

# **Jesuit Social Services' Submission in response to the Department of Social Services' Issues Paper – *A stronger, more diverse and independent community sector***

## **Jesuit Social Services: Who we are and what we do**

Jesuit Social Services is a social change organisation working to build a just society where all people can live to their full potential. For 46 years we have been working with some of the most disadvantaged and marginalised members of our communities, who often experience multiple and complex challenges. We work where the need is greatest and where we have the capacity, experience and skills to make the most difference. We deliver services across Victoria as well as in Western Sydney and the Northern Territory (NT).

Research, advocacy and policy are coordinated across all program and major interest areas of Jesuit Social Services. Our advocacy is grounded in the knowledge, expertise and experiences of program staff and participants, as well as academic research and evidence. We seek to influence policies, practices, legislation and budget investment to positively influence people's lives and improve approaches to address long-term social challenges. We do this by working collaboratively with Governments, business and the community sector to build coalitions and alliances around key issues and by building strong relationships with key decision-makers and the community.

## **Our programs and advocacy**

Our services and advocacy focus on these areas:

- **Place-based approaches and ecological justice** – advocacy and research around the systemic change needed to achieve a 'just transition' towards a sustainable future, and supporting community members to lead more sustainable lives through place-based approaches to social and ecological problems.
- **Justice and crime prevention** – people involved with the justice system.
- **Education, training and employment** – people with barriers to education and sustainable employment.
- **Mental health and wellbeing** – people with multiple and complex needs including mental illness, trauma, homelessness and bereavement.
- **Gender Justice** – leadership on the reduction of violence and other harmful behaviours prevalent among boys and men, and new approaches to improve their wellbeing and keep families and communities safe.
- **Settlement and community building** – recently arrived immigrants, people seeking asylum and refugees, and communities experiencing disadvantage.

## Executive Summary

Jesuit Social Services welcomes the opportunity to respond to the Department of Social Services' Issues Paper regarding the Federal Government's election commitment for 'a stronger, more diverse and independent community sector'. Community Sector Organisations (CSOs) are an essential resource for Australia's society and economy, and an important feature of civil society.<sup>1</sup> Despite the immense value that CSOs provide for people, communities and Governments, many recurring challenges for CSOs, particularly regarding grant funding structures, have been intensifying for some time. Reform is needed to address these challenges and change the way Government works with and funds CSOs.

The recommendations in this submission are grounded in the knowledge, expertise and experiences of Jesuit Social Services' staff, as well as research and evidence. This submission's recommendations provide a framework for reform, and are also informed by consistent advocacy led by organisations in the community sector.

In this submission, we discuss the value contributed by CSOs and the critical and unique role they play in building and maintaining a strong civil society. This submission also emphasises the critical need for greater flexibility and stability in CSO's funding arrangements, ideally through the implementation of longer contracts and greater notice periods regarding funding renewal or cessation. Jesuit Social Services also advocates for a dedicated commitment from Government to fund the full cost of quality service delivery in future, including adequate consideration of administrative costs and indexation. This submission also highlights the need for greater investment in place-based initiatives in order to effectively address entrenched and systemic disadvantage. Finally, this submission discusses the role of private service providers, and stresses the importance of valuing and preferencing the community sector's expertise regarding service delivery to individuals and communities experiencing vulnerability.

Jesuit Social Services would welcome the opportunity to expand further on any of the matters raised in this submission.

## Our recommendations

Jesuit Social Services recommends that the Federal Government implement the following changes:

1. Create an ongoing commitment from Government acknowledging that research and development, service innovation and advocacy are important elements of core business, and ensure that all funding agreements reflect this.
2. Amend grant rules so that service providers are given at least six months' notice of any renewal or cessation of funding.
3. Fund the full cost of quality service delivery, including infrastructure, management and administration costs (overheads), and adopt adequate indexation that is consistent across funded organisations, published annually and that reflects the actual increase in costs incurred by funded organisations, as called for by the Australian Council of Social Service.
4. Increase the default length of contracts for the community sector to at least five and preferably seven years; and 10 years for service delivery in remote Aboriginal and Torres Strait Islander communities.

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<sup>1</sup> Social Ventures Australia & the Centre for Social Impact (2022). Paying what it takes: funding indirect costs to create long-term impact. [Weblink](#).

5. As recommended by the Australian Council of Social Service, apply further flexibility to funding arrangements, including:
  - a) By specifying outputs, outcomes and activities in contracts rather than inputs;
  - b) By permitting organisations that deliver services more efficiently to 'keep' surpluses and redirect them to service delivery rather than return them to consolidated revenue; and
  - c) By including contract provisions such that organisations faced with serious impacts from natural disasters (including pandemics) can redirect funding to meet agreed alternative services.
6. Instigate a national commitment from Government to prioritise support for place-based approaches, and to maximise positive outcomes from such initiatives by:
  - a) Providing long-term, sustainable and flexible funding
  - b) Working closely with CSOs and communities, in particular with Aboriginal and Torres Strait Islander communities, and prioritising community self-determination and local understandings of place in decision-making and policy design.
  - c) Building the capacity, strength and adaptability of communities.
7. Ensure Government decision-making is guided by the expertise and knowledge of CSOs that work with communities experiencing entrenched and place-based disadvantage.
8. Use existing research and initiatives already being led by the community sector, such as Jesuit Social Services' Dropping Off the Edge Report (DOTE), in shaping policy and determining investments to support the community sector.
9. Commit to preferencing the expertise of community sector organisations and not-for-profits for delivery of essential frontline services in areas such as homelessness, domestic violence and emergency relief and for provision of expertise and advice on social policy development and service design.
10. Where services are provided in response to the statutory intervention of the State where people's liberties are infringed such as imprisonment or child protection, these should not be provided by for-profit entities.

## Introduction

We commend the Federal Government for undertaking consultation on its election commitment to strengthen the sustainability of the community sector so that the sector can continue and expand its work to benefit and support individuals and communities in Australia.

Many of the issues discussed in this submission have been affecting the community sector for years. However, recent influences including the COVID-19 pandemic, increased inflation, the cost of living and the housing crisis have intensified some of the recurring challenges faced by CSOs.<sup>2</sup> These changes have had an impact on the ability of CSOs to adequately and effectively support people and communities, and many CSOs now report that they do not have adequate funding and resources to meet increased demand.<sup>3</sup> A survey conducted by the Centre for Social Impact in 2021 found that 80 per cent of service providers were receiving requests they felt they could not meet. Additionally, the survey found that these requests

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<sup>2</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia's community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink](#).

<sup>3</sup> Australian Government Department of Social Services (2023). Issues Paper: A stronger, more diverse and independent community sector. [Weblink](#).

were often increasingly complex and specific, and that three quarters of responding organisations reported being financially stressed.<sup>4</sup>

Although pressures have recently increased, they are not new. Limited funding, lack of resources and issues with recruitment and retention are some of the challenges that not-for-profits have been facing for decades.<sup>5</sup> The Australian Council of Social Service (ACOSS) has repeatedly found that the current Government funding arrangements place CSOs under unnecessary strain due to inadequate funding, insufficient flexibility and short funding cycles.<sup>6</sup> Many of the continued funding and contracting challenges faced by CSOs, outlined in this submission, make it harder to achieve the best outcomes for the people and communities we work with.

Jesuit Social Services commends this consultation effort in the interests of building a stronger, more sustainable community sector.

This submission discusses the following focus areas:

1. The role and definition of Community Service Organisations
2. Funding certainty
3. The full cost of funding service delivery
4. Length of contracts
5. Funding flexibility
6. Place-based initiatives and partnering with community organisations with strong local links
7. Private providers

## **1. The role and definition of Community Service Organisations**

This sector has a significant economic role. The sector employs 1.38 million people and provides 11 per cent of jobs in Australia.<sup>7</sup> A further 3.6 million volunteers – approximately one in seven Australians - help to deliver programs. The sector’s economic contribution is estimated to be \$129 billion—comprising a \$71.8 billion direct contribution, and a \$57 billion indirect contribution, that constitutes 4.8 per cent of Australia’s gross value added.<sup>8</sup>

In addition to economic significance, CSOs play a critical role in community engagement, care of vulnerable groups and promotion of social cohesion. These attributes go beyond simply providing specific services but also play an important role in building community resilience and promoting justice.

While the majority of the Issues Paper focused on the need for reform of grants and contracting for CSOs, Jesuit Social Services believes that there is insufficient attention given to building a stronger understanding and acknowledgement of the distinctive and vital role played by CSOs as part of civil

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<sup>4</sup> Centre for Social Impact (2021). Pulse of the For-purpose Sector Final Report: Wave 2. [Weblink](#).

<sup>5</sup> Chelliah, J., Boersma, M. & Klettner, A. (2016). Governance Challenges for Not-for-Profit Organisations: Empirical Evidence in Support of a Contingency Approach. *Contemporary Management Research* Vol. 12 No. 1.

<sup>6</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia’s community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink](#).

<sup>7</sup> Dillon, R., Brown, E., Carmichael, A., Radford, P., Agrawal, P. & Fletcher, B. (2021). Building from purpose: Unlocking the power of Australia’s not-for-profit sector. McKinsey & Company. [Weblink](#).

<sup>8</sup> Dillon, R., Brown, E., Carmichael, A., Radford, P., Agrawal, P. & Fletcher, B. (2021). Building from purpose: Unlocking the power of Australia’s not-for-profit sector. McKinsey & Company. [Weblink](#).

society. The value that CSOs have, for both the community and the Government, not just as service providers but also as trusted community bodies, must be reflected in shaping the future of the community sector.

However, the relationships between CSOs and Governments too often focus on narrow transactional and contract management functions. As recognised by the Productivity Commission, CSOs offer a lot more than service delivery and contribute to community wellbeing in multiple ways.<sup>9</sup> CSOs exert influence to bring about change on behalf of individuals and communities, increase community connectedness and engagement through fostering of social networks and volunteering, and invest in physical and social capital that benefits current and future generations. Jesuit Social Services believes all these functions are vital and need to be supported. CSOs should not be seen solely as service providers in the narrow sense, but also as organisations with skills, knowledge and relationships that Governments often do not have, with long-standing connections to, and engagement with, local communities and vulnerable groups.

At Jesuit Social Services our research, advocacy and civil society work are all critical to the core business of promoting the building of a just society. The cost of undertaking these key tasks is included in the corporate costs of running the organisation. These functions, however, are not generally acknowledged in funding agreements with Governments. Contract negotiations with Government Departments over individual service contracts often require corporate costs to be reduced to the absolute minimum with no acknowledgement of the need for each contract to contribute to these developmental and organisational costs.

In addition, CSOs connect to communities through philanthropy and fundraising. Ideally these resources can be invested in service innovation in areas unlikely or unable to be picked up by Government. Underfunding of CSOs by Governments can force CSOs to cross subsidise contracted activity at the expense of innovation and research generated by CSOs' engagement with the community.

Acknowledging the full role undertaken by CSOs is an important first step in ensuring funding of corporate administrative arrangements - including research and development, innovation and advocacy - are recognised as legitimate and necessary costs consistent with the agreed role of CSOs.

## **Recommendation**

1. Create an ongoing commitment from Government acknowledging that research and development, service innovation and advocacy are important elements of core business, and ensure that all funding agreements reflect this.

## **2.Funding certainty**

Government funding is important in providing certainty, and stability from Government funding allows CSOs to establish core initiatives, from which they can then trial ways to address more complex issues potentially using philanthropic support.<sup>10</sup> However, funding certainty and instability is a recurrent and

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<sup>9</sup> Productivity Commission (2010). Contribution of the Not-for-Profit Sector. [Weblink](#).

<sup>10</sup> Jesuit Social Services (2023). Submission – Productivity Commission Review of Philanthropy. [Weblink](#).

persistent challenge for CSOs. In order to provide good quality services, CSOs need greater certainty about the amount, timing and reliability of funding they receive. Uncertainty has a significant impact, for example, on effective management of staff recruitment and retention and workforce development. The 2023 Australian Community Sector Survey found that only 14 per cent of CSO leaders agreed that their funding enabled them to attract and retain high quality staff, indicating the extent of this challenge.<sup>11</sup>

Jesuit Social Services supports the observations made by ACOSS regarding funding uncertainty. Under the current Government funding arrangements, CSOs have faced funding cuts, abolition of programs, changes to program criteria and changes to grant rounds that have significantly disrupted service delivery to individuals, families and communities experiencing vulnerability and disadvantage.<sup>12</sup> As a result of these often sudden and major changes, program participants and clients can lose access to organisations and workers they trust and CSO staff members can lose their jobs.<sup>13</sup> Sudden loss of funding also impacts staffing of CSOs and can result in the loss of valuable expertise and organisational knowledge.

In order to lessen these disruptions, service providers need greater notice of the renewal or cessation of funding and adequate funding to manage the transition of services between providers and to provide training and redeployment of staff affected by major program changes. Over half of the organisations surveyed in the 2022 Australian Community Sector Survey received only 2-8 weeks' notice of renewal of Government funding contracts.<sup>14</sup> Under such short time frames it is nearly impossible for CSOs to plan for the future of programs, retain employees or provide program participants with stability. Only 5 per cent of CSO leaders reported to ACOSS that their organisation received 6 months' notice regarding funding renewal or cessation, but in future this needs to become the norm to provide for adequate certainty and stability.<sup>15</sup>

## Recommendation

2. Amend grant rules so that service providers are given at least six months' notice of any renewal or cessation of funding.

## 3. The full cost of funding service delivery

Adequacy of funding continues to be a challenge for CSOs. The 2023 Australian Community Sector Survey found that only 9 per cent of CSO leaders agreed that funding covers the full cost of service delivery, a sharp decrease from the 20 per cent who agreed with this statement in 2022.<sup>16</sup> Government funding for CSOs needs to reflect the real cost of delivering quality services. Inadequate funding decreases the ability of CSOs to meet community demand for services, maintain and develop the workforce and plan for the

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<sup>11</sup> Cortis, N. & Blaxland, M. (2023) At the precipice: Australia's community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey. Sydney: ACOSS. [Weblink](#).

<sup>12</sup> Australian Council for Social Service (ACOSS) (2019). Policy priorities for the next Australian government. [Weblink](#).

<sup>13</sup> Australian Council for Social Service (ACOSS) (2019). Policy priorities for the next Australian government. [Weblink](#).

<sup>14</sup> Cortis, N. & Blaxland, M. (2022). Carrying the costs of the crisis: Australia's community sector through the Delta outbreak. Sydney: ACOSS. [Weblink](#).

<sup>15</sup> Cortis, N. & Blaxland, M. (2022). Carrying the costs of the crisis: Australia's community sector through the Delta outbreak. Sydney: ACOSS. [Weblink](#).

<sup>16</sup> Cortis, N. & Blaxland, M. (2023) At the precipice: Australia's community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey. Sydney: ACOSS. [Weblink](#).

future.<sup>17</sup> ACOSS has observed that there has been a continual lack of commitment from Government to fund the full cost of service delivery, and in the current context, with the rising cost of living and inflation, this needs to change.<sup>18</sup>

### Treatment of Shared Costs (Overheads)

An important aspect of funding adequacy is the treatment of shared costs (indirect costs or overheads) including IT, finance, human resources, learning and development, measurement, and evaluation. The ACNC recognises that overhead costs are an essential expense for CSOs that vary across organisations and can be difficult to measure and allocate across activities.<sup>19</sup> The ACNC has stated that there is no one-size-fits-all standard method for measuring ‘reasonable’ spending on administration, as many costs cannot be easily separated into costs for direct service delivery and costs for overheads.<sup>20</sup>

Despite this, CSOs frequently face what has been described as the ‘overhead myth’ – the idea that spending on anything other than a CSO’s programs or stated objectives is wasteful, and that overheads must be kept to an absolute minimum.<sup>21</sup> An excessive focus on overheads has given rise to the ‘non-profit starvation cycle’, where the unrealistic expectations of Government or private donors over the appropriate size of overheads influences the amount and type of funding provided.<sup>22</sup>

Faced with insufficient or overly restrictive funding, CSOs respond by reducing expenditure on employment, technology and other areas necessary for their effective long-term operation or disguising overheads to reduce their apparent size. These practices can reinforce inaccurate ideas about essential overhead costs for CSOs and disrupt important programs. For example, one estimate suggests that Australian businesses spend between 1.8 and 3.6 times as much per employee than not-for-profits do in a range of essential areas such as training and information technology.<sup>23</sup>

Research by Social Ventures Australia and the Centre for Social Impact has found that CSOs in Australia are typically not funded for the full cost of what they do, resulting in less effective outcomes. Nine Australian CSOs ranging in size and areas of operation were found to have indirect costs averaging 33 per cent of total expenses (ranging from 26 per cent to 47 per cent). Yet the amount included in funding agreements for indirect costs typically ranges from zero to 20 per cent of total funding.<sup>24</sup> The 2022 Australian Community Sector Survey also found that only 14 per cent of CSO leaders said their organisation’s main funding properly recognised the cost of overheads.<sup>25</sup>

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<sup>17</sup> Cortis, N. & Blaxland, M. (2023) At the precipice: Australia’s community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey. Sydney: ACOSS. [Weblink.](#)

<sup>18</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia’s community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink.](#)

<sup>19</sup> Australian Charities and Not-for-profits Commission (ACNC) (2023). Charities and administration costs. [Weblink.](#)

<sup>20</sup> Australian Charities and Not-for-profits Commission (ACNC) (2023). Charities and administration costs. [Weblink.](#)

<sup>21</sup> Giving Guide (2023). The Overhead Myth. [Weblink.](#)

<sup>22</sup> Gregory, A.G. & Howard, D. (2009). The nonprofit starvation cycle. *Stanford Social Innovation Review*.

<sup>23</sup> Atkinson, F. (2022). “We don’t fund business as usual” – rejecting the indirect costs rejection. *F&P Fundraising and Philanthropy*. [Weblink.](#)

<sup>24</sup> Social Ventures Australia & the Centre for Social Impact (2022). Paying what it takes: funding indirect costs to create long-term impact. [Weblink.](#)

<sup>25</sup> Cortis, N. & Blaxland, M. (2022). Carrying the costs of the crisis: Australia’s community sector through the Delta outbreak. Sydney: ACOSS. [Weblink.](#)

Not only is the thinking behind the starvation cycle harmful to the viability of CSOs, there is evidence that underlying assumptions are false – that is, CSOs that spend *more* on shared costs are more effective over time.<sup>26</sup> Adequate spending on overheads is essential for maintaining the workforce of CSOs, and a high quality workforce is essential to provide high quality services. Keeping experienced and talented staff and developing human capital is likely to require higher wage and other expenditure, but this will result in better program development, implementation, and overall effectiveness.

## Indexation

Indexation of funding to maintain its real value also remains a critical issue. The additional \$560 million of funding for the sector included in last year’s Federal Budget was a welcome addition, and there have been worthwhile increases in indexation rates at both the State and Federal levels in recent years.<sup>27</sup> However, the current high level of inflation means that indexation remains inadequate to fully cover the increased cost of service provision. ACOSS recently found that only 6 per cent of surveyed community organisations agreed that the indexation arrangements for their main funding source were adequate.<sup>28</sup> Full guaranteed indexation is needed to cover increases in wages and the cost of goods and services CSOs depend on to do their work.

## Recommendation

3. Fund the full cost of quality service delivery, including infrastructure, management and administration costs (overheads), and adopt adequate indexation that is consistent across funded organisations, published annually and that reflects the actual increase in costs incurred by funded organisations, as called for by the Australian Council of Social Service.

## 4.Length of contracts

A key reform needed to strengthen the community sector and increase the quality of services is an increase in the default length of contracts. Short contracts have been the norm for CSOs for some time despite their shortcomings. Recently, the Australian Charities and Not-for-profits Commission (ACNC) found that 47 per cent of grants agreements funded through the Government’s Community Grants Hub were for only 12 months.<sup>29</sup> Such short contracts create sustainability issues for CSOs and stifle innovation.<sup>30</sup> Short contracts prevent organisations from planning for the long term, make it difficult to attract and retain adequately qualified staff and lessen the capacity of CSOs to build trust and stable relationships with the people and communities they work with.<sup>31</sup> Jesuit Social Services has also observed that administering multiple small contracts involves frequent funding applications and managing a variety

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<sup>26</sup> Giving Guide (2023). The Overhead Myth. [Weblink](#).

<sup>27</sup> Australian Council of Social Service (2022). ACOSS welcomes vital financial assistance for community services as a positive and necessary first step. [Weblink](#).

<sup>28</sup> Cortis, N. & Blaxland, M. (2023) At the precipice: Australia’s community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey. Sydney: ACOSS. [Weblink](#).

<sup>29</sup> Australian Government Department of Social Services (2023). Issues Paper: A stronger, more diverse and independent community sector. [Weblink](#).

<sup>30</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia’s community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink](#).

<sup>31</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia’s community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink](#).



of different timeframes, rules and reporting requirements. All of this reduces the efficiency of organisations and detracts from their core work.

In contrast, organisations with longer contracts such as five-year funding agreements report benefits for staff such as better job security and increases in service quality, organisational efficiency and forward planning.<sup>32</sup> The Productivity Commission recognises the need for longer funding agreements, and recommended in 2018 that default contracts be increased to seven years in length, and 10 years for service delivery in remote Aboriginal and Torres Strait Islander communities.<sup>33</sup> The Productivity Commission argued that making this change would achieve better funding continuity, lower administrative costs and allow for increased time to invest in community relationships.<sup>34</sup>

### **Recommendation**

4. Increase the default length of contracts for the community sector to at least five and preferably seven years; and 10 years for service delivery in remote Aboriginal and Torres Strait Islander communities.

## **5. Funding flexibility**

Another common problem for CSOs is rigidity of contracts. This takes a variety of forms including contracts that cannot be renegotiated to reflect changed circumstances, and conventional accounting standards that are not always relevant to agreements with CSOs, such as funding that crosses financial years.

Jesuit Social Services endorses ACOSS' recommendations for greater flexibility for funding arrangements including: specifying outputs, outcomes and activities in contracts rather than inputs; permitting organisations that deliver services more efficiently to retain surpluses and redirect them to service delivery rather than return them to consolidated revenue; and including provisions in contracts that allow organisations faced with serious impacts from natural disasters (including pandemics) to redirect funding to meet agreed alternative services.

### **Recommendation**

5. As recommended by the Australian Council of Social Service, apply further flexibility to funding arrangements, including:
  - a) By specifying outputs, outcomes and activities in contracts rather than inputs;
  - b) By permitting organisations that deliver services more efficiently to 'keep' surpluses and redirect them to service delivery rather than return them to consolidated revenue; and
  - c) By including contract provisions that organisations faced with serious impacts from natural disasters (including pandemics) can redirect funding to meet agreed alternative services.

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<sup>32</sup> Blaxland, M. & Cortis, N. (2021). Valuing Australia's community sector: Better contracting for capacity, sustainability and impact. Sydney: ACOSS. [Weblink](#).

<sup>33</sup> Australian Government Productivity Commission (2018). Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services Productivity Commission Inquiry Report. [Weblink](#).

<sup>34</sup> Australian Government Productivity Commission (2018). Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services Productivity Commission Inquiry Report. [Weblink](#).

## 6. Place-based initiatives and partnering with community organisations with strong local links

Foundational to community sector work is considering the place and context of participants that CSOs work with, and of communities they advocate alongside. CSOs hold expertise and understanding of the unique challenges and intersecting disadvantages of local communities through working with these communities on a daily basis. Our 2021 edition of our Dropping Off the Edge Report (DOTE)<sup>35</sup> study shows that certain geographical communities face disproportionate levels of disadvantage, and that this disadvantage can be multilayered and entrenched, such that higher rates of poverty, disproportionate climate change impacts, greater health problems and less access to education, employment and essential services may be coexisting and intersecting challenges.<sup>36</sup> The *Issues Paper* itself highlights the need to address entrenched disadvantage in Australia and support the sector's capacity to respond to community needs. Supporting the community sector and the local communities they work with cannot only be done through a one-size-fits-all approach, but must consider the unique, place-based disadvantages of that community.

Jesuit Social Services understands a place-based approach as “a collaborative, long-term approach to build thriving communities delivered in a defined geographic location. This approach is ideally characterised by partnering and shared design, shared stewardship, and shared accountability for outcomes and impacts”.<sup>37</sup>

Jesuit Social Services has been working alongside some of the most marginalised members of our communities for over 46 years. Place-based approaches are a core part of the work that we do, and as such we established the Centre for Just Places in 2021 to work alongside and enable resilient, inclusive and regenerative communities. Some of our place-based initiatives with local communities includes the work described in [What works for place-based approaches in Victoria?](#) and [Mobilising Climate Just and Resilient Communities in Melbourne's West: Collaborative Action Plan.](#)

Effective place-based initiatives require a genuine and long-term commitment in order to address long-term systemic disadvantages. This involves Government adopting a national approach to such initiatives that filters through all levels of Government and involves long-term, sustainable and flexible funding and resources. As discussed previously, we have observed through our own work the negative impacts of short-term and unreliable funding on participants and staff alike. Recognition that systemic change is complex, nuanced and takes time is important in order to achieve a strong and independent community sector.

It is also essential to draw from the voices of those with lived experience in decision making and co-design of policies, in particular when considering the diversity and different needs of communities. Government must work closely with CSOs and communities, including Aboriginal and Torres Strait Islander communities, ensuring that their right to self-determination is recognised and honoured. It is vital to draw from and be led by the expertise and lived experiences of Aboriginal and Torres Strait Islander

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<sup>35</sup> Tanton, R., Dare, L., Miranti, R., Vidyattama, Y., Yule, A. & McCabe, M. (2021). Dropping Off the Edge 2021: Persistent and multilayered disadvantage in Australia, Jesuit Social Services: Melbourne.

<sup>36</sup> Tanton, R., Dare, L., Miranti, R., Vidyattama, Y., Yule, A. & McCabe, M. (2021). Dropping Off the Edge 2021: Persistent and multilayered disadvantage in Australia, Jesuit Social Services: Melbourne.

<sup>37</sup> Dart, J. (2018). Place-based evaluation framework: a guide for evaluation of place-based approaches in Australia. (Commissioned by the Queensland Government Department of Communities, Disability Services and Seniors (DCDSS) and the Australian Government Department of Social Services (DSS).

communities. Further, committing to place-based initiatives requires empowering communities and building their capacity, strength and adaptability.

### Recommendations

6. Instigate a national commitment from Government to prioritise support for place-based approaches, and to maximise positive outcomes from such initiatives by:
  - a) Providing long-term, sustainable and flexible funding.
  - b) Working closely with CSOs and communities, in particular with Aboriginal and Torres Strait Islander communities, and prioritising community self-determination and local understandings of place in decision-making and policy design.
  - c) Building the capacity, strength and adaptability of communities.
7. Ensure Government decision-making is guided by the expertise and knowledge of CSOs that work with communities experiencing entrenched and place-based disadvantage.
8. Use existing research and initiatives already being led by the community sector, such as Jesuit Social Services' Dropping Off the Edge Report (DOTE), in shaping policy and determining investments to support the community sector.

### 7.Private Providers

In shaping a stronger and more sustainable future for CSOs it is important to consider the role of for-profit providers in the provision of services to vulnerable individuals and communities. For-profit providers are playing an increased role in undertaking contracts in the community service and health sectors and providing consultant services for areas such as social policy. Jesuit Social Services believes that there is a need for a more nuanced discussion about the relative roles of Government, non-profit and for-profit service provision, particularly in relation to services where the Government has statutory responsibilities. Providers driven by profit have a different motivation in delivering services which is not always consistent with the needs of vulnerable people and communities.

Jesuit Social Services has previously spoken on an aspect of this topic, having published a position paper in 2017 detailing the issues associated with increased privatisation of prisons in Victoria.<sup>38</sup> This position paper highlighted that private organisations are profit-driven and looking to increase competition within the market, making them not always well-placed to meet the requirements of population groups with complex needs, such as incarcerated people.<sup>39</sup> For that reason Jesuit Social Services recommends that services provided in response to the statutory intervention of the State where people's liberties are infringed such as imprisonment or child protection should not be provided by for-profit entities.

Jesuit Social Services holds the opinion that the Government should be preferencing the expertise of CSOs and not-for-profits for social policy advice and design and for service delivery to vulnerable people and populations. CSOs have valuable knowledge and expertise that Government should be using in delivering such services. Governments should also be referring to CSOs and their valuable knowledge when contracting for social policy development and advice. We acknowledge that there are many kinds of for-

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<sup>38</sup> Jesuit Social Services (2017). Outsourcing Community Safety: Can private prisons work for public good? Position Paper. [Weblink](#).

<sup>39</sup> Jesuit Social Services (2017). Outsourcing Community Safety: Can private prisons work for public good? Position Paper. [Weblink](#).

profit providers working to achieve public good such as social enterprises and social purpose consultancies, but caution needs to be taken to ensure that a motive is not a conflicting factor in designing and delivering services to communities and individuals experiencing vulnerability.

### **Recommendation**

9. Commit to preferencing the expertise of community sector organisations and not-for-profits for delivery of essential frontline services in areas such as homelessness, domestic violence and emergency relief and for provision of expertise and advice on social policy development and service design.
10. Where services are provided in response to the statutory intervention of the State where people's liberties are infringed such as imprisonment or child protection, these should not be provided by for-profit entities.