1.1 What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community sector look like?

The established structures that Government use to consult with Community Sector Organisations (CSO) limits access for many, and inadvertently creates barriers to funding opportunities for medium and small CSOs. An example of this is the current Community Services Advisory Group (CSAG). Medium and small CSOs are not represented on this group. CSAG is solely made up of peak bodies and large, mostly national, CSOs. As this group is the key community stakeholder and engagement group for DSS this likely creates inequity of voice.

CSOs of all sizes play an important role in the service system supporting vulnerable community members. By working together, we strengthen the system and support people to navigate the services they and their families need during critical phases in their lives. ████████████████████████████ and many similar organisations deliver quality local services in areas of entrenched disadvantage. Medium and smaller local CSOs like ██████ are competing against large national CSOs for funding opportunities, many of whom are represented on the CSAG.

This response proposes an alternative framework for DSS to engage with CSOs. One that is transparent with clear guidelines for how and why CSOs are appointed to the CSAG. To hear a range of views from a national and local perspective, membership could be time limited to 2 years, CSOs could be selected based on their diverse perspectives. For example, a representative selection of peak bodies, Aboriginal Controlled Organisations and those focused on DSS target populations such as Culturally and Linguistically Diverse and people with disabilities, along with a combination of large, medium, and smaller CSOs based on ACNC data. This model could also help to address question 2.5 in the Issues Paper.

2.1 What would adequate and flexible funding look like?

An approach that would help to reduce the impact on service delivery would be to ensure that at a minimum, annual indexation is applied considering mandated annual Award increases. In addition, a smaller percentage of indexation to help with increases in rent, insurance, and IT costs. Of vital importance is a cost that has a significant impact on the organisation's overheads: Translation and Interpreter Services. ██████ endeavors to employ people with community language skills, however this is not always possible. It can be a significant cost to organisations that work in multicultural communities, nonetheless it remains an essential component of service delivery.

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

Where possible 5-year funding agreements would be welcome and provide a level of security and an opportunity to plan (Issues Paper Question 3.1). Annual indexation needs to be applied based on actual costs. ██████' experience has been that indexation for grant funding has not been in line with inflation in real terms. Operational costs and staff wages have increased beyond the level of indexation applied by the government on an annual basis. For example, funding awarded in 2019 that is rolled over year-to-year due to departmental reviews is eroded over time. Organisations often need to restructure to remain sustainable. There is very little excess in budgets to reduce overheads, with wages based on awards, rents rising annually alongside insurance and IT costs. There is usually only one way to reduce expenditure and that is to reduce service delivery hours. This results in highly skilled and valued staff leaving seeking more working hours elsewhere. This is far from ideal as CSOs are often addressing significantly more complexity of need than they were 5 years prior.

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

Funding diversity is essential to facilitate opportunities for vulnerable communities to access services where they feel welcomed and supported, through established local relationships. An obvious example is Aboriginal Controlled Organisations and organisations that specialize in working with multicultural communities. Medium and small CSOs are often well placed to deliver smaller scale place-based initiatives. There are less organisational layers, so they can be flexible and nimble in identifying and addressing changes in community needs. Medium and small CSOs can collaborate with larger CSOs to deliver activities and programs in a flexible, timely manner. Smaller CSOs have a flatter management structure with less red tape.

Funding submissions require an investment of significant time and resources for the CSO. In a medium and small CSO the work is often undertaken by those who are involved in service delivery and operational management. These submission writers have a good understanding of on-the-ground needs and understand how the organisation can best deliver the service. It is understood these funding opportunities are very competitive, however, many hours of work, consultation and thought go into the submissions. Our experience at ██████ is that we are likely to be unsuccessful. Other than generic feedback there are no mechanisms in which to improve, or simply to know why the submission was not successful. The question is often asked how improvements can be made for the next submission without this vital feedback. The experience is disappointing for all involved. A possible approach for established CSO partners could be to access more detailed feedback based on a formal request through their DSS Funding Agreement Manager.

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

There is a need for co-designed national programs and activities that can be delivered with local flavor, however, to address entrenched disadvantage, some funding should be designed and delivered at the post code level. The Grantee must be able to demonstrate strong community links and be aware of local assets to be successful in obtaining funding. Aboriginal Controlled Organisations and multicultural focused organisations should be a priority based on who would benefit from the service. Beneficiaries and users of the service should influence the types of services that are delivered and be part of the quality improvement processes. Outcomes and measures must be developed based on localised issues identified for improvement. The outcomes should be clear and measurable. The co-design process, and the mechanisms for implementation should be developed with beneficiaries and service users after the Grantee is successful in managing community expectations. The consultation and established mechanisms are built into the milestones identified in the funding agreement and are a requirement of funding delivery. The DSS's Communities for Children program is a potential example. We would, however, draw attention to the inadequacies of the facilitating partner model. Having a large CSO with less localised knowledge overseeing other local CSOs and the delivery of the activities is not favourable and can be contentious in communities.

5.2 What innovative approaches could be implemented to ensure the grant funding reaches trusted community organisations with strong local links?

Trust is earned by reputation and established relationships. It is difficult to build a reputation and establish a trusted relationship if a CSO does not have a voice via the CSAG and their place-based service delivery is shared only with a Funding Agreement Manager who may only be in the role for 3-6 months before they are transferred. This is ▮▮▮▮▮▮ experience. The only contact the organisation has with DSS is via a Funding Agreement Manager who is transferred before they can gain an understanding of the work of the organisation. ▮▮▮▮ proposes a more stable relationship with DSS where the senior person who oversees the Funding Agreement Manager has a formal mechanism whereby, they connect with a senior representative of the funded CSO. This could be done in a manner so as not to create an administration and time burden. Moreover, the senior DSS representative could directly inform a senior representative of the funded CSO when a Funding Agreement Manager is transferred. This will help improve accountability within the partnership. As an example of a deeper more trusting relationship that occurred during the COVID-19 pandemic, the Funding Agreement Manager spoke directly with representatives of the organisation monthly. We provided detailed updates as to local trends and this information was fed directly to the high-level Committee overseeing the response to the pandemic. The model could also help to address question 5.2 in the Issues Paper.