



A Stronger, More Diverse and Independent Community Services Sector

Micah Projects Response to Consultation

Micah Projects is an experienced leader in community services with 28 years’ experience providing advocacy and support to some of the most vulnerable groups across Brisbane and Queensland. Micah Projects:

- provides specialist homelessness services to individuals and families;
- operates the Brisbane Domestic Violence Service supporting people experiencing domestic and family violence;
- supports young pregnant and parenting women and their families through two Young Mothers for Young Women programs;
- operates two social enterprise cafes; and
- through Lotus Support Services is the leading supporter of Forgotten Australians and care leavers in Queensland.

Micah Projects also advocates for systemic change and improvements, and is often at the forefront of innovative practice and responses to emerging need and disadvantage.

Drawing on our experience as a community services organisation funded by all three levels of government (and multiple departments) and philanthropic foundations, and as a leader and contributor to place-based responses to disadvantaged and vulnerable individuals, families and communities, Micah Projects makes the below submission to the consultation on the role of the Australian Government in supporting the community sector.

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?

To achieve a meaningful partnership that achieves outcomes for Australians, the sector and government need to have better alignment of goals and reporting that is focused on achievement of those goals. Government, and its workers, also need to improve its understanding of the sector and the work that it does.

Issues raised in this report will help build the partnership – simpler regulation, meaningful reporting, longer funding agreements and the encouragement of innovation, and then sustainably funding those things that work.

Government – sector relationship

The sector would like to state the importance of its relationship with government, including the individual contract managers with who we have frequent contact. If government can have a good understanding of the business of the sector and what we are trying to deliver under the funding programs, then we can create better policy, more responsive programs and more meaningful reporting.

Peaks should be supported to regularly engage with and host contract managers and policy and program officers to help them understand the workings of the sector and the processes required to meet reporting and compliance requirements, and experience the delivery of services on the ground.

CSOs see the relationship between the organisation and the contract manager as an important one. The regular movement of contract managers to other positions interrupts that relationship and often results in our workers frequently spending time inducting the new staff.

Another important aspect of the relationship between government and the sector is for government to place trust in the sector – despite being an organisation that has proven to deliver we still have a high level of reporting and other requirements placed upon us. Reporting and other requirements could be more risk-based so that lower risk organisations (such as those with proven track records) can have reduced requirements.

Micah Projects has a good relationship with our local PHNs and find that the PHN model works well. Through advisory groups and regular engagement, we find that they now understand our business and can advocate for best practice when they see we are delivering it. The PHNs also use the reporting information and contract management relationship to identify the organisations that can deliver on contracts and get good outcomes for participants.

Contracts

Some contracts are overly complex with a lot of reporting and other compliance requirements. In some instances, we need to employ people just to manage the administration of the contracts – taking resources away from the program itself or by using donated funds that should be used for direct service.

There can sometimes be a lack of shared language between policy and the contracts which can make it difficult to ensure we are delivering on the contracts.

Compliance, Reporting and Measurement

Most reporting to government funding agencies is outputs based which does not tell us anything about the difference that programs or services make. The work of the sector has evolved to focus on delivering outcomes for participants – about making improvements to their lives. Reporting needs to start focusing on outcomes. If we focused on shared outcomes and allowed flexibility in delivery, we would deliver better outcomes to vulnerable people.

Reporting requirements differ by program and funding agency (as well as levels of government). The sector would benefit from having standardised reporting – either through a single system or at least a single template – and that tells the difference we are making.

Across all the funded programs there would be a lot of rich data about the people we support and the communities we are working in. The sector and government would benefit from the data being collated, linked and analysed to help better understand participants and communities and changes over time.

An important component of knowing whether the sector is making a difference to the lives of participants and programs are being effectively implemented is the use of evaluation. A properly funded, comprehensive evaluation agenda would be invaluable to the work of the sector. This could include cross-departmental and organisational data linkage.

The sector also needs to meet and report against a range of quality and other standards. While they are often similar to each other, they still need to be reported or audited separately. National consistency or allowing organisations to meet just one set of standards (e.g. Queensland CSOs to meet the Queensland Human Services Quality Standards) would be beneficial to CSOs without compromising quality.

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?

Government investment in API that would allow us to share our reporting and measures to the different levels of government and their various reporting systems. This would save the impost on organisations to invest in multiple systems. An API would also allow data linkage to enable better analysis of individuals (de-identified).

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?

Micah Projects has found that the views and contributions of people with lived experience is critical to good program design and service delivery.

Face-to-face engagement with people with lived experience needs to be carefully and sensitively managed by experienced facilitators, participants need to be properly remunerated and CSOs need to be involved in attracting the harder to reach participants who would not otherwise engage. To work with people with lived experience, the facilitators need to take a trauma-informed approach and be comfortable engaging with the more complex participants.

While face-to-face engagement can be effective, there are other options for government and the sector to understand the needs of participants, including:

- Improved relationships between government (policy and program officers) and the sector. If public servants are better informed about the services being delivered on the ground and the impact on participants, the policy will be better formed.
- Mixed method evaluations that are properly funded.
- Use of the reporting and other data provided by the sector.
- Engagement of sector advocates.

It is also important to gather the views and experiences of the workers on the ground. They see the diversity of people receiving services and see firsthand how the responses work.

2. Providing grants that reflect the real cost of delivering quality services

2.1 What would adequate and flexible funding look like?

Adequate funding would include realistic funding for the range of costs faced by CSOs.

This includes full cost of employees (on-costs) and the rents, utilities and other costs associated with hosting employees on site. The level of employees is also often not sufficient (e.g. funding will cover a SCHADS 4 but a SCHADS 5 is more appropriate for the complexity of work), and this is exacerbated by the tight labour market where employees are being offered higher levels and better conditions elsewhere.

Where outreach is required, the costs of being mobile need to be factored in, such as vehicle hire and costs, multiple workers and devices.

Other costs that are often self-funded in new funding agreements due to insufficient funding include management, training and supervision, data systems, IT licenses and review and evaluation.

A range of functions expected to be undertaken by CSOs is often not funded at all, such as: efforts to improve service integration across service systems and locations; strategy and systems reform; and evaluation.

Organisations also need to be properly funded to invest in technology. The peak organisations could be engaged to assist with identifying and supporting implementation of new systems and technology, which would include:

- appropriate systems with robust cyber security functionality
- emerging technologies that would improve the operations of CSOs or to better serve participants (that is generally not affordable for most CSOs).

Flexible funding approaches that would allow CSOs to move funds between programs to meet emerging or changing needs would be welcome. If a CSO is finding a particular client group needing additional support, it should be simpler to move funds to that client group – e.g. Micah Projects is seeing increasing numbers of families in homelessness, but we are primarily funded for individuals, and our families funding is crisis focused so does not allow us to provide longer term support (which is more effective in preventing homelessness).

In addition, as participants move from one program to another within a CSO (for example, for Micah Projects a woman moving from DFV services to homelessness services) the participant has to be recorded against the different program, have different rules applied and assigned a different support worker. If funding was able to be used at a whole of organisation level, we would be able to seamlessly support the participant.

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

Micah Projects' recent experience is that both Australian and Queensland government funding agreements are not sufficiently covering the costs of delivering programs. As mentioned above, wages and associated costs, outreach, management, training and supervision, data systems, IT licenses and review and evaluation are insufficiently funded. Other costs that are increasingly high are utilities and insurance.

Other costs are not funded include:

- Management of brokerage funds – to manage brokerage, CSOs need to have strong internal controls, and manage payment systems. When brokerage could include hundreds of payments of small amounts, this is a costly function.
- Meeting standards and external audits – to manage quality and meet compliance requirements, CSOs need to employ quality officers or appoint consultants. External audits are a high and increasing cost to CSOs.

The insufficient funding amounts for new agreements are resulting in organisations relying on donations to meet the costs, or precluding smaller organisations from bidding for new agreements as they cannot meet the quality and output requirements of the agreements within the funding offered.

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

Rising operational costs are limiting CSOs' ability to fund innovations and improve staff development, resulting in CSOs using private donations to supplement our funding agreements to deliver our core services – donors expect their donations to be used to deliver additional services or fund innovation, not supplement or replace government funding.

The costs of living increases are also increasing the number of people seeking help and increasing the needs of existing participants.

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

Indexation has historically been insufficient to cover the range of increasing costs on all CSOs, and should be calculated on each cost making up service delivery. For example, sector wages, rents and utilities costs are increasing at much higher rates than general inflation.

As society has changed, so have the needs of our participants. Internet access, laptops, devices/tablets and smartphones are now important resources for adults and children. There has been no supplementation of funding to account for these new products that our participants need.

Residential rents have increased significantly which means that our brokerage needs and client rent expenses have also increased beyond indexation rates.

There has been recent confusion about the continuation of supplementation and extraordinary indexation. Any supplementation needs to be retained on an ongoing basis and indicated at the time of implementation to CSOs that it will be continued. If there is misunderstanding within the sector as to whether a payment is continuing, there is a high risk that we will lose staff.

Indexation needs to be announced earlier so that CSOs can undertake proper budget and resource planning.

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?

Government can use the huge amount of data being collected from CSOs to better understand the state of the sector and participants. The data needs to be analysed quickly and shared with the sector so we can help determine equitable distribution.

It is recommended that the Government reviews the availability of general data to the sector, such as that held by the ABS and AIHW, and it is made available at regional and local levels (including for place-based cross-program analysis). CSOs are paying these government agencies for access to data which is taking funding away from service delivery.

Peak bodies and industry associations can also provide advice and expertise on the distribution of funds. They are in constant contact with CSOs and understand changes in participants and disadvantage.

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

The pooling of funding would make reporting more streamlined, where we can just focus on delivery of total outputs and outcomes. This will also require a change in the accounting standards – there is potential to establish not-for-profit accounting standards as it is difficult to apply standards that are designed for corporate entities (e.g. leasing arrangements).

CSOs understand that the Australian and state governments will have different reporting requirements, but better alignment between reports would be advantageous.

3. Providing longer grant agreement terms

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

The sector would recommend at least five year terms for service agreements. This enables CSOs to lock in long term leases and give employees permanency. The industrial system mandates permanency for employees working for more than 12 months, so funding agreements need to recognise this and provide more certainty for employers.

Most participants that Micah Projects works with require longer term interventions. Short term agreements limit our ability to put in place comprehensive goal-oriented case plans as we can further disadvantage a participant if we have to withdraw a service due to cessation of program funding.

Longer term agreements are critically important when working with First Nations communities, where trust needs to be built over a longer period of time.

Having longer term agreements enables CSOs to properly plan and establish projects and also enables them to investigate and solve emerging issues that may arise during the agreement term. An outcomes focus with adjustments to policy settings and program design based on evidence collected throughout the agreement will provide better results for participants.

Consideration of 5 plus 5 year agreements would also assist, with the CSOs and government working together on a review after the first 5 years to ensure the agreements were meeting the needs of the local community (and changing if required). This will also mean properly funding evaluation from the start of agreements.

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?

Micah Projects would recommend a minimum of six months for notification of grant variations or extensions. This would provide more certainty for staff and participants, and sufficient time for exit processes if required, particularly for participants who would need to be transitioned to another service.

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

Service agreements need to have flexibility to enable change of services to meet emerging needs – e.g. population changes, crisis. The ability to pool funds across agreements where there are similar population groups or within the same place would assist with meeting emerging and changing needs of the target cohorts.

The availability of innovation funds would also be useful – whether as a separate seed-type fund or built into existing service agreements. If innovation funding is provided separately, then longer term funding needs to be available for implementing the innovative ideas that work.

Innovation may also be able to be achieved if agreements were less prescriptive, and if government and the sector worked together to report on innovation projects and their results (including where the innovation does not work).

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

Flexibility would be improved if acquittals focused just on the total amounts, not reporting by each expense type. To be innovative CSOs might need to employ a contractor to design software or purchase particular equipment, which might not be 'approved' expenses for the funding agreement.

Acquittal processes need to be aligned with the quarterly payment process, not as with some programs which have monthly or ad hoc reporting. All CSOs have calendar year or financial year budgets and work to quarterly internal reporting. All acquittal and reporting processes should align to quarterly periods.

Acquittals vary considerably between programs. Some programs require reporting of income, expenses (by expense type) and profit/loss, while others require reporting on unspent funds and the movement in unspent funds throughout the reporting period.

3.5 How can government improve the variation process, with consideration that CSOs must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?

It takes time to see how programs are running on the ground and whether they are making the difference to people's lives that we expect. Regular reviews and evaluation are required, including regular feedback from participants and staff.

Allowing flexibility in the agreements to enable changes to be made as identified in the review and evaluation processes would ensure quality of outcomes and value for money.

4. Ensuring grant funding flows to a greater diversity of Community Service Organisations

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

New organisations need to be sufficiently funded to cover all operating costs. Smaller organisations are not able to apply for some funding because they do not have the infrastructure in place and philanthropic funding sources to allow them to take on agreements that do not provide for all operating costs.

In addition, some funding agreements are paid in arrears. Most CSOs, and particularly new CSOs, are not able to self-fund expenses out of limited cash reserves for a full quarter before receiving the funds. Even larger and established CSOs can have difficulty with this arrangement and may rely on other funding sources (including from other government departments) to fund these programs.

Emerging organisations are well placed to design and implement innovative practices – this needs to be properly funded and a guarantee that long-term funding will be available if the innovation is proved to work. This will give these organisations the certainty to invest in quality and business systems to enable their sustainable establishment.

New and emerging organisations will also be able to attract funding by being part of a consortium of organisations. Place-based, consortia models provide better linked and more efficient and effective services for people at the local level. However, we need to be cautious that these consortium models do not result in too many intermediary organisations using up funds that should be spent on the target cohorts.

It is important that new and emerging organisations should only be funded for projects/programs that are needed and fit within the government's strategic intent. Governments should not fund an organisation just because it has been formed and has an idea – it needs to be intentionally funded to meet a community need.

To enable new and emerging organisations to form, government needs to invest in localised planning and needs-based work. This will highlight the program and service opportunities that these organisations can apply for.

4.2 What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?

Any sector capacity and capability building needs to be led by peak organisations or industry bodies who can focus on what the sector needs (this also means that peaks should not be delivering direct services).

Smaller CSOs would also benefit from the availability of standardised assessment tools that were mandated for use by all organisations. This would save on development, training and implementation costs for individual CSOs.

Smaller organisations can also be supported to better engage and attract philanthropic funds – these are often well placed to invest in innovations and be supportive of emerging organisations.

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

In any arrangements, we do not support the concept of large providers contracting out to smaller providers. Programs and services work better when they are local and place-based, not established at a national level and then filtered by a national organisation down to local providers.

Expanding and encouraging the use of consortium models would provide a way for smaller CSOs to attract funding. This will only work where there is clarity about the outcomes being sought and then determining that a consortium approach would work best. A consortium model works when there is not high demand for supports – the high demand can fragment the system further as it does not allow the consortium members to focus on the achievement of joint outcomes.

Where larger CSOs can assist is through providing policies and procedures, access to data systems and consolidated reporting to the smaller CSOs which would allow them to focus on delivering their own services and enable them to better understand the requirements of meeting government funding agreements. However, this is relying on the larger CSOs having invested their own funds into developing these documents, systems and reports.

5. Partnering with trusted community organisations with strong local links

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

Micah Projects strongly believes that responses work better when delivered at the local level. At the local level you can see the impact of your work and more easily engage with specialised services that do their job well. We work in close collaboration with local service providers to ensure quality supports are delivered to our homeless participants and those experiencing DFV.

Micah Projects Young Mothers for Young Women programs provide a hub for other organisations to deliver services. This works well for young mothers to access all the services they and their children need.

In instances where Micah Projects has partnered with a national provider, we have struggled with translating the prescriptive service delivery model to the local level. Place-based models work much better than national models, so therefore funding should be directed at local providers not via national providers.

Place-based responses must be funded properly – including for the coordination and integration functions – to provide the most benefit to participants. The improvements gained by the place-based approach will provide more benefit than the cost of coordination and integration.

Place-based responses also need to be given the flexibility to target the issues that the local community is facing, decide what supports are needed to address the issues and change to meet changing issues. This may also require changing the services involved in the place-based response.

5.2 What innovative approaches could be implemented to ensure grant funding reaches trusted community organisations with strong local links?

To identify new or unknown CSOs with strong local links, peak organisation should be able to provide the advice or conduct projects in local areas. Once identified, introducing these organisations into consortiums would enable them to attract funding and deliver needed services.

Existing CSOs who are trusted and have strong local links should be able to be identified through informed government contract managers, analysing reporting data and through evaluations. Peak organisations can also play a role here.

As collaboration and consortium building is difficult, many CSOs will need funding and other support to participate. Funding of alliances are also an effective way of bringing CSOs together and identifying their various strengths. An example of where this is working is the North Brisbane Health Alliance and the Brisbane Alliance to End Homelessness.

Models that are led by nation-wide or state-wide providers who distribute funding and prescribe service delivery models do not prove to be as effective at the local level. However, as for all programs, local providers must still provide evidence that they are meeting outcomes and delivering on the ground.

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

In general, there is not a lot of duplication due to the significant demand for services across all communities. Our experience is that, while not duplicative, participants will often come to us for assistance and then go to another organisation for any assistance they cannot get from us – for example, we may provide a family escaping DFV with 2 nights' accommodation and food, but when that runs out they get the same from another organisation. This means they are not getting coordinated and comprehensive support for all their presenting issues.

We do see in the homelessness service sector that there are a lot of food justice services which are providing crisis assistance to people. A centralised place-based approach would likely work more efficiently and effectively for this type of service.

Any duplication tends to occur between the Commonwealth and state governments who are funding like services that are not coordinated or well planned. Another source of duplication is the cross over of boundaries (e.g. electorate or departmental regions) which means that different CSOs are funded by different levels of government for the same location.

There are gaps across all the service systems we work in – mental health, alcohol and other drug, wellness and alternative health, family support, child development and occasional child care. This is in addition to the demand we cannot meet in our homelessness and DFV services. Too often, the referral of a client to another service is seen as an outcome – CSOs need to be resourced to meet the needs of clients as they are presenting.

At the CSO organisational level, there is a lack of formal and professional training available for workers, and awareness of other parts of the service system (e.g. knowledge of the aged care system) so they can better and more efficiently support participants.

The community services sector and social policy more broadly is negatively impacted by decisions in other policy areas. For example, the housing sector has suffered from a market-driven approach and a lack of planning which is now negatively impacting disadvantaged people (and more recently those on low to medium income) who now do not have access to safe and sustainable housing – this is now left

to the community sector to support. When setting strategies and policies, more attention needs to be placed on the impact on disadvantaged and vulnerable people and the sector that supports them.

5.4 Where there is a community-led change initiative, could shared accountability to community and funders (government) strengthen service delivery?

Micah Projects has had success where systems change initiatives sit alongside service delivery. The Brisbane Zero and Logan Zero projects have been successful in supporting people who are homeless by working through service delivery issues and focusing on the system issues that are preventing providers from achieving outcomes. Systems change can only be delivered if it is led by those providers that are working on the ground delivering services and seeing the experience of clients firsthand.

6. Other Comments

Labour market

The community services sector is struggling to attract and retain staff. A key problem is that we are losing staff to other sectors who can afford to pay more, and do not have the same regulations and complexity of work that our staff face.

We are also finding that there are not enough workers trained and ready-to-work in our sector. An increased focus by the education and VET sectors on training and educating people to work in our sector would help solve this issue.

Funding Sources

CSOs are increasingly relying on other funding sources outside of traditional government funding agreements. There could be a role for government to help the community sector to:

- connect with the private sector to enable the flow of funding and support under private sector corporate social responsibility commitments; and
- engage with philanthropic sources to provide funding.

This support would include assistance with effective engagement techniques, providing data and analysis on the value and impact of the sector, and how a CSO can build a 'case' for presentation with the private or philanthropic sector.

Government could also place requirements on government and associated agencies to prioritise purchases from CSOs.

Contract Management

Contract management of CSOs and their programs is a skill that needs to be trained. Contract managers need to understand and focus on outcomes, support flexibility in funding and not be drawn into micro-managing CSOs.

We have also noticed a trend towards the outsourcing of national contract management by funding national organisations who then sub-contract to local providers. This is not an effective way of managing funds in our sector as the national organisations take a cut of administrative funding and prescribe their reporting arrangements and service delivery models on local providers.

Funding and contract management at the local level using joint state/national planning, bodies such as PHNs or local systems change mechanisms gives more effective results and less loss of funding to administration.