

Organisation name

Victorian Alcohol and Drug Association (VAADA)

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

Such a partnership would be person-centred, with outcomes defined in collaboration with the people accessing services (rather than applied to them). The partnership would also focus on continuity and stability of service delivery.

The Issues Paper has a strong focus on grant-funding because much Commonwealth funding to community services is provided via grants. However, grants-based systems are not suitable for the style of partnership between government and CSOs described by the Issues Paper. Grants are inherently time-limited and volatile, with conditions and outcomes typically defined by the funder. This can create situations where grants are not necessarily aligned to community need. To reduce this risk, and in the spirit of partnership, it is important that government departments cultivate staff with subject matter expertise who develop familiarity with their respective community sector and its needs.

Funding uncertainty and volatility have a significant impact on service continuity and stability. This creates problems for the CSO as well as the population being serviced. Clients receiving AOD supports are often highly vulnerable, and service continuity is a key determinant of engagement and retention. Changes to service provision, due to grant termination or a new commissioning process, is very disruptive for service users.

In the year following the 2014 re-commissioning of key AOD services by the Victorian Government, Victoria saw a 20% reduction in engagement at AOD services. This highlights the impacts of service disruption. A person-centred partnership between the Commonwealth Government and CSOs would prioritise service stability and continuity.

2.1 What would adequate and flexible funding look like?

Adequate and flexible funding is secure in the medium-to-long term, if not recurrent, resilient to shifts in political and social attitudes, and focuses on long-term outcomes for clients using qualitative and quantitative measures. Flexibility is achieved through streamlined reporting and acquittal processes, adaptive funding criteria, and as identified above, strong relationships between the funding body and CSOs. One off and short-term grants-based funding does not provide adequate and secure funding. They are inefficient and volatile compared to ongoing, program-based funding (this is true even when grant funding is extended via a variation).

Further, grant programs can shift easily based on social and political trends or can reduce in value due to economic impacts like inflation and labour market trends. The work of organisations working in Alcohol and Other Drugs is frequently impacted by shifts in social attitude, high-profile events involving AOD, and election cycles. Further, disruptive events such as bushfires and the COVID-19 pandemic, can dramatically affect service demand.

Given the stigma attached to AOD, agencies providing AOD supports and services are particularly vulnerable to shifts in funding. VAADA encourages the federal government to implement longer grant-terms, expand service commissioning via PHNs, and commit to financially supporting the AOD sector through greater coordination and investment.

Adequate funding must recognise the extraordinary additional activities required to deliver a service, which may not be acknowledged or accounted for outside of narrow service delivery requirements or reporting criteria.

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

Some of the rising operational costs impacting Australian charities are well-documented. Inflation, changes to the award wage and superannuation, and inadequate adjustments to indexation have impacted the ability of Australian charities to do business.

VAADA welcomes the ongoing adjustments to the indexation framework in the Federal Government's 2023-24 budget, however, significant cost pressures remain. These include increases to the cost of rents, utilities and general operating costs, pressure on fees for organisational administration, and the impact of increased regulatory compliance.

The introduction of new mandatory standards, reporting systems and information sharing protocols in Victoria has significantly increased the amount of work required to complete a funded activity. For example, the time and training required to complete Intake and Assessment have increased significantly, with no significant changes to how this activity is funded. While these new standards improve the quality-of-service delivery, compliance is not without costs.

The Drug Treatment Activity Unit – the activity-based funding system for AOD treatment in Victoria does not adequately fund drug treatment, while gaps between AOD service types funded between the Commonwealth and State (e.g. opioid treatment programs) impact people at most risk of needing support and continuity of care.

Rising operational costs, which may be inadequately covered through existing appropriations, funding

channels and grants, must be addressed by CSOs. Yet, this often comes at the expense of service delivery and can mean community services simply treat and support fewer service users to manage their funding envelope.

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

For grants funding service delivery, grant agreements should have a three-year length as a minimum. Grant agreements for service delivery should have a mechanism by which the grantee can make a case for extension of the grant (or funding through an alternative mechanism) by demonstrating the value of the program/service delivery.

Where the agreement for a grant funding of service delivery is shorter than three years, justifying the value for shorter term contracts should be a standard criterion of assessment by Commissioning agencies in directing public funding. Grants not funding service delivery can have shorter grant agreements, however implementation costs should be considered. For example, a grant funding the development of a new program or project may be shorter than three years, but the costs of implementation (including capital expenditure) should be appropriately factored into budgets.

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?

A minimum of six months, with a preference for 12 months.

This timeframe allows an CSO to seek alternative funding sources or prepare for the cessation of the funded program.

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

Scarcity does not support innovation. In an environment where funding is scarce, competition for funding is intense, and where service demand is very high (far outpacing supply), people and agencies are reluctant to innovate and take risks.

The current funding environment stifles service delivery and innovation. A recent report commissioned by VAADA describes the commissioning systems for AOD treatment in Victoria as 'rigid [and] siloed... which bear little resemblance to AOD treatment on the ground... result[ing] in a lack of clinical flexibility and disempowered practitioners.'

Stable funding and commissioning systems that reflect the true costs of the services they are commissioning are necessary to support consistent service delivery, which can then lead to innovation.

3.4 What flexibility is required by CSOs in acquittal processes to support and encourage sector innovation?

Allowing CSOs to identify benefits or outcomes outside the ambit of the original grant agreement is an important part of grant flexibility.

New programs or models of service delivery do not always go to plan. However, this often means benefits that are unanticipated or that are not easily quantifiable within the commissioning body's reporting and measurement tools are achieved. Building flexibility into the reporting and acquittal processes – along with proactive communication and relationship management – will support sector innovation. Knowing there is flexibility built into acquittal processes, and knowing the funder is able to recognize alternative and/or difficult-to-quantify outcomes will support CSOs to provide innovative and flexible solutions informed by service users' perspectives (including what they define as outcomes).

Acquittals typically require funding recipients to quantify outputs and outcomes against program objectives and KPIs. However, creating opportunity for capturing unintended outcomes and/or 'successful failures' is important to identify novel ideas and innovations. This allows for continuous improvement and identifying new ways of working to address challenging community issues.

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

This is a crucial issue for the community services sector, and the AOD sector specifically. Minority populations are commonly under-served in relation to their AOD needs. Recently, we have seen emerging communities want to provide services for themselves but who are unable to compete with existing agencies, who have established capacity, are more familiar with the service environment and are able to allocate more resources and expertise to grant seeking.

There are several options to address this such as including a social value requirement in grant and commissioning processes that require a proportion of funding to be allocated to minority communities. For example, a CSO that wants to provide a large contract or grant, can be required to allocate a percentage of that to emerging communities.

Currently, social value is often a response criterion in procurement processes, but is generally not weighted. Addressing this by either requiring and/or weighting social value would increase the flow of funding to a greater diversity of CSOs. Social value components in grant or procurement processes are not effective unless they are mandatory and adequately weighted.

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

Key supports, such as training, capacity building, and knowledge transfer from large CSOs to small CSOs should be prioritized in Commonwealth grant programs.

Supporting larger 'backbone' organisations to leverage their organizational infrastructure to build the capability of smaller diverse CSOs, by providing backend administrative functions that support grant application, program delivery and reporting would assist build broader sector capability and meet the support needs of diverse population groups.

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

VAADA is not a service provider. But working with our members, we know that place-based funding approaches are a great opportunity to develop home-grown, grassroots, locally responsive initiatives. For example, the Mansfield RESTART program is a place-based, community-led drug prevention and rehabilitation program. Centred at Mansfield District Hospital and involving multiple stakeholders including police, local government, GPs and other service providers, RESTART delivers a holistic program of prevention, case management and rehabilitation to community members experiencing AOD-related harms. VAADA's experience is that such programs work best when significant time is dedicated to establishing relationships, problem definition and consensus building. Responding to community priorities (rather than applying external ones) is crucial to the success of place-based initiatives. This requires a significant period of engagement to establish relationships, understand issues faced, and build trust. Grants programs are often poorly-suited to developing place-based funding, as grant applications are required to identify the proposed intervention prior to the opportunity for that consultation and engagement to occur.

5.3 Which areas do you consider have duplicative funding or gaps you think need to be addressed, and what is the evidence?

VAADA can only speak to the Victorian AOD sector. However, AOD treatment and support reflects a major funding gap in the broader social service environment. The lack of responsive, appropriate and accessible AOD supports and services in Victoria is unsustainable and undermines community wellbeing and safety. Unfortunately, due to the stigma associated with drugs and addiction, the AOD sector is under-represented in philanthropic giving compared to other charitable areas and receives proportionally less government funding than other comparable areas (mental health).

The lack of communication and coordination between federal and state AOD funding creates both duplication and gaps. High priority areas may have over-lapping funding while other areas may be underserved. Lack of coordination between state and federal funding can also create confusion about responsibility for specific areas, such as opioid pharmacotherapy.

To avoid this, better coordination between the Commonwealth and States is required. This can be achieved with stronger federal-state governance structures in AOD as well as by the Commonwealth taking a more active approach in strategic coordination, for example resourcing a national strategy for AOD treatment servicing and support.