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FOUNDATION PARTNER

Submission to DSS *A stronger more diverse and independent community sector Issues Paper*

Nexus Foundation Partner

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The Nexus Centre Foundation Partner acknowledges the Traditional Owners and their custodianship of the lands on which we operate. We pay our respects to their Ancestors and their descendants, who continue cultural and spiritual connections to Country. We recognise their valuable contributions to Australian and global society.

National Centre for Place-Based Collaboration (`Nexus Centre')

In late 2022 the Department of Social Services (DSS) engaged a `Foundation Partner' - a consortium of organisations: The Institute for Social Science Research (ISSR), The University of Queensland; Collaboration for Impact (CFI); and the Australia and New Zealand School of Government (ANZSOG) - to work collaboratively with stakeholders to design a preferred option for a National Centre for Place-Based Collaboration (`Nexus Centre'). The Nexus Centre is envisaged to be an independent, non-government entity to facilitate more inclusive and effective place-based partnerships between communities, governments, the non-government sector, business, and investors. The Nexus Foundation Partners extensive individual and collective experience working with community organisations, thought leaders and many other stakeholders together with our current engagement with communities and the broader place-based ecosystem provides a unique perspective on the questions/themes presented in the *A Stronger, More Diverse and Independent Community Sector Issues Paper.*

In this context, the Nexus Foundation Partner commends the Department of Social Services for releasing the Issues Paper. We are pleased to offer this short submission as feedback to the *Issues Paper*. In summary, the key themes, and issues we wish to highlight through our submission are:

Partnership Between Community Sector Organisations (CSOs) and Government: Our submission emphasises the importance of an <u>authorising environment for shared decision-making and investment</u> to motivate and sustain collaboration between CSOs, First Nations leadership and the government. Streamlined local governance structures, place based-agreements and investment in place-based partnerships are recommended to demonstrate the government's commitment to shared accountabilities with local communities.

Shared Vision and Objectives: Our submission highlights the need for a unified vision and clear objectives between governments and CSOs. It suggests formalising this into a comprehensive agreement, including shared accountability mechanisms, facilitated through initiatives like 'Targeting Entrenched Disadvantage'.

Involvement in Program Design: To ensure meaningful partnerships, there must be robust and long-term investment in local partnership infrastructure, allowing community stakeholders to participate in program design without being overly burdened.

Reflections on Place-Based Funding Approaches: Our submission reflects on the current funding landscape for place-based initiatives, noting its complexity and disjointed nature. It calls for funding reform to balance measurable outputs with the processes that enable broader and agreed outcomes. It also highlights the challenges of short-term funding commitments and the need for consistent reporting frameworks among funding bodies.

Legislative and Structural Changes for Shared Accountability: The practical application of shared accountability faces roadblocks due to existing legislative settings, like those imposed by the *Public Governance Performance and Accountability* (PGPA) Act. Our submission suggests that structural or legislative changes might be necessary to mainstream and scale up shared accountability.

Length of Funding Contracts and Shared Measurement and Reporting: Our submission recommends considering longer-term funding contracts and developing shared indicators for performance measurement. It also suggests streamlining reporting requirements based on the experiences of place-based initiatives.

Our more detailed responses to selected questions from the *Issues Paper* in the feedback guide, are outlined below.

Meaningful partnership

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

Through our longstanding research and engagement experience working with practitioners, researchers and thought leaders including the Nexus Centre design process, place-based partnership approaches are seen to be effective mechanisms to enable community organisations to lead and work with other sectors, the Federal and other spheres of government for change at the local level. In this context, we offer the following insights:

1. An authorising environment for shared decision making and shared investment motivates and sustains Community sector organisations (CSOs) and Government collaboration and working relationships. An authorising environment enables CSOs and communities to get involved and work with each other and Government.
2. Streamlined and aligned local governance structures ensure that the 'joining-up' of Government occurs at the scale closest to implementation.
3. Investment in place-based partnerships and local implementation, including innovations that respond to local priorities demonstrates the Government's commitment to working with CSOs and local communities.

The Nexus Foundation Partner acknowledges and supports the Government's commitment to local community driven action including place-based partnerships as a key reform approach and as highlighted through recent initiatives such as the targeting Entrenched Disadvantage Package, and the White Paper on Jobs and Opportunities (`Employment White Paper'). We offer the following complementary ideas to support a partnership between the community sector and Government for the benefit of all Australian communities.

A Shared Vision

A successful national partnership between governments and CSOs necessitates a unified vision and a clear set of objectives. Although there may be a general sense of mutual goals, it is crucial to formalise this into a comprehensive agreement, pact or strategy. This should include explicit performance indicators that support a shared accountability approach, a process that can be facilitated through the ongoing 'Targeting Entrenched Disadvantage' initiative.

Contributing to program design

For community sector organisations to form meaningful partnerships with government, service users and local communities, there must be a robust and long-term investment in local partnership

infrastructure. This partnership infrastructure such as local governance arrangements serves as a foundation for cross-sectoral engagement, enabling local community stakeholders to actively participate in program design at the local scale, without being overly burdened by the process.

Working with community organisations in 'Place'

Place-based funding approaches

Our reflections on place-based funding approaches draw on evidence gathered from many sources including research literature and ongoing engagement with community, government and philanthropic stakeholders across the place-based ecosystem. Key reflections are that the current funding landscape for place-based initiatives is intricate and disjointed, a situation exacerbated by inconsistent definitions of what qualifies as 'place-based'. This inconsistency creates a complicated environment for communities, who are the ultimate beneficiaries. Previous collaborative work, evidenced in the 2022 Stronger Places, Stronger People (SPSP) report into the alignment of frameworks and funding by members of the Foundation Partner (Lata, Reddel, Head, 2022) and the *Early Evidence of the Impact of Community-Led Change* report co-authored by SPSP Backbone teams and CFI (2022) clearly show that the complexity of funding is primarily felt by local communities.

The funding environment often places an undue emphasis on measurable outputs and outcomes, at the expense of the processes or social infrastructure that enable these outcomes to be achieved. This imbalance could be rectified through funding reform, allowing for a more effective allocation of resources. Government bodies should work in conjunction with CSOs to examine the opportunities and challenges presented by emerging alternative funding streams such as impact investing, social enterprise, and philanthropic contributions. The aim would be to create a more relational funding ecosystem that addresses the diverse needs of both funders and CSOs and is less reliant on narrowly defined outputs and reporting regimes.

One of the major challenges identified in the 2022 SPSP report was short term funding. Commitments to funding arrangements are often only short term, whereas place-based initiatives using a collective impact approach have long term goals. The gap in funding certainty can make it difficult for communities to plan and act with the requisite longer-term perspective, undermining the overall approach and potential outcomes.

Apart from not being able to achieve goals due to short-term funding commitments, managing several funding bodies and their reporting requirements adds an extra layer of burden for backbone members. Most backbone participants noted that it is very hard to manage several funding bodies and their often-different reporting requirements and that it would help if funders had a shared understanding of the purpose of their funding and more consistent reporting frameworks.

The *Public Governance, Performance and Accountability (PGPA) Act*) enacted in 2013 provides flexibility to government departments to prepare their own budgets and develop indicators to measure their outcomes. The legislation further provides opportunities to include case studies or non-financial contributions to evidence the performance of a particular agency or to explain contextual factors that might be a constraint to fulfilling their targets. Central government agencies

(Departments of Prime Minister and Cabinet, Treasury and Finance) should work with key agencies implementing place-based initiatives to explore how they can leverage the intent of the *PGPA Act* to support a joined-up approach to funding.

Length of Funding contracts

Funding agencies should revisit the Productivity Commission (2017) Report: *Introducing Competition and Informed User Choice into Human Services* in key areas – Governments as system stewards, family and community services and services in remote Indigenous communities. In particular, the recommendations that governments need to move to seven-year default funding contracts should be considered.

Shared accountability to community and funders

Roadblocks to shared accountability

While the concept of shared accountability is appealing, the practical application faces considerable roadblocks due to the limitations imposed by the *PGPA Act*. Existing attempts at establishing shared accountability often employ workarounds to navigate these legislative constraints. What may be needed, instead, is a more ambitious approach that examines whether larger-scale structural or legislative changes are essential to mainstream and scale up the notion of shared accountability.

The 2022 SPSP report highlighted that while the *PGPA Act* and associated rules and policies, are intended to support a coherent system of performance governance and accountability (not solely based on accounting and compliance logic), the reality is somewhat different. While it encouraged a wider view of medium-term goals and risk management strategies and accountabilities, each agency must determine its own approach to defining medium-term outcomes as well as taking responsibility for short-term performance. The aim was to shift accountability from purely rule based (compliance logic) to principle-based (public service logic) approaches but the effectiveness of these changes is dependent on cultural change and interpretations of the Act, its policies, and procedures (Lata, Reddel and Head 2022). This research underlines the challenges facing stakeholders arising from centralised reporting frameworks. for all Commonwealth funding Department and the sector.

Shared goals/outputs

Funding agencies should consider how the *PGPA Act* enables departmental design of outputs, and by extension the potential to work towards developing shared outcomes or goals with other departments.

Shared measurement and reporting

If funding agencies could agree on shared goals, they could develop shared indicators to measure performance. SPSP and similar place-based initiatives could assist government departments and backbones to streamline the reporting requirements based on their experience so far.

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