

‘A stronger, more diverse and independent community sector’**Submitted by:**

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I am pleased to submit my comments in regard to the above Issues Paper. I entered into the review of the Issues Paper with a positive mindset and looking to a positive future for Community Services Organisations (CSOs). Although, there are a number of questions that the Issues Paper has raised, and I am noting them here in this document. My response does not write on all the matters raised in the Issues Paper but does around as what I see as key issues and questioned that need to be addressed.

A general comment in the Issues Paper is the omission of any evaluation processes as part of good management of the existing, and past, grant processes. There is very little funding to actually show if the grant met its contractual obligations, but more importantly, is that people assisted were “any better off” by the service(s) delivered under the grant. This is consistently missing from the Issues Paper.

The Community Services Advisory Group (CSAG) is not representative of all aspects of the community sector, there is an inequity of very large traditional charities sitting on the CSAG and the lack of representation from smaller and medium sized community service organisations (CSOs) (pg 6).

An overall comment is the lack of co-ordination between federal and state grant programs. Particularly, if a CSO is receiving funding in both the federal and state spheres for the same work. There needs to be a review of these to see equity of allocation. Some states also have more funds in their programs. There is a general inequity around the country, understandable, under separation of powers but it needs to be reviewed.

Why Change is Needed (pg 7)

We are in the current situation due to, past and present, world and Australian policy decisions.

There is an assumption that “charities” get donations and can subsidise grant funding. The world has changed and there are inaccuracies around this:

- Not all community organisations have Public Benevolent Institution (PBI) and/or Deductible Gift Recipient (DGR) status, which does not make an “even playing field”. Therefore, not all CSOs can get funds based on not having DGR, or even apply for grants because they do not have this status. (This is often for funding outside of government grants, including philanthropic funding.)
- The competitive nature of seeking donated funds. Some CSOs have whole departments to seek funds, and those smaller organisations spend more to apply for the funds, then they often receive, or the compliance obligations.
- Smaller to medium CSOs do not have the capacity and, therefore, staff to lobby and advocate for their causes.
- Not having PBI has made some organisations, not attractive to prospective employees, as they cannot receive the fringe benefits that allow lower taxation. Which leads to staffing issues. Some CSOs have staff indicating to them that they cannot afford to stay working in the community sector.
- Overheads are higher, rents and operating costs have increased. Yet, grants are often limited to the project costs, without realistic oncosts and administrative costs, factored into grants.
- Historically, social infrastructure is not funded but much of the costs of a grant is around infrastructure. There needs to be a review of social infrastructure and funding into this. You need social infrastructure to provide service delivery and this is becoming harder for community organisations to access and pay for. In fact, in some areas there is not even the social infrastructure available.
- Social infrastructure is seen as a “cost” not as an “investment” in communities. This needs to change. CSOs are picking up the lack of government funding into many areas, being both urban and regional.
- Also, dollar matching of grants is impossible for many CSOs to meet. Often services actually lose access to community spaces when this is done by local councils.
- There has been no, or limited, growth in grant funding, that has been extrapolated to meet the growth in the population. This is both a Federal and State issue.

Definition of a Grant (pg 11)

Who are the stakeholders? How is this communicated. The GrantConnect often only lets you know about the grant but not other engagements, re. feedback from stakeholders.

Also, assessment of grant applications are not transparent as to how an organisation makes the merit list. Has consideration been given to include CSOs, without a conflict of interest, onto procurement, or assessment panels?

Would like to see the breakdown on the types of grants and their selection processes (pg 12).

Section 3

Certainly, timeframes of 1 and 2 years, are not adequate to meet community change and provide evidence for change.

Is “value for money” the correct terminology? It is a disservice to community. CSOs provide more than adequate value for money if they are meeting their purpose and are providing ethical services. CSOs should be giving appropriate service delivery for the contracted money they receive. Alternatively, adequate funding needs to be provided to have an adequate service to communities.

Issues around fixed term contracts and the new industrial legislation which will be introduced, federally, from the 6 December 2023. This is a real issue for CSOs who have limited years of project funding. The changes mean that the duration of fixed term contracts will be a two-year maximum duration, (with some exemptions) and cannot be renewed or extended once within that length of time. This just will not work in the community sector. While CSOs would like to give permanent contracts, with time limited contract funding, this is not going to work in CSOs. So, if a grant is received for a two- year term, CSOs cannot extend that employee’s term if another grant is received.

Examples of some exceptions include using FTCs under award rules, for apprentices or trainees, for replacement employees providing parental leave cover, for employees performing a distinct and identifiable task involving specialised skills, and where the role is funded by government funding in defined and limited circumstances. The government needs to provide some clarity around this but not only for federal grants but also state and other funding, including philanthropic.

Section 4

Evaluation processes being put in place would ensure opportunities, of what has worked, what has not worked and if CSOs are not meeting their contractual obligations, then this should be dealt with.

There is limited information and supports for smaller CSOs in the grant process.

Barriers are time, funds, staffing and access to information.

Section 5

Place based approaches are the way of the future. Neighbourhood Centres have shown this in recent, and past, disasters in Australia. [REDACTED]

[REDACTED] Not only that, but in the work that they undertake each day. These CSOs have the local knowledge of the communities that they work with. More importantly, they have the respect and trust of these communities. They have developed relationships over many years with these communities and the people and organisations in them.

Section 6 - Overlooked:

As mentioned, proper and public evaluation.

A research and resource base coming from the grant programs.

Success needs to be varied. This is dependent on what the grant is for. Grants that do not have adequate time for change, would have a different levels of success than those that have longer terms.

Another issue is that a program can be introduced and have great outcomes and then be withdrawn from a community due to the funding not continuing, no matter how hard you work to create self-sufficiency and sustainability, etc. This is very disappointing for a community and often leaves the CSOs with a bad reputation in a community.

How often do we ask the people/communities that CSOs are providing services for under a grant, to participate in the design of the service delivery?

CSOs expertise and knowledge are not adequately covered in grants; or any subsidies for consultancy (pg 16)

Issues around concerns that this process may overtake the good outcomes proffered.

The amount of administration for compliance obligations.

Should define not just small and large CSOs but small, medium and large, as per the Australian Charities and Not for Profits Commission's definition. (pg 27)

Have not considered increased costs of cyber security and insurance, insurances, obsolescence of software and cloud costs. (2.2, pg 21)

Philanthropy

Philanthropic funds rarely fund, but acknowledge that sometimes they do, fund non DRG organisations.

They also want really public "nice" issues to fund, e.g. children, etc. Like all funders, Philanthropic organisations often want detailed client information for marketing purposes that is not acceptable under privacy legislation, or for ethical reasons.

Although, I do acknowledge that some have taken the difficult areas, e.g. Justice Reinvest.

The taxation system in Australia creates difficulties with the Trusts and Foundations laws. The ATO/Government takes a deficits approach that they are trying to avoid taxation. Recently, I had a conversation with someone seeking some funds for academic research and they said that they had raised funds all over the world but had the most difficulty in Australia due to the taxation system.

The question is, is government looking to offset what has historically been governments' responsibility to outside organisations? (Already happening.) There has been no real disclosure around how much funding is expected by government from philanthropic organisations to fund CSOs and they also were set up with specific purposes for funding which their Trustees must honour.

Also, corporate donations have reduced substantially to CSOs, due to such things as COVID, their increasing overhead costs, shareholder wishes, etc. CSOs can thank those corporates who are donating at this difficult time.

Partnering with trusted community organisations

Make sure that place-based organisations are engaged in the development of the National Centre for Place Based Collaboration (NEXUS). There has been no real consultation around this, other than the announcement of the foundation partners. Concerns around the development of this using outdated methodologies and not proven practice or evidence. Big push by social impact organisations, many often private, to have a voice to government, without little consultation. Many localised CSOs have been very clear about place based being the best way to work with communities and but this must be reflected in government advisory roles in a realistic way.

The NEXUS page already has a definition (uncited) but what about CSOs defining this. (pg 28) Can this definition please be cited?

The Outcomes Fund

Have heard very little information about this. Who gets the funds and how? (pg 29) Has there been consultation with relevant CSOs? Would like to see more information on this.

Conclusion

Generally, some recent examples of grant reallocations have not led to good place-based funding, e.g. Emergency Relief and Volunteering grants.

For example, how can an CSO who was only just established, get funding, with no proven track record and funds were withdrawn from services that still had community members coming to them requesting services? This goes to the transparency of assessment and allocation. This also happens when a local CSO loses funding, the first call that the new funded CSO does, is to the previously funded CSO, wanting information and intellectual property that is not paid for. In fact, often they will contract the previous CSO to undertake the work! Thus, they get paid a management fee, while contracting another CSO.

This practice of outsourcing grant contracts needs to cease so that more funds go to the community. If it continues, management fee, limitations should be set.

Unfortunately, there is a blanket no appeals process when grants are not received. This should be reviewed.

This is a short review of the Issues Papers, that potentially asks more questions than responses. I would like to thank the Ministers and the Department for the opportunity to respond. If you wish to discuss this paper further, please do not hesitate to contact me. (Contact details are on page 1.)

End.