



Believing In Children,
Young People, Families
& Their Future.

Berry Street response to: *A Stronger, more diverse and independent community sector: Issues Paper* (Australian Government, Department Social Services)

Berry Street welcomes the opportunity to provide comment on the Australian Government's *A Stronger, more diverse and independent community sector: Issues Paper*. We welcome the government's commitment to supporting and strengthening the sustainability of the community sector and we appreciate the consultation process regarding options to help fulfil this commitment.

Berry Street is one of Australia's largest independent child and family services organisations, employing 1300+ staff and delivering programs throughout Victoria to more than 35,000 children and families each year. We work with children, young people and families with the most challenging and complex needs within community programs, education, training and employment, family services, out of home care, therapeutic and youth services.

Broadly speaking, Berry Street supports the many sentiments already expressed to the Department of Social Services (DSS) by community organisations, through CSAG and other community sector reports, about the current challenges and ideas for how the government can better support the community sector via improved funding practices and processes and strengthened collaboration. It is reassuring to see the department recognise that current difficulties in delivering services in the community are an accumulation of challenges experienced by the sector over a number of years. Berry Street's experience confirms there are record levels of demand for support and that current grants funding and processes can limit capacity to meet growing and changing community need.

Berry Street wishes to provide feedback on specific issues within the following Focus Areas:

2. Providing grants that reflect the real cost of delivering quality services.
3. Providing longer grant agreement terms.
4. Ensuring grant funding flows to a greater diversity of CSOs
5. Partnering with trusted community organisations with strong local links

Focus area 2 : Providing grants that reflect the real cost of delivering quality services

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

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

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

In terms of indexation, Berry Street is encountering the same challenges outlined in the Issues Paper by other CSOs – that is, despite some increased investment in community sector grants this has not kept up with increased demand for support and services from the community or with the rising costs to deliver quality services. Berry Street therefore endorses recommendations put forth in the Issues Paper, particularly those focused on:

- Timely and transparent indexation: Timeliness in passing of indexation and improved transparency of how indexation is applied in order to assist CSOs to plan and budget more effectively;
- Greater clarity or flexibility in administration costs and level of grant funding so that CSOs can better plan, and manage their service delivery budgets and resourcing appropriately.

Whilst Berry Street welcomes the Commonwealth Government's revised indexation framework aimed at providing additional indexation funding to organisations including CSOs, we concur with the range of ongoing concerns outlined in the Issues Paper particularly those focused on the need for transparency about the application and calculation of indexation on grants, and the timing of supplementation. It is also important to note that Berry Street's largest programs are reliant on Victorian State Government funding via several departments, primarily the Department of Families, Fairness and Housing (DFFH). We would like to highlight the disparity between the current industry Consumer Price Index (CPI) percentage and the indexation funding provided by the Victorian State Government. For the FY24, the indexation rate in the Victorian State budget was 3.3%. In contrast, the Fair Work Commission in Victoria announced a 5.57% minimum wage increase for the same period. Further, WorkCover premiums saw an increase regardless of claims history, with CPI ranging between 5% to 5.5% over the past year. Following conversations with the State Government, there will be an additional 2.15% provided to our organisation, which still falls short of closing the financial gap.

In current grant funding structures, not all of the administrative and overhead costs can be adequately covered. This includes expenses such as head office administrative staff costs, insurance, IT, and office rents. Achieving a breakeven financial outcome has proven to be extremely challenging for Berry Street and many of our fellow CSOs and we anticipate this will continue unless there are more significant changes to the way programs are funded by Commonwealth and State Governments.

2.6 How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?

Berry Street's Client Information Systems team oversees the management of all client information technology and related process solutions at Berry Street. The team makes the following suggestions for streamlined reporting requirements to reduce the administration burden on CSOs:

- Explore standardising minimum data sets (MDS) and data dictionaries, particularly for demographic information. A universal demographic MDS could be the foundation for all Commonwealth data sets and reporting and simplify enterprise data capture by CSOs;
- Seek to standardise reporting systems, rather than requiring CSOs to integrate with multiple government systems and portals;
- Establish clear reporting requirements upfront and consider the operational/cost impacts of changes mid-funding;
- Commit to regular Funding Arrangement Manager (FAM) meetings and include a regular-data related agenda item;
- CSOs would benefit from being across DSS's long-term technology strategy, to inform where we invest and what we can leverage. Technology costs to stand up a program's data and recording requirements are often underestimated.

Focus Area 3: Providing longer grant agreement terms

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

Berry Street supports what DSS reports as having already heard from the community sector about the length of grant agreements, notably:

CSOs report that short-term funding arrangements compromise the sustainability of organisations and the programs they offer. Of particular concern is the impact of short-term funding arrangements on CSOs' ability to recruit and retain staff required to deliver programs and services. It also affects their ability to:

- *forward plan*
- *focus on research, advocacy and policy development objectives*
- *achieve longer-term outcomes*

Berry Street supports longer-term funding agreements for many reasons. We acknowledge that the Issues Paper highlights recent efforts by DSS to streamline and enhance grant funding within the community sector, including the transition of certain programs to longer-term (5-year) funding arrangements. Longer-term funding offers greater stability for service providers and we advocate for an expansion of programs with 5-year agreements. While we recognise that some programs are intentionally designed for shorter-term, time-limited projects, typically spanning two years, we argue that this duration is seldom sufficient to achieve meaningful impact, let alone capture outcomes, plan for sustainability beyond the project's lifespan, and establish an evidence base of effective practice. Two years is more appropriate for the initial 'establishment phase' of programs.

Frequently, with shorter-term funding agreements, there is an expectation that CSOs devise a sustainability strategy to continue the program's efforts beyond the funding cycle. This often proves unfeasible, leading to the discontinuation of programs. Expectations around sustainability are based on the assumption that volunteerism or philanthropic support will be available to ensure programs can continue past the government grant period. In recent years the number of volunteers has plummeted across Australia, while philanthropy rarely funds the continuation of programs or services post government funding. This leaves CSOs with very few realistic alternative avenues of funding. Even community-led place-based programs require ongoing backbone resourcing to ensure compliance requirements are being met and the needs of vulnerable populations are appropriately accounted addressed.

Five-year funding terms afford CSOs time to: develop and implement well-considered establishment activities, develop program outcome measurement and monitoring frameworks and evaluate impact and outcomes. Moreover, if co-design is proposed - or required by DSS - as an integral component of the program, five years allows for this process to occur in a genuine, meaningful, and respectful manner. Co-designing with service users in the community sector is a time-intensive endeavour, given we work with vulnerable populations.

Short-term funding models also pose challenges for staff recruitment and retention. The current financial climate in Australia, with rising cost of living pressures, has led people to seek longer-term security, making recruitment to short term positions even more challenging. Further, Berry Street's experience with short-term grants (e.g. 2 years) has demonstrated that as we hire staff and start gaining momentum, those spearheading the program or service have legitimate concerns about job security within 18 months. When key team members who are driving the program leave, sustaining the work through to the end of the grant cycle, let alone beyond it, is difficult to achieve.

Another observation stems from Berry Street's experience implementing a place-based community program in a region facing entrenched disadvantage. In this situation, staff turnover within both Berry Street and DSS meant that options to reapply for continued funding were not communicated in a timely way before the funding's expiration date. Explicit communication processes should be established for when funding is approaching its end, so that the CSO and DSS can work collaboratively to explore all options. This necessitates a structured approach for making decisions regarding the continuation or conclusion of program funding.

Reporting:

From a reporting perspective, there is limited ability to absorb administrative and operational costs with short-term funding agreements. Where new grants have specific or unique reporting requirements, this can be difficult to manage within 'pilot' programs or short-term funding arrangements. Simple data capture processes (e.g., spreadsheets) are then difficult to scale if/when funding is secured over a longer term.

Application processes:

The Issues Paper acknowledges feedback from earlier consultations that indicates : *Application processes can often be lengthy, onerous and divert resources from CSOs' core service delivery, focus and expertise.*

Berry Street makes the following observations about current application processes, as well as suggestions for improvement:

The GrantConnect portal is a useful platform for CSOs to explore - and receive notifications about - grant opportunities. However, it can be cumbersome and challenging to navigate when submitting applications. Frequently, applicants are unable to progress through submission pages unless they have completed every section. When CSOs are provided with submission templates as part of the documentation, they are typically in PDF format, making it impractical for teams to collaborate on an offline version of the template. We suggest consistently supplying Word versions of the templates and giving consideration to adjusting portal settings to facilitate smoother navigation between pages.

Responses to inquiries from CSOs through DSS channels during the grant application process can sometimes be delayed. This was the case with a recent grant for *ILC Social and Community Participation*, where clarification around the presentation of budget information in the application was not provided to applicants until the day before submissions were due. Delayed responses can impede the timely progress of submissions, as most of the information provided by DSS has a substantial impact on key aspects of the application. In the event that late clarification of information is unavoidable it would be helpful if there was more flexibility around submission dates. Additionally, notifications regarding the final outcome of the grant application process can also face delays. There have been instances where responses to applications have been postponed by several months, such as the Families and Communities Program: *Strong and Resilient Communities (SARC) Activity – Inclusive Communities Grants*.

There have been numerous instances where the period between the release of a grant opportunity and the submission deadline has been limited to around four weeks. CSOs, generally, have limited resources to dedicate to the preparation of grant submissions. This effort often diverts practitioners away from direct service delivery. The short timeframe afforded to CSOs to develop submissions can impede capacity to present the best possible version of a proposal. Internal approval processes for submissions can extend over several weeks, obtaining references from sector partners is a time-consuming process and developing proposals for new service models/programs demands careful consideration. Formalising partnerships requires a respectful and well thought-out approach. Rushing any of these processes to meet tight deadlines can lead to strained relationships with external stakeholders and result in proposals that are reactionary rather than genuinely responsive.

Berry Street makes the following suggestions:

- Wherever possible, when alerts to advise of forecast grant opportunities are released, if additional information or draft grant guidelines could also be attached this would be very helpful. This could provide CSOs with sufficient time to effectively plan and prepare their response.
- Information sessions should consistently be held within the first week of releasing a grant opportunity.
- Timely responses to questions from interested parties should be prioritised to avoid important information coming to light late in the submission process.
- CSOs should, ideally, be allowed at least six weeks from the release of a grant opportunity to the closing date.

Finally, Berry Street recommends that grant opportunities be scheduled to avoid the immediate lead-up to the Christmas-New Year period, unless a significantly extended submission period is provided for applicants. Even if grant writers within CSOs are accessible during this period, the workforce is typically operating with reduced staff. Obtaining reference letters becomes particularly challenging, internal approval and sign-off processes are impacted, establishing partnerships is difficult, and there is limited opportunity for consultation with relevant internal teams in the proposal design phase of the process.

Focus Area 4: Ensuring grant funding flows to a greater diversity of Community Service Organisations

4.3 How could larger CSOs support smaller CSOs? What are the barriers to providing this support?

In response to this question Berry Street draws attention to the Morwell Gathering Place in Victoria as case study example of the need for all levels of government to provide adequate and flexible funding arrangements to a greater diversity of CSOs.

Gathering Places operate across Victoria as community owned and operated places that provide opportunities for First Nations people to connect and deliver services. The Gathering Place in Morwell was established in 2017 after a period of community consultation and exploration of options initiated by the Local Aboriginal Network. The gathering place model in general is one that seeks to provide healing and wellbeing, in a non-clinical context, through the promotion of culture, the provision of a culturally safe place for First Nations people to meet and a 'no-wrong-door' access point to other services.

Currently, Berry Street provides an auspice for The Gathering Place to enable it to receive funding and provides governance assistance to The Gathering Place leadership group. This auspice arrangement was always intended as an interim measure to support The Gathering Place to achieve financial sustainability and self-determination. Enabling self-determination includes funding arrangements that allow First Nations-led initiatives to be autonomous and make decisions about the best and most effective way to support and meet the needs of their community. Self-determination requires appropriate, flexible, long-term funding for First Nations-led initiatives to enable the transfer of power and resources back to community.

Berry Street and The Gathering Place leadership group have put in significant effort to secure the necessary long-term funding for The Gathering Place to become an independent entity. We have been unsuccessful to date because, as a mainstream organisation, Berry Street is largely ineligible to apply for the required grants. This is impeding The Gathering Place's ability to achieve financial sustainability, which, in turn, is preventing this important place-based initiative from achieving real self-determination.

Self-determination would allow The Gathering Place to take the lead rather than having to conform to short-term funding agendas that may be culturally inappropriate or limiting in scope. While The Gathering Place receives some welcome funding support from the State Government, this falls short of covering the costs of current operations, let alone providing for ongoing financial sustainability.

Focus Area 5: Partnering with trusted community organisations with strong local links

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

Berry Street welcomes Commonwealth Government commitments to scale up place based, community-led work to target entrenched disadvantage through increased place-based partnerships in targeted communities. Berry Street delivers services in some of Victoria's most disadvantaged communities and we have experience leading place-based initiatives, such as the Morwell 4 Kids community partnership model that focused on a targeted, grassroots approach to supporting children from infancy to adulthood in one of Victoria's most disadvantaged postcodes. Berry Street also contends that while there is a specific role for place-based initiatives in regional and rural communities, there are also untapped opportunities in disadvantaged pockets of metropolitan Melbourne that are experiencing local challenges.

Berry Street supports information already provided to DSS by Social Ventures Australia, and outlined in the Issues Paper, that indicates direct funding pools for backbone resources and activities to support place-based models is limited. We also support the options outlined in the Issues Paper for strengthening place-based service delivery. A place-based model for community sector grants funding would create more opportunity for tailored approach in areas of entrenched disadvantage that centre community and user needs in policy design and service delivery. Increased support for testing innovative new local approaches via pilot projects would also likely lead to positive change.

As the government explores the expansion of place-based approaches, it would be helpful to consider ways to foster collaboration over competition among CSOs in any given area. Genuine collective impact initiatives occur in an environment where CSOs are encouraged to pool their diverse strengths and capabilities in order to create positive change. This could be taken into account when formulating guidelines for place-based grants.