services, with adequate and sustainable funding, understanding of and flexibility to meet community need, certainty to recruit and retain high quality staff, and the ability to innovate. Our hope is that this consultation will advance those goals.

Scope of the constitution

Although the Issues Paper focuses on DSS funded services and grants processes, many organisations receive funding from several different federal government departments and have similar experiences to those identified in the Issues Paper with those other departments. These include short-term contracts, uncertain funding and low indexation. It makes little sense to us that the government commitments to a stronger community sector, and improved grants and funding process apply only to DSS funded services. We would support the extension of this commitment to other departments, where they are partnering with community service organisations, including the Attorney-General's Department, Department of Home Affairs and Department of Health and Ageing (in relation to alcohol and drug treatment services and community managed mental health services). Many of the grants funded by these departments are already managed by the DSS Grants Hub, providing a clear basis for leadership from DSS in this work.

This consultation process should also be more closely connected to the other relevant reform processes underway. For example, at the same time as this consultation process is underway, the Department of Prime Minister and Cabinet is developing a Strategy for the Care and Support Economy. The Department of Social Services is developing a Not-for-Profit Sector Development Blueprint. The Productivity Commission is also undertaking a review of philanthropy. We question why these consultations processes are happening separately from each other, when their purposes are so closely related.

Anglicare Australia also notes that the NFP Blueprint is seeking options for reform to strengthen social capital and a vibrant community sector. This is a remarkably similar goal to this consultation, which is pursuing a stronger, and more diverse community sector. For small organisations like Anglicare Australia, with limited capacity to engage in reform processes, multiple processes at once can make it harder to participate meaningfully.

In our feedback to the draft Care and Support Economy strategy, we questioned why only aged care, disability support, veterans care and early childhood education and care were within scope of the strategy. Those sectors provide vital social infrastructure and have similarities with each other, including experiencing significant growth in demand, low wages for workers, similar worker demographics and the role of informal family care. These similarities are not confined to aged care, disability care, veterans care and early childhood education and care. They are common across the entire care and support economy. Reforms to address the challenges facing the sectors in scope of both consultations will inevitably impact others. For example, improved wages and conditions that attract personal care workers to the aged and disability care sector can draw workers away from roles in family violence or housing support, leaving those organisations with shortages, and vice versa.

These consultations should not be happening in isolation, and we question why they are not a single process.

Recommendation:

Anglicare Australia recommends the scope of the government's commitment to delivering a stronger community sector be expanded to include other departments funding community service organisations through the DSS Grants Hub

A meaningful partnership in commissioning services

Good contract management is a skill. It requires knowledge of the community services industry and the different organisational structures, requirements and demands. Contract managers should be familiar enough with the policy area, and with the organisation delivering the service, to allow them to work collaboratively to ensure the contract best meets the needs of the community. They may need to advocate internally within the department for the funding, the organisations that receive it or the community members that need it. This means having high level relational skills and communication skills.

Yet contract management is often seen as an add-on to other roles. Not all contract managers are provided with the training and support to enable them to do their job well. Until contract management is treated as the skill it is, meaningful and respectful partnerships will always be challenging. In feedback on previous government commissioning and tender processes, we have highlighted examples of where DSS internal expertise on the work and capacity of community services organisations has been ignored or not utilised.ⁱ The long-term relationships that develop between community sector organisations and government partners are not always valued in new commissioning processes, and sometimes actually undermined.

The focus on competitive tendering as the basis for commissioning can also undermine partnerships and the achievement of outcomes for communities. Competition can have the effect of discouraging collaboration across the care sector. In many cases, competitive tendering processes have undermined the kind of inter-agency and cross-community collaboration and partnerships that can best make a positive collective impact. Too much focus on competition can also channel organisations' attention and funding into marketing, brand management and advertising, rather than the experiences or needs of community members. It can exacerbate conflicts regarding the ability of experts to give the best advice, as a transactional focus can lead to assumptions that recommendations that cost more are driven by a profit motive, not care for the person.

As the most extreme example, we know of several instances across federal and state government departments, where full tendering processes of existing services have been instigated. Effectively this involves throwing the whole mix of services into the air, based on an assumption that a rigorous, dispassionate assessment of competing proposals would result in more efficient service delivery and better outcomes for people. Instead, it creates hardship for workers facing uncertain employment, the fragmentation of existing strong partnerships, the loss of intellectual and social capital, a distrust of the ideas of contestability, and most importantly destroys the relationship between services and the people who trust and access them.

These experiences show that we must move away from competition as the basis for tender and commissioning processes, and towards greater collaboration and more meaningful partnerships that would benefit organisations, government and the users of services.

Recommendation:

Anglicare Australia recommends the Government commit to valuing contract management skills, and developing its capability in contract and partnership management with community service organisations.

Anglicare Australia recommends the Government move away from competition as the basis of tender and commissioning processes, recognising that contestability and the market are unable to deliver the best outcomes for vulnerable people and communities

Providing longer-term grant agreements

Six years ago, the Productivity Commission recommended lifting the default service contract length for family and community services to seven years but little progress has been made.ⁱⁱ Only 15 percent of disability services and 38 percent of aged care services have at least one five-year funding contract.ⁱⁱⁱ

Twelve-month contracts, short-term extensions or “pilot funding” all lead to short-term employment contracts. Many community service employers employ workers on a casual basis or on short-term contracts because they lack the funding certainty necessary to employ people permanently. This makes it harder to attract skilled staff, and to keep them when more secure opportunities are available in other industries. In turn this means disruptions for people using services and broken connections with the people with whom they have built trusted relationships. It also makes it difficult for organisations to secure long-term leases.

Anglicare Australia recommends the default contract length be increased to seven years in line with the Productivity Commission’s recommendations. To ensure these longer contracts are responsive to the changing needs of communities, they must have inbuilt flexibility to enable organisations to identify changes in demand, priority groups or geographic boundaries, and respond accordingly.

Anglicare Australia members reported repeated examples of contracts being extended or “rolled over” with late notice, sometimes just one or two months before the contract was due to expire. The ongoing rollover of homelessness program funding year after year, for example, with no long term or even medium term planning certainty, had counterproductive impacts on the organisations and individuals delivering services, and most importantly, on the people who use the services, people experiencing homelessness themselves. By the time contracts are given last-minute extensions, the best and most experienced staff have often been lost to more secure job opportunities. Boards and senior management are unable to make informed decisions about budget expenditure, growth or innovation, because they lack the certainty needed about future income.

Government should be required to provide organisations with a minimum of six-month notice, and preferably twelve months, about extensions or changes to funding arrangements.

Recommendation:

Anglicare Australia recommends standard contract length be extended to at least seven years, and at least six-months’ notice be provided for extensions of funding arrangements.

Ensuring adequate funding

To deliver the highest quality of care to people that need it, the funding provided to community service organisations must be adequate, provide certainty and reflect the real, rising costs of delivering high quality services.

It is not always clear how funding levels are determined. Some Anglicare Australia Network members reflected that DSS funding is at a lower unit cost than other comparable state-based services. Base funding can sometimes not cover the full range of community service organisations expenses, including administrative costs, evaluation and data collection, IT capacity and staff development. It is not uncommon for particular overheads to be excluded from some funding agreements.

Anglicare Australia members also noted the increasing cost of meeting regulatory requirements. While delivering safe and high-quality services is everyone's priority, compliance requirements must be appropriately balanced. If regulatory requirements are unnecessarily high, resources need to be diverted from frontline service delivery. The cost of transitioning to new regulatory systems, both in terms of staff time and technological and system modifications, is often not built into funding contracts, inevitably impacting service delivery.

Anglicare Australia would support a more transparent and consultative approach to determining pricing and funding levels, to ensure the government understands the experiences of community service organisations. For example, the Independent Health and Aged Care Pricing Authority's (IHACPA's) scope has recently been expanded to include providing advice on pricing for residential aged care and respite care. IHACPA gathers information from a range of stakeholders to inform the development of their pricing advice, and to understand the drivers of cost changes in the aged care sector.

The lack of consistency and transparency of indexation is also a barrier to sustainable funding of the care sector. Organisations funded by DSS don't know what indexation they will receive, when to expect it, and how to cover the gap between it and the real cost of delivering services. Rates of indexation can vary wildly across different care services and rarely or never meet the actual increases. If organisations are not provided with details of the indexation rate to be applied in a timely way, they are unable to plan their budgets for the coming financial year or provide staff with certainty about their employment.

The updated methodology for determining indexation is welcome, but continues to lack the transparency needed for organisations to be able to plan. A fair formula would account for the currently high rate of inflation, increases to the minimum wage, as well as the superannuation guarantee increase.^{iv} The formula should be made public, and the rate of indexation published in the Budget Paper. We draw DSS' attention to the recent Victorian Government commitment to an indexation formula that accounts for inflation and changes to minimum and award wages, providing organisations with certainty about their funding.^v

Recommendation:

Anglicare Australia recommends a transparent and consistent methodology be developed for calculating indexation rates for grants, and the resultant indexation level be published in the budget papers.

Consistency in grant application processes

In several recent grant rounds managed and administered by the Community Grants Hub, the eligibility criteria set for these grant rounds excluded some charities from applying, including several large Anglicare Australia Network members. These charities all hold multiple large Government contracts to provide services and had been eligible in the past for the same or similar program funding.

Two recent examples were the Attorney-General's Department funded Children's Contact Service and the Department of Home Affairs funded Fostering Integration Grants program. Charities have many different structures, including companies limited by guarantee, incorporated associations and bodies formed by state government statute, or incorporated under church legislation. The entity types that were excluded were Statutory Entities, so those formed under various statutes.

The experience of these grants rounds brings into question whether some of the largest and most enduring providers of social services will be able to participate in future funding round applications due to their governance and legal structures.

In conversations with the Grants Hub, they have committed to developing fact sheets and information materials to help organisations identify and understand their entity type, and to remind departmental clients of the different entity types that make up the charity sector. However, we are concerned that as staff in the Grants Hub turnover or change roles, there remains an ongoing risk that some charities could again be excluded from other, perhaps larger, tender opportunities. This has the potential to impact the ability of the sector to deliver large scale government programs to vulnerable Australians.

It is possible that if the Grants Hub were directed to use the Australian Charity and Not-for-profits Commission (ACNC) charity status to check eligibility, instead of checking entity type through ASIC and the Australian Business Register (ABR), this issue might be easily addressed.

Recommendation:

Anglicare Australia recommends the Government investigate whether the Grants Hub could use the ACNC charity status to check grant eligibility, instead of relying on ASIC or the ABR

Innovation in service delivery

There are many ways innovative practice could improve the quality, efficiency or coordination of social services. For example, new service models can deliver improved outcomes for people accessing services. Technologies can help people stay independent or connected to community, or streamline reporting and administrative burdens, and free up workers to invest more time in direct care delivery. Infrastructure and building design can promote wellbeing and social connection.

However innovation requires investment. Not only in trialling new ideas and creating an evidence base, but also in keeping up to date with evidence and innovation that can be rolled out in our own services. Community service organisations need a modest surplus to enable them to invest in innovation and capital growth. Current margins for many community services are so small, and restrictions on use of funding so tight that such investment is impossible for many.

Funding based around proscribed activities, instead of outcomes, do not promote a culture of or enable innovation. Many organisations are already moving to measuring individual and community outcomes. They want to know that the service they are providing is making a difference, and helping people address the underlying issues they experience. Yet contracts need to provide community service organisations with the flexibility to measure these outcomes, and to innovate and adapt their service delivery to meet community needs. Short-term, activity or output based grants can limit organisation's ability to address longer-term, structural issues that impact families and communities.

This measurement should not be limited to individual outcomes. Much of the work across the Anglicare network - from a strategic policy level to the front-line services – is based on an inherent understanding and valuing of the interconnectedness of individuals, communities and broader society. Focusing only on the care and service outcomes for individuals runs the risk of constructing them simply as care recipients or consumers. Community connection and enhanced social capital are some of the hard to quantify benefits that community service organisations can deliver, and that should be valued alongside individual outcomes.

Anglicare Australia and its Network members would value the opportunity to work with governments to invest in and build our capability for outcomes measurement across the community services industry.

Recommendation:

Anglicare Australia recommends the Government work with community service organisations to develop and test outcome measurement frameworks, that encompass individual and community level outcomes

Conclusion

Anglicare Australia is grateful that the Government is recognising the role and value of the community sector, and working towards a shared vision of a strong, vibrant and independent community sector through multiple reform processes. Adequate, secure and sustainable funding is the backbone of a community sector able to deliver high quality care and meet the needs of the community.

Our submission has focused on issues that are common across the entire care and support economy. Our hope is that the next steps following on from this paper will focus on providing longer-term agreements, ensuring adequate funding, improving grant application processes and commissioning partnerships, and innovation in service delivery.

We hope that from this consultation process comes a more respectful, collaborative and thoughtful commissioning and grant making process, and stronger relationships between government and the community sector. We look forward to continuing to work with the Government to improve contracting and commissioning processes, guarantee secure and adequate funding and deliver the highest quality care and support to Australians who need it.

ⁱ Anglicare Australia (2016) DSS tender processes.

ⁱⁱ Productivity Commission (2017) [Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services](#).

ⁱⁱⁱ Australian Council of Social Service (2023) [Australian Community Sector Survey 2023](#).

^{iv} FairWork Commission (2023) [Annual Wage Review 2022-23 – Announcement of Decision](#).

^v Premier of Victoria (2023) [Promoting fair jobs for vital community sector workers](#).