



Submission to the Department of Social Services' Issues Paper:

A stronger, more diverse, and independent community sector

November 2023

About this submission

Health Consumers' Council (HCC) is the peak health consumers' organisation in Western Australia, with a 30-year history of success in consumer engagement, policy development, and individual and systemic advocacy.

HCC welcomes the Commonwealth's Issues Paper on building a stronger and more diverse community sector. Community sector organisations (CSOs) are the backbone of community cohesion and meet many needs of individuals and communities that otherwise would remain unmet. The sector's proximity to and relationships with the local community are our biggest assets. The sustainability of the sector is critical to meet the community needs in the context of ever-increasing complexities in policy and delivery. COVID-19 marked a turning point for community services in Western Australia requiring a different approach, as acknowledged in the state government's *State Commissioning Strategy 2022*, which drives the government policy of commissioning to achieve a sustainable and holistic community services sector.

We respond directly to the five key points outlined in the Issues Paper below:

Giving the sector the voice and respect it deserves through a meaningful working partnership

HCC advocates for equal partnerships between health consumers, policy makers, and service providers, in an acknowledgment that incorporation of lived experience and expertise is the key to developing and funding policies and services our communities need.

It is disappointing to note a lack of consumer voices in the issues paper, particularly lack of focus on consumer engagement and representation. Our fundamental position is that grant funders (in this case, the government agencies, or their contractors) need to understand, embed and plan to budget for lived experience participation and co-design opportunities early on in planning and design. Although the Issues Paper acknowledges co-design as a valuable process in service provision, it does so only in the context of engaging CSOs.

We need a more integrated approach that involves consumers at all levels of policy and service development. Communities expect co-design to be the standard, not the exception, for policy and service delivery.

Collaborative commissioning is an approach taken in [NSW Health](#), for example, based on evidence that direct participation by service users in the design of services results in better and more relevant services, and improved outcomes. The patient-centred co-commissioning groups, for example, include consumer representatives, embedding accountability to the communities

being served.¹ These groups make decisions in identifying community needs, how these needs will be met, and what services are required to do so. The advantage of the commissioning approach is its greater local focus, and funding is targeted to areas that need them most. This is needed to meet the challenges of providing services in regional and remote areas of the country. Western Australia, given its geographic vastness, is well-positioned to see its regional and remote communities benefit from the approach.

Commissioning is a broader process that includes contracting, procuring, or purchasing services, but it is more than that. Notably, [South Australia](#) and the Australian Capital Territory also have well integrated commissioning processes in government engagement of CSOs in the community service delivery.

In Western Australia, the commissioning strategy contains key principles which reflect a broadly contemporary approach to commissioning, developed in close consultation with the community sector and peak consumer groups:

- A community and person-centred approach focused on outcomes: This is supported by the [Outcomes Measurement Framework](#), and the roles of the Department of Premier and Cabinet and the Department of Finance in the commissioning of services. The framework was developed by peak body Western Australian Council of Social Service (WACOSS) and applies across government agencies and CSOs. The leadership of two central government agencies ensures a standard and consistent approach across government agencies and prevents "compartmentalisation" of issues into separate silos.
- Commissioning sustainable services at a fair and appropriate price that deliver value: measuring value through outcomes, for example, is a process now well cemented in NSW Health, known as 'value-based healthcare'.
- Services are co-designed and locally led: local, place-based design and delivery under local leadership means the service system is more responsive and relevant to community dynamics. This is about both designing better services and building more resilient communities.
- Well led, supported and transparent system, with full accountability based on research, data, and any other relevant evidence.

Providing grants that reflect the real cost of delivering quality services

The community sector requires a level of funding that matches rising community demand and sharp increases in the costs of service provision over time, and reflects the real cost of providing services, so that it can remain more responsive to community needs.

Public funding cannot and should not be replaced, although it can be supplemented, by philanthropic and other sources of funding. The "public" nature of public funding enables better accountability and transparency to the community served, which (ideally) participates in the governance of a community organisation, and benefits from this arrangement.

¹ Koff E., Pearce S., Peiris D., "Collaborative commissioning: regional funding models to support value-based care in New South Wales", *Medical Journal of Australia* 215 (7), 2021

We strongly agree with the feedback from CSOs reflected in the Issues Paper that indexation transparency is essential for better planning of the use of funds in the longer term. Specifically, indexation rates and amounts need to be visible to CSOs, and a standard methodology applied across state-funded and Commonwealth-funded grants to avoid duplicating already onerous and resource-intensive reporting processes. The financial state of the WA social services sector is demonstrated in the results of a [survey](#) supported by HCC and conducted by WACOSS, published in February 2023, which reinforces the concerns described in the Issues Paper.

From a consumer perspective, we recommend that:

- Consumers are involved as equal partners in policy and service development at all levels; and
- Grant conditions must allow a specific budget item for consumer participation and engagement funds. These funds would be used for payments made to consumers for their time and expertise in engaging with community and government services at all levels.

We understand that disability and mental health sectors, for example, are fields where consumer engagement and participation, as well as codesign, are more established than in others. Ideally, principles of equal partnership with consumers would be embedded across the commissioning and funding approaches used by government agencies.

Providing longer grant agreement terms

We recommend that grant agreement terms for most grants should not be shorter than 5 years, except project-specific grants, or those whose utility is meant to last for a pre-determined period.

Longer grant agreement terms will benefit most CSOs, but they will also benefit the consumers and communities those organisations serve. For most innovative programs to have the full and measurable effect, a longer term provides certainty and space to innovate to reach outcomes. Longer-term grants enable a more thorough evaluation of programs and services. The process of continuous, iterative evaluation is central to collaborative commissioning, and ensures improvements are made in the course of service delivery.

For resource-stretched organisations such as grassroots community groups, longer term grants provide stability and mean less time is spent on writing and negotiating new agreements.

Ensuring grant funding flows to a greater diversity of CSOs

Smaller CSOs like HCC often find grant application processes cumbersome and resource-intensive. Already under-resourced organisations are disadvantaged compared to larger service providers with dedicated staff and well-established funding and fundraising strategies and processes. Monitoring and reporting are also resource-intensive and result in disparity of outcomes for more local, smaller organisations.

Organisations need to be led by local communities and have the buy-in, trust, and confidence of the communities they serve, to be effective. The commissioning strategies mentioned above emphasise local community governance of service providers. This is especially important in

regional and remote areas of Western Australia where often smaller local organisations first respond to community needs.

Partnering with trusted community organisation with strong local links

The competitive nature of the funding system is counter-intuitive given that collaboration is required to meet contemporary policy and service delivery challenges: collaboration between different communities, as well as between service providers.

Collaborative commissioning encourages and strengthens collaboration because the principle of local governance ensures that it is the community's needs which direct the services required, not organisational service plans or government strategies. HCC has strong experience partnering with government agencies and service providers to ensure consumer voices are heard, listened to, and incorporated in service delivery. But we do need a process where collaboration is incentivised and rewarded, because market competition has severe limitations in shaping delivery of those services which are needed in the community, rather than just profitable for individual providers.

Conclusion

We note that points and recommendations made above are neither new to the government, nor without precedent: collaborative commissioning has been operating in several states for some time, while the shortcomings of the current system have been well enunciated many times earlier.

We also note that many of the challenges facing the community sector have been on the policy table for a long time.

HCC makes the following recommendations that the Commonwealth:

1. develop a collaborative commissioning strategy for the community sector, in collaboration with peak service and consumer groups.
2. develop a capacity-building funding strategy for consumer representative organisations to enable them to lead commissioning and service delivery in their communities.
3. adopt 5-year terms or greater for grants which fund real operational costs of CSOs and streamline contractual reporting obligations.
4. considers intergenerational funding commitments, especially for advocacy organisations for key sectors.
5. communicates the findings and recommendations arising out of consultations, and commits to finding sustainable solutions to these long-standing issues.