

7 November 2023

A stronger, more diverse and independent community sector

We welcome the opportunity to provide a submission on a stronger, more diverse and independent community sector.

About DIVRS

The Darebin Information, Volunteer & Resource Service (DIVRS) is a volunteer-powered community organisation working with people living, studying and volunteering in the Darebin LGA in Victoria. Our mission is to connect people to opportunity, community and support. We reduce financial stress and social isolation. We increase access to community information and build capability. We promote health and wellbeing, inclusion and sustainability. We provide opportunities for community participation.

For almost 50 years DIVRS has been a first port of call for people needing help with personal and financial matters in Darebin. We are a generalist, place-based service deeply embedded in the Darebin community and are a trusted, welcoming place. We have a small part-time staff (equivalent to 5 FTE) and more than 130 volunteers across our programs. Our programs and services include:

- **Community information and support:** We are person-centred and work with people to learn about their situation, understand their needs and strengths and build capability. We provide Information, referrals, advocacy, financial and bill help, energy help, food, material aid, emergency relief, no interest loans, service navigation and complex case support. In 2022-23 we worked with over 2,400 households.
- **TAC L2P Program:** Matching young people in Darebin who don't have access to a car or supervising driver with volunteer mentors to get on the road experience to get their Ps.
- **Urban Food:** Strengthening local food systems in Darebin ensuring they are secure, healthy, sustainable and fair. Our volunteers grow and harvest local fresh fruit and vegetables to add to the food parcels we share with people experiencing food insecurity, and share skills, knowledge and friendship.
- **Community health and wellbeing.** Community development with public housing residents in East Reservoir and East Preston, free health checks, creative health and wellbeing workshops, social inclusion activities.

Focus area 1: Giving the sector the voice and respect it deserves through a meaningful working partnership

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 community sector is uniquely placed to achieve outcomes through its front-line connection and trusted relationship with the community, including creating pathways out of systemic disadvantage and exclusion by helping people address unmet needs with supported and informed strengths-based action. At DIVRS, we walk alongside people experiencing personal and financial issues, meeting them where they are at to address issues and build capability.

If the government maintains low unemployment and a welfare safety net, the community sector can more effectively provide the social safety net to address the impacts of systemic disadvantage and exclusion and enable inclusion.

1.2 How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner?

Effective and efficient action on food and energy security, housing security and social and economic inclusion requires Statistical Area 2 (SA2) level place-based responses. An evidence-informed response at SA2 level, feeding up into coordinated regional SA3 action groups, supports more efficient and effective planning and responsiveness. The role of government is to enable the 'network glue' that enables purposeful and meaningful local and regional engagement, information sharing, data dashboards and coordination, including sharing information gathered with the community sector.

1.3 How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?

Enabling stakeholder contribution to program design means overcoming the barriers to participation through a trusted local network with access to a flexible funding stream for that purpose. Trusted relationships at the local level are essential to overcome economic, mobility, social and IT barriers for community members to contribute to program design. This investment in existing capability saves costly mistakes.

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

2.1 What would adequate and flexible funding look like?

Research shows there is no correlation between low overheads and organisational efficiency and impact, rather, organisational effectiveness is compromised by inadequate funding of indirect costs¹. Funding should account for 20-30% of overheads as per the Paying What It Takes report by Social Ventures Australia.

¹ Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect cost to create long-term impact*. Social Ventures Australia.

DIVRS welcomes the government's recognition that current funding does not allow for emergent responses for and with community. Adequate and flexible funding means moving from 'project-funding'² to funding models such as core-funding³ or block funding. A commitment to core funding ensures sustainable organisations and maintains the overhead costs of service and program delivery including tenancies, utilities, IT, staff, volunteers and investment in development. In comparison, project-funding perpetuates precarity for organisations, employees, communities and individuals seeking support.

DIVRS welcomes the government's commitment to work with the philanthropic sector and what learning can be applied. The philanthropic sector is leading action on flexible funding, with responses to the COVID19 pandemic demonstrating the possibilities and impact. Flexible funding allows space for both intended and emergent strategy^{4,5}.

Emergent strategy allows DIVRS to work alongside community and a diverse ecosystem of organisations to learn and do what works. Flexible funding is also necessary to enable collaboration and effective partnerships⁶. In practice, flexible funding would also allow funding for roles that enable sustained coordination across the sector, over and above the delivery of outcomes for discrete programs. In the community sector, service collaboration outcomes and service delivery outcomes are equally essential and flexibility in funding models is needed to address both.

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

Three cost areas need to be considered in grant funding: Employee costs, engagement costs and investment in organisational capital.

Employees should be fairly paid for the work and grants need to cover all the required hours and appropriate benefits. In the same way that the issues paper highlighted that philanthropic funding should never replace long-term adequate government funding, volunteer hours (both formal volunteers and the hours employees do on top of their paid hours) should not replace long-term secure employment.

DIVRS recognises the inherent value of volunteering for building social capital and as a valuable pathway to paid employment. The National Strategy for Volunteering 2023–2033 highlights the risk of volunteering compensating for a paid workforce and DIVRS considers this a key risk without adequate administrative funding. Investment in staff and volunteer training and development are not enabled with grants. This is an important gap to fill because investment in frontline staff results in better service delivery⁷.

Engagement through community connection and co-design is critical in delivering impact. This front end investment allows space for innovation and effective program or initiative design and delivery. Inadequate funding incentivises little or tokenistic engagement. The strengths of DIVRS can be better used with an investment that allows for activity around local knowledge-sharing, relationship maintenance and ensuring people are not falling through cracks.

² Gibson, K., O'Donnell, S., & Rideout, V. (2007). The project-funding regime: Complications for community organizations and their staff. *Canadian public administration*, 50(3), 411-436

³ Baines, D., Cunningham, I., Campey, J., & Shields, J. (2014). Not profiting from precarity: The work of nonprofit service delivery and the creation of precasiousness. *Just Labour*

⁴ Nowski, T., O'Flanagan, M., & Taliento, L. (2020). A transformative moment for philanthropy.

⁵ Kania, J., Kramer, M., & Russell, P. (2014). Strategic philanthropy for a complex world. *Stanford Social Innovation Review*, 12(3), 26-33

⁶ Lawson, H. A. (2004). The logic of collaboration in education and the human services. *Journal of interprofessional care*, 18(3), 225-237.

⁷ Considine, M. (2022). *The careless state: reforming Australia's social services*. Melbourne University Press

Investment in organisational capital would require flexible capacity-building funding enabling investment in things like impact measurement (for long-term evaluation beyond short term grant compliance and effectiveness), coordination roles to support volunteer effectiveness, applying for funding opportunities and completing the associated administration and reporting requirements or to develop organisational processes and systems.

DIVRS is committed to ongoing learning about what works for whom and when and doing more of what works. Without investment in organisational capital, opportunities to build new programs and initiatives and measure effectiveness is reliant on (hard to obtain) philanthropic funds. This limits how DIVRS can respond in a timely and effective way to changing and complex community needs.

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

Rising operational costs have impacted DIVRS in two areas:

- Reduction in what can tangibly be offered to community. Cost of living increases has had significant consequence coupled with a 40% increase in demand compared to 2022; less emergency relief is provided with less food and resources to share with community.
- Increased staff workload with more unfunded staff time to seek additional funding to account for rising costs.

2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?

Coordinated action at S2 and S3 statistical levels through representative decision-making forums will better inform the department and the sector of priorities, bottlenecks, and gaps. It will also facilitate flexible responses to draw in the right diversity of community organisations in response to need and opportunity.

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?

DIVRS considers that the length of grant agreements needs to provide certainty and stability for ongoing service delivery and this to be at least five years.

- On average, employees stay in a role for three to five years. Longer agreements mean organisations can offer employment stability and time for capability building and investment that will make programs stronger.
- Research suggests that partnerships take three years to achieve intended outcomes, so grant duration must exceed 3 years to realise the investment⁸.
- DIVRS welcomes the government's commitment to provide additional funding assistance to CSOs on top of the regular indexation payments in the 2023-24 budget. Longer agreements should include options to increase funding over time to adapt to changing conditions like increased demand through the cost of living crisis or adapting to wage increases.

⁸ Keast, R. (2016). Shining a Light on the Black Box of Collaboration: Mapping the prerequisites for cross-sector working. *The three sector solution: Delivering public policy in collaboration with not-forprofits and business*, 157-178

Longer agreements with ongoing funding should not result in a reduction in additional ad-hoc or non-ongoing grant opportunities across government. Also, funding should be decoupled from the political election cycle to ensure security should governments change.

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?

DIVRS requires a notification period of at least six to nine months to allow for final outcomes, variation and extensions. This provides service delivery and staff certainty and helps with planning. DIVRS programs are delivered by part-time staff working at small FTE, so this impacts how many business days are available for program variations or wind down.

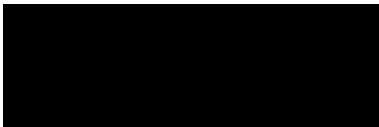
Focus area 5: Partnering with trusted community organisations with strong local links

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

Community service organisations like DIVRS that are embedded in our communities with strong local connections and knowledge are key to effective service delivery. Without the overhead funding required to apply for grants, develop effective communication strategies and form partnerships with government and other organisations, smaller organisations can often miss place-based funding.

As discussed at 2.1 flexible funding means smaller organisations can respond to local community needs. DIVRS also considers that there should be support and funding for peak bodies like Community Information Support Victoria to share knowledge and resources with smaller community organisations.

Warmly



Executive Officer