

SUBMISSION

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A stronger, more diverse and independent community sector

DEPARTMENT OF SOCIAL SERVICES: ISSUES PAPER

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ABOUT FRSA

As the national peak body for family and relationship services, FRSA has a critical leadership role in representing our extensive network of Member Organisations to support their interests and the children, families and communities they serve across Australia. FRSA plays a significant national role in building and analysing the knowledge and evidence base relating to child and family wellbeing, safety and resilience. We undertake research and work with government and non-government stakeholders to inform policy and shape systemic change.

Our vision

An Australia where children, families and communities are safe strong and thriving.

About our members

FRSA has 160 members, with 135 members in a direct service delivery role.¹ The range of services provided includes:

Families and Children Activity (funded by the Department of Social Services):

- Communities for Children Facilitating Partner
- Children and Parenting Support:
- Family and Relationship Services:
 - Family and Relationship Services
 - Specialised Family Violence Services
- Adult Specialist Support:
 - Find and Connect
 - Forced Adoption Support Services
- Reconnect
- Family Mental Health Support Services.

Family Relationships Service Program (funded by the Attorney-General's Department):

- Family Relationship Centres
- Family Dispute Resolution
- Family Law Counselling
- Parenting Orders Program
- Supporting Children after Separation
- Children's Contact Services
- Family Relationship Advice Line

¹ FRSA's full members deliver family and relationship services. FRSA's associate, individual and honorary members hold policy, research and professional expertise in family law, family and relationships services and related social services.



INTRODUCTION

FRSA appreciates the opportunity to contribute to this consultation. We are encouraged that the Government recognizes the integral role of the community sector in delivering services to Australian communities as well as providing a voice for those communities to feed into Government policy development.

Several reviews have been undertaken over the past decade that address questions raised in the Department's Issues Paper. We draw from our submissions to those reviews in this response. This submission is, however, informed by two contextual factors particular to the operating environment in 2023:

- The cost of living and housing crisis
- The ever-present risk of climate events and the enduring impacts for some communities of recent fires, floods and the pandemic.

Our submission is further informed by the experience and wisdom of FRSA members, many of whom have been providing services to Australian children and families, for over 60 years.

OUR FEEDBACK

Area of focus 1: Giving the sector the voice and respect it deserves through a meaningful working partnership

Engaging the sector and service users/potential service users

Service provider and peaks as well as service users should, from the outset, provide input into service planning and design. This should be the best practice standard that Government commits to into the future. Our observation is that service providers/peaks can be engaged when the process is well advanced and input or ability to influence change can be limited.

Co-design

The Issues Paper showcases co-design as an approach for community sector and service user partnership. FRSA sees benefit in using co-design in the policy design and grant lifecycle. However, as noted in the Issues Paper, "co-design is not suitable in all circumstances, particularly where a rapid response is required" (p 15.).

FRSA members have also highlighted that co-design with high-needs groups can be problematic. Singling out particular groups as vulnerable or high-need can be stigmatizing, creating immediate barriers to engagement. In addition, co-design requires a considerable investment of time and expertise. This is particularly so for high-needs groups where additional sensitivities and safety issues may need to be managed. In the main, providers are not sufficiently resourced in existing funding models to undertake this level of co-design.

It is important that all participants in a co-design process are sufficiently resourced and supported to participate and, where appropriate, remunerated for their contribution. For community sector organizations, this means building an engagement component into baseline funding so that organizations have the



requisite human as well as financial resources to respond to ad hoc calls for participation as well as engage in regular/ongoing work such as standing advisory committees.

For service users / potential service users to have an opportunity to contribute to program design it is important that they are fully enabled to participate. This means covering all costs to participate such as travel expenses and internet usage. The costs incurred may be different for different user groups. For example, parents of young children may incur childcare costs, a person with cognitive impairment may require a support person to accompany them to meetings. Support to participate must be tailored to the circumstances and needs of contributors and covered by the host department or agency upfront.

The important role of advocacy in a government-community sector partnership

Peak/advocacy bodies and the advocacy function of service providers is an integral part of a well-functioning democracy providing a space for disadvantaged/marginalized people's needs and views to be heard and for common issues to be identified and communicated to policy and decision makers. Community sector advocacy contributes an important sphere of information, experience and knowledge from the people that our political leaders have been elected to represent, which may otherwise not be available to them.

Peak/advocacy bodies also contribute to the checks and balances on parliament and executive government through public consultation and review processes, and through direct advocacy. This critical role can, however, be curtailed by:

- Legislative / regulatory reform²
- Placing limits on the advocacy activities of community sector organizations in funding contracts
- Defunding peak/advocacy bodies.

Community sector organizations are connected to the individuals, communities and organizations they serve and represent, and they are therefore well positioned to identify issues early and bring these to the Government's attention. Yet at times, this vital source of intelligence is given cursory attention by political and public sector leaders, and at other times it is systematically ignored. The Robodebt Scheme was a case in point. The Royal Commission into the Robodebt Scheme's report outlines the sustained efforts of advocacy organizations and groups to communicate problems with the scheme, including its detrimental impacts on individuals and families, flawed methodology and questionable legality, to Ministers and senior public servants.³ Their advice and complaints were routinely ignored. The impacts of the Robodebt Scheme on people issued with debts were dire and the cost to the public purse in unravelling the scheme's failings were significant.

² For example, the Morrison Government's attempt to amend the ACNC Regulations in 2021, which would have impeded the community sector's ability to advocate for its communities.

³Royal Commission into the Robodebt Scheme (2023), [Report of the Royal Commission into the Robodebt Scheme](#), Chapter 12.



FRSA acknowledges the current Government's commitment to a stronger community sector and broader not-for-profit sector.⁴ This commitment aligns with the critical role the Royal Commissioner ascribed to political leaders in circumventing another Robodebt scenario.

[W]hether a public service can be developed with sufficient robustness to ensure that something of the like of the Robodebt scheme could not occur again will depend on the will of the government of the day, because culture is set from the top down.⁵

It is our view, however, that for a meaningful working partnership with the community sector to be established, the Robodebt Scheme must not be reframed or diminished over time as the workings of a few bad apples, or of a single Government. The Royal Commission uncovered a “costly failure of public administration”,⁶ the ‘ineffectiveness of institutional checks and balances’, and a failure to give, or receive, frank and fearless advice. This failure of public administration, which included a disregard for the advice of advocacy bodies, was played out over several years, and it may take some time to reset administrative processes, practices and mindsets.⁷

In drawing attention to the Robodebt scenario we do not mean to suggest that government never listens. There are many excellent examples where government and the community sector have worked constructively and respectfully to address complex or crisis issues. The COVID-19 Pandemic is a good example, where the sector offered advice on areas of increased demand/intensity and government responded quickly and comprehensively – for example, increased investment and coordination around emergency relief, increased economic supports to vulnerable individuals and families and greater investment in mental health supports.

However, a sustained and meaningful partnership with the sector will require a commitment to, and commensurate investment in, peak and advocacy bodies – and a commitment to the advocacy role of service providers. In part, this will require ongoing reflection and action on the findings and recommendations of the Royal Commission report to enable public sector habits, cultures and processes to shift.

⁴ We note that the Government has taken other concrete actions in support of the broader not for profit and charities sector, for example, the appointment of an experienced and respected former leader in the sector, Ms Susan Woodward AM.

⁵ Royal Commission into the Robodebt Scheme (2023), [Report of the Royal Commission into the Robodebt Scheme](#), Preface, p. iii.

⁶ Royal Commission into the Robodebt Scheme (2023), [Report of the Royal Commission into the Robodebt Scheme](#), p. xxix.

⁷ The Government’s response to the Royal Commission report, released on 13 November 2023, is encouraging, with the Government agreeing to every recommendation, agreeing “in principle” where there are details that must be worked through.



A whole of government approach

FRSA's view is that improved cross-government approaches will be integral to strengthening the government's partnership with the community sector and enabling more client centred, coordinated and holistic approaches to service design and service delivery.

In 2017, FRSA undertook Research in partnership with Deakin University Centre for Social and Early Emotional Development to explore the potential for a public health approach⁸ to eight priority health and social problems, including family violence, substance abuse, obesity, mental illness, developmental injury, chronic illness, school failure and social exclusion.⁹

Many of these problems arise from common modifiable risk factors in families and child development. Poor child-parent attachment and childhood trauma, for example, present risks to child development and mental health. Structural gender inequality can present risks for future intimate relationships – such as power imbalances in decision making and domestic violence.

The strengths of the family and relationship services sector provide the potential to play a bigger prevention and early intervention role. These strengths include:

- Well-developed expertise and resources for working with a range of families
- National coverage and extensive community links
- Developing expertise in the delivery and evaluation of evidence-based family programs and evidence-informed practices
- A national service footprint
- Engagement with families across key transitions in the family life course
- Non-stigmatized services relative to tertiary services (such as child protection and corrections).

Family and relationship-based prevention and early intervention programs can address many risks that lead to health and social problems, while also building supportive relationships. Siloed government approaches limit, however, the capacity of family and relationship services (and other early intervention services) to fully realize this potential.

FRSA members report increasing client complexity and attribute this, in part, to recent (and expected future) difficult times of pandemics, bushfires/floods and cost of living pressures. Increased client complexity means the service intensity also increases massively for everyone. This ramps up all services' need-to-know and need to pass on information for timely and effective coordination and collaboration. FRSA members pointed to the ongoing need for better coordination

⁸ A public health approach refers to a “coordinated service system response to move whole populations toward healthy norms and lower risk factors while offering targeted responses to those at higher risk”. Hayes et al. (2012) cited in Toumbourou, J., Hartman, D., Field, K., Jeffery, R., Brady, J., Heaton, A., Ghayour-Minaie, M., & Heerde, J. (2017).

⁹ Toumbourou, J., Hartman, D., Field, K., Jeffery, R., Brady, J., Heaton, A., Ghayour-Minaie, M., & Heerde, J. (2017). Strengthening prevention and early intervention services for families into the future. Deakin University and FRSA.



across portfolio areas – in particular health, education, justice system and social services – and at Commonwealth, state/territory and local government levels.

Needs analysis & service mapping

FRSA has previously recommended¹⁰ that the Government, within the context of its commitment to 'measuring what matters', undertakes a comprehensive needs analysis for social services, including Family and Relationship Services, across Australia to inform future Budget development and service design. This needs analysis should take account of the longer-term impacts of the COVID-19 pandemic and changing demographics of regions to ensure an optimal match between supply and demand of social services that support the wellbeing of Australian children, adults and families. Population-based analysis should be complemented by insights from on-the-ground evidence drawn from service providers, peaks and research bodies who will have a more nuanced and in-depth understanding of particular cohorts and/or local communities.¹¹

We further recommend that the Government undertakes a service mapping exercise, which maps both Commonwealth and State/Territory funded community services across relevant portfolio areas.

Coupled with the above needs analysis, service mapping will help to identify service gaps, improve access to services and improve coordination of services.

Data Exchange (DEX) – supporting reporting and access

FRSA Members and many other community sector organizations spend considerable time and effort reporting into the Government's performance reporting system – the Data Exchange (DEX). However, how the data is used by Government is somewhat opaque, and external access to the data is limited.¹²

FRSA has long advocated for peak access to DEX data to enable analysis of deidentified aggregate data in order to understand service and client trends. At times the Department has indicated it is exploring this option but to date the matter has not been progressed. Providing peak body access to DEX data would enable peaks to contribute to policy and program design more effectively.

Supporting data reporting

Since its inception (and as reflected in its name) DEX has been promoted as a two-way partnership of information sharing between funding agencies and service providers. Yet many organizations continue to struggle with reporting into DEX and

¹⁰ FRSA (25 January 2023), Pre-Budget [Submission](#) 2023-24, pp7-8.

¹¹ As suggested in Productivity Commission (27 October 2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, No. 85, p. 249).

¹² FRSA is grateful that a data request from our contracted provider, the Centre for International Economics (the CIE), was met earlier this year. This enabled the CIE to use DEX data to underpin a [cost-benefit analysis](#) of the family and relationship services sector. We note that unlike other Government data sources such as those held by the ABS and AIHW, DSS does not have guidelines or a process in place to receive, assess and process external data requests. We hope that over time this publicly owned dataset will be made more readily accessible to the broader research and policy community.



extracting organization-level reports – particularly those who are relatively new to reporting against the Partnership Approach.

The Partnership Approach has potential for more consistently collecting and reporting on outcomes data, but more work needs to be done to ensure consistency, and also to ensure definitions and expectations are clear and meaningful. In particular, DSS should consider providing additional resources for training staff who use the Partnership Approach – understanding the data items and data fields, ensuring consistency of data entry, learning how to read reports and analyze trends, and dealing with barriers to data collection. Staff need to be educated about the importance of data and how to convey that importance to clients while still assuring them of confidentiality. Communicating the value of the data collected and how DSS will use that data is an important precondition to securing staff engagement in data collection.

Training on DEX is needed at the national and state/territory level. Training could be undertaken by a neutral organization (on behalf of, and funded by, DSS), to ensure consistent delivery. Support to service providers should be ongoing – a helpline is insufficient. Funding Arrangement Managers (FAMS) would also benefit from further training on how better to support service providers with DEX issues, as FAMS are potentially a useful link between providers and DSS, helping to understand and convey the full story of quantitative (DEX-entered) data and qualitative and contextual information. It is not uncommon for us to hear, however, that organizations are being given conflicting advice from their FAMS.

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

Adequate funding would cover the *full* costs and the *real* costs of delivering a project or program. We reflect on this further below.

Our overarching observation is that the ‘business’ relationship between government and the community sector must be reset. Government purchases services from CSOs because they have the requisite experience, expertise and community connections to deliver those services effectively. Yet the relationship is at times framed through a somewhat paternalistic lens, in which government is ‘doing CSOs a favor’ or ‘coming to their rescue’. The Operational Guidelines for the respective programs under the Department’s Families and Children’s Activity provide an example of this. They include the following clause:

The department encourages service providers to actively plan and develop strategies to ensure long-term sustainability. Providers are encouraged to explore opportunities to reduce reliance on Government support through increased inter-organisational collaboration, and by identifying supplementary sources of funding through partnerships with business and philanthropy.¹³

¹³ See for example, Department of Social Services, *Family and Relationship Services Operational [Guidelines](#)*, p. 16.



CSOs regularly collaborate with each other¹⁴ and where relevant and appropriate partner with businesses and/or seek philanthropic investment where interests align. While there is opportunity to increase and improve government, CSO, philanthropic and business collaborations this will rely on all parties being treated as equal partners who bring their respective expertise and value to the table.

It is limiting to frame government funding of CSOs as a reliance by CSOs on government. We note that the shift away from direct government service provision occurred because it was recognized that other sectors could deliver these services more effectively. As outlined in a 2017 Productivity Commission Report, “Governments were considered to be rigid in their model of service delivery, not responsive to community needs, or worse, ineffective and inefficient.”¹⁵

We see the services delivered by CSOs as critical ‘social infrastructure’ that people can draw on as and when they need to. They should be viewed as an integral aspect of society and the Government has a role to ensure that the sector is well supported, well-funded, strong and stable to continue to provide the vital services to people in the community.

FRSA recently commissioned the Centre for International Economics (the CIE) to undertake an economic evaluation of family and relationship services using cost-benefit analysis to assess the value of services. The approach taken by the CIE in this cost benefit analysis was to measure the wellbeing impacts of interventions rather than a conventional focus on avoided costs to government. This approach aligns with the Australian Government’s focus on measuring wellbeing outcomes along with traditional economic measures such as GDP, with the introduction of its ‘Measuring What Matters’ wellbeing framework.

The results of the evaluation were strong. All in-scope services provide benefits that exceed costs. In-scope services under the DSS funded Families and Children Activity, return on average \$8.67 for every dollar invested. Family law services under the Attorney-General’s Department Family Relationship Services Program return, on average, \$7.85 for every dollar invested.

In summary the following benefits are delivered:

- family functioning and age-appropriate development (valued at \$423 million for family law services and \$1.6 billion for Families and Children Activity services)
- mental health (valued at \$163 million for family law services and \$228 million for Families and Children Activity services)
- personal/family safety (valued at \$286 million for family law services and \$428 million for Families and Children Activity services)
- better outcomes for children
- reduced family breakdown
- improved capacity to work

¹⁴ Although we note that competitive tendering processes can hamper CSO collaboration.

¹⁵ Productivity Commission (27 October 2017), *Introducing Competition and Informed User Choice into Human Services: [Reforms to Human Services](#)*, No. 85, p. 62.



- community resilience.¹⁶

To help reset the relationship between government and the community sector and to assist with funding decisions, we encourage the Department (and government more broadly) to familiarize themselves with our Economic Evaluation and other sector analyses that set out the economic and social benefits of services provided by CSOs.

The government relies on CSOs to deliver essential social services and should fund those services fully. FRSA appreciates that the pot of money is limited and that difficult decisions must be made around funding allocations as the government balances its revenue and spending. These decisions should be made in the right way at the right time rather than continuing to squeeze CSOs where there are no more efficiencies to be gained.

The funding gap

There is a significant gap between Commonwealth funding for service delivery and the real costs of delivering family and relationship services and we assume this is reflected in other service areas. It is a gap that grows wider each year.

Baseline funding for Family and Relationship Services has remained the same over multiple years, in real terms.¹⁷ Since 2012-13, when indexation has been applied to programs delivered by the FRSA membership base, indexation rates have been on average approximately 1.5 per cent, generally falling short of the Consumer Price Index and Wage Price Index rates.

An independent report commissioned by FRSA in 2020 showed that while funding has remained relatively static, the costs of delivering services increased over 2011-12 to 2018-19 (the eight-year period under analysis). Efficiency investments by FRSA members have ensured that the sector has been able to maintain client numbers in the face of funding pressures and cost pressures. Analysis across the key cost categories of wage and occupancy costs against output measures of cost per client shows that while cost indexes have increased significantly, a rebalancing of the cost base within the sector has allowed for the index of cost per client to rise minimally. The report concluded that the Family and Relationship Services sector is at, or close to, the efficiency frontier. That is, there is limited, if any, scope for further efficiencies.¹⁸

As discussed below, adequate funding would meet the real costs of service delivery with indexation applied annually that fully reflects CSO cost increases.

¹⁶ The Centre for International Economics (September 2023), Family and Relationship Services Economic Evaluation: Using cost-benefit analysis to assess the value of services – [Final Report](#), p 5.

¹⁷ The exception to this is the supplementation funding provided under the Government's October 2022 Budget measure, Support for Community Sector Organisations, which has been rolled into baseline funding for the last 3 years of the 4 year measure for Attorney-General's Department funded family law services.

¹⁸ The CIE (24 March 2020), Expiry of the Social and Community Services Pay Equity Special Account – Implications for family and relationship services: [Final report](#).



Flexibility in funding

FRSA considers that greater flexibility in funding is required. This is particularly important in our current context, which is marked by international instability, cost of living and housing pressures and periodic climate related disaster events.

The COVID-19 pandemic highlighted for our sector the limits that prescriptive funding places on CSO's capacity to respond flexibly to client/community needs in times of crisis. As lock downs and social distancing requirements were introduced, some services in some locations were briefly suspended, yet funding for these services could not be redirected to other more immediate needs. One example provided by an FRSA member was an identified need in their local low socio-economic community for access to technological devices to support children undertaking school from home. Greater funding flexibility would have enabled the provider to coordinate timely access to highly subsidized devices. While this was a different service offering to that outlined in the funding guidelines, within the pandemic context it was the best service offering to achieve the broad outcome of supporting children and families.

Our view is that greater flexibility should be built into all funding agreements to enable CSOs to respond flexibly in times of crisis, while remaining aligned to broad program outcomes.

Client complexity/intensity

FRSA Members deliver universal, early intervention services. However, as noted earlier, Members report increasing client complexity with clients presenting in need of a range of supports (for family violence, alcohol and other drugs, housing and financial insecurity and so on). As one Member observed, "there is no longer a simple client". What this means from a practical and practice perspective is that services are increasingly taking on a case management (and sometimes crisis management) role, linking clients in with other supports and/or providing 'holding' support until a space opens in a more appropriate service. For example:

- Members delivering Family Mental Health Support Services are increasingly spending time case managing and providing holding support to clients requiring a clinical intervention.
- Members delivering Children and Parenting Support Services have described a need to support families to navigate access to disability services.

These kinds of issues are being experienced across the full suite of family and relationship services. We have two suggestions in response to this trend:

- That funding specifically includes a case management component and funder expectations match the reality of the operating environment (for example, recognize that as client intensity increases, so too does service intensity meaning providers may be spending more time with each client and therefore servicing less clients).



That further consideration be given to brokerage funding for both early intervention and crisis services, noting that people in crisis are presenting more and more for early intervention supports. Whilst acknowledging this can be an uncomfortable position for Government given that decisions regarding expenditure need to be entrusted to the funded entity/service to make the right decisions, this should be explored further if we are indeed going to look at ways to reset the relationships between funders and service providers.

If service delivery is to be truly person-centred and focused on client outcomes, it is important that service providers can meet clients where they are at. Sometimes this means pushing the boundaries of grant guidelines in order to respond adequately to client needs.

Genuinely person centred and outcomes focused service delivery requires a mindset adjustment from a preoccupation with cost shifting and remit (for example between Commonwealth and state governments) to embracing areas of overlap as a necessary part of meeting client needs.

Funding that covers indirect as well as direct costs

A 2022 report¹⁹ by Social Ventures Australia and the Centre for Social Impact describes a system in which funders (both philanthropic and government) only fund a percentage of indirect costs and not-for-profits under-report their indirect costs to remain competitive: “This is called the ‘non-profit starvation cycle’, which starts with funders’ inaccurate expectations of the true costs needed to run not-for-profits. These expectations lead not-for-profits to underreport their costs to funders.”²⁰ In other words, funders and recipients are locked in a cycle where the real indirect costs of service delivery are not being fully articulated or funded by the contracting party.

The report further found that the indirect and shared costs commonly excluded by funders were:

- Business development
- Services establishment
- Research, service design, and policy and advocacy
- Governance and risk management
- Media and communications
- Decommissioning or exit costs.²¹

This resonates with the experience of FRSA Members; however we would add to the list, community engagement. Engaging with ‘community’ – perceived in broad terms as other service providers and businesses in that community as well as individuals and families and/or particular cohorts – is a key part of a CSO’s work. It is only through community engagement and being embedded in the community

¹⁹ 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.

²⁰ Social Ventures Australia, [webpage](#).

²¹ 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, p. 23.



that a CSO can understand the nuances and the needs of the people it works with and ensure that services are continuing to meet changing needs. Yet community engagement is rarely identified in funding guidelines as an eligible expense.

The benefits of community engagement include:

- increased service visibility in the community – more self-referral and help seeking
- improved and more holistic service delivery including better understanding of the needs of specific groups (including improved cultural competence)
- wider referral circles, more cooperation between services and reduced duplication of services
- improved outcomes for clients due to a better coverage of community need
- enhanced coordination between the community sector, state, local and federal governments.²²

We further note that FRSA Members have emphasized the need for funding to fully cover:

- Training needs
- Innovation
- Data capture, research and evaluation.

Social Ventures Australia and the Centre for Social Impact conclude that “not-for-profits and funders must create a common language and understanding around indirect costs.”²³ Of course, in part this consultation is seeking to do that. Given the cycle that funders and CSOs are locked in, and the power imbalance that exists between funders and CSOs, we speculate that individual CSOs will be reluctant to share this kind of commercial information in a public submission context. We recommend that the Department holds some kind of ‘Chatham House Rules’ process to understand at a granular level actual indirect costs.

Rising costs

In general, costs related to service planning and implementation, maintaining and skilling an effective workforce, engaging with existing and potential partners and stakeholders, updating technology and infrastructure and fulfilling all compliance obligations continue to increase.

However, recent significant cost pressures are particularly concerning. Rising energy costs impact all our Members, and transport and travel costs feature strongly in the delivery of Family and relationship services – especially for organizations servicing regional and rural locations. There is a disproportionate impact on their operating costs given the significant increase in costs relating to these outputs. We further note the rising cost of insurance and the costs associated with cybersecurity, protecting against the ever-present risk and growing occurrence of cyber-attacks.

²² FRSA (July 2012), *Community Engagement in Post-Separation Services: An Exploratory Study*, p. 18.

²³ 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, p. 44.



These cost pressures have been compounded by the increase to minimum and award wages through the Fair Work Commission's (FWC) Annual Wage Review, which came into effect on 1 July 2022. As a sector employing up to 5,500 employees under the Social, Community, Home Care and Disability (SCHADS) award we welcomed the FWC's decision. The 0.5% increase to the Superannuation Guarantee, which also came into effect on 1 July 2022, was yet another cost that employers had to meet but which had not been factored into funding.²⁴

The Government's subsequent October 2022 Budget measure, Support for Community Sector Organizations, which provides \$560 million over four years to help meet staff wage pressures and higher inflation outcomes, was therefore greatly welcomed.

These increased costs are not going to diminish or disappear at the end of four years, however. The sector needs certainty beyond this point.

Supplementation

As noted above, FRSA welcomed the four-year funding supplementation to help meet the wage increase and other rising costs. It was a substantial injection of funding but unfortunately does not cover the full costs across the board.²⁵

FRSA's firm view is that where decisions are taken or supported by government that will impact the cost of doing business with the community sector, government should factor these costs into future funding as a matter of course and ensure that the increase is committed well in advance of changes taking effect and paid upfront and not retrospectively.

At the same time the community service sector was advocating for funding to meet the cost of the 2022-23 wage increases, some CSOs were already having to consider options to rationalize services. This should not have to happen. The superannuation guarantee provides another case in point. The superannuation guarantee has been legislated to rise incrementally each year until it reaches 12% in 2025. It is therefore difficult to understand why this is not built into funding estimates (or if it is, why this is not transparent to funding recipients and the general public).

Indexation

FRSA understands that the indexation framework is intended to provide a consistent basis for determining indexation arrangements and we do note the recent decision as announced in the 2023-24 Budget, to make the wage component growth in the ABS Wage Price Index.

²⁴ We note that for our sector, approximately 85 percent of Commonwealth funding goes to salary costs (including oncosts).

²⁵ For example, Family Law Services which are funded by the Attorney-General's Department, were given a 4.71% increase in 2022-23, which was a combination of supplementation and indexation, falling short of wage, superannuation and other costs increases.



Notwithstanding this change, our view is that the current approach to indexation is flawed, and we recommend that the Federal Government reviews the method of determining and applying indexation to community services. The review would consider, in part:

- The relevance of the Consumer Price Index (CPI) and Wage Price Index (WPI) to indexation for CSOs – that is, how well do they serve as proxies for changes in CSO costs?²⁶
- State/territory approaches to indexation
- Other alternate methodologies.

The Department of Finance has confirmed that indexation does not seek to fully compensate for price and wage movements, to encourage efficiency and productivity improvements. We reiterate our view that the full costs of service delivery should be funded. As noted earlier, the family and relationship services sector is at, or close to the efficiency frontier and the capacity to withstand further *under-funding* is limited.

Our sector continues to experience frustration with the lack of transparency around decisions underpinning the allocation and rate of indexation applied to different programs. While the high-level indexation arrangements as determined by the Department of Finance are clear, there is limited transparency at the administering department level.

We further note that timeliness in advising indexation decisions would assist in organizational planning. Indexation payments should be made at the start of the financial year or with each grant payment instalment, unless 'legally binding advice' can be provided about the amount and timing of indexation.

Determining where funds are needed

As discussed earlier, the critical first step in determining where funds are needed most is to undertake a comprehensive needs analysis as well as undertaking service mapping. CSOs have a good understanding of the needs of their local communities and are connected into other local services and supports. What is needed to ensure the responsive distribution of (inevitably limited) funds is a helicopter view of service needs that is informed by this local understanding.

Area of focus 3: Providing longer grant agreement terms

Length of Agreements

FRSA supports the recommendation made by the Productivity Commission in 2017 that default contract lengths for family and community services be set at seven years to allow for establishment of operations and continuity of services.²⁷ We further support the Productivity Commission's recommendation that default

²⁶ See for example, the work of David Gilchrist and Clare Feenan, University of Western Australia.

²⁷ Productivity Commission (27 October 2017), *Introducing Competition and Informed User Choice into Human Services: [Reforms to Human Services](#)*, No. 85, p. 48.



contract lengths for human services in remote Indigenous communities be increased. The Commission recommended ten years.²⁸ We defer to our First Nations' sector colleagues to identify the default length that would fully enable the establishment of operations and continuity of service delivery.

It is important to note that the longer the contract, the more critical it is that annual indexation adequately reflects increased costs of service delivery.

Notification of variations/extensions

FRSA's understanding is that the Department has internal guidelines stipulating that the Department must provide final outcomes on grant variations/extensions at least six months before the current grant ceases. Our experience is that this timeframe is infrequently met.

In circumstances where a minimum of six months' notice of a grant ceasing is unable to be met by the Department, a 12-month contract extension should be provided by default.

Communities for Children Facilitating Partners program – case study

The Communities for Children Facilitating Partners (CfC FPs) program is a place-based model of investment supporting children and families in 52 disadvantaged communities across Australia. CfC FPs fund other organizations (known as Community Partners) to provide services targeted to their local community. This means that CfC FPs enter into a sub-contracting arrangement with their community partners.

Funding for the CfC FP program was due to expire on 30 June 2021. A letter of Intent and links to draft agreements were only provided to CfC FPs on 26 March 2021. The Grants Hub provided grant agreements for signature from the end of April 2021. CfC FPs could not provide certainty to their Community Partners until agreements were signed. Many Community Partners are small organizations with limited options to retain staff (i.e. by moving them onto other programs/projects) if a contract falls through.

Late notification of grant extensions/cessations invariably results in staff losses (ultimately impacting clients as service is disrupted). In cases involving sub-contracting arrangements such as the Communities for Children Facilitating Partners program in the case study above, the impacts are pronounced.

Area of focus 4: Ensuring grant funding flows to a greater diversity of CSOs

FRSA has long recognized the need for a flow of funding to a diversity of CSOs. Smaller and niche or bespoke services play a critical role in the overall system of support for children and families – especially the most vulnerable people whose needs may not be readily met by mainstream services.

²⁸ P. 49.



The Productivity Commission's comprehensive inquiry into the not-for-profit sector concluded that "Smaller community-based bodies can play an especially important role in generating community connections and strengthening civil society...(and) mergers and growth can detract from valued processes, particularly in smaller organizations."²⁹

FRSA's membership covers a range of organizations which vary in terms of breadth of service delivery, geographical reach and specialization. Some organizations are large and multi-faceted; others are small and focused on specific client groups, service types, locations or expertise. The diversity and intersection of service types and approaches is critical for a healthy service system because it increases the sector's ability to both reflect and respond to the diversity of client needs and experiences.

Because of their close and often long-standing connections with the local community, small organizations may be better equipped to build and maintain relationships of trust with the most vulnerable people who feel excluded from mainstream life and can help to connect them with other services to ensure support is holistic. Essentially, small services have a key role in removing access barriers faced by vulnerable groups.³⁰ We note, however, that some people prefer the anonymity of attending a larger mainstream organization where familial, social and cultural ties are at a distance. Maintaining a mix of organizations and building cultural competency and understanding of different communities and cohorts within mainstream organizations is therefore important.

We believe that there needs to be a level playing field for small, medium and large organizations to apply for tender. In provider selection processes, FRSA acknowledges that small organizations are often (although not always) unable to invest in tender writing as compared to larger organizations. Large and medium providers can often more readily achieve economies of scale and scope than small organizations that make them more able to dedicate resources to apply for funding and to invest in service improvement.

Smaller organizations must be given a fair go in selection processes, with government needing to identify how to not prioritize well written tenders above organizations that have demonstrated ability via robust evidence (e.g. quality evaluations) to meet client needs in their locality. We recommend that the Department consults further with the sector about what other measures might be able to demonstrate service aptitude and excellence – but in different ways.

In part, a fair go may require a reassessment by funders of where they place value in the tender process. For example, SNAICC has argued that funders do not place sufficient value on the strengths of ACCOs such as the significance of cultural connection and community relationships.³¹ Other research has found that funders

²⁹ Productivity Commission (27 October 2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, No. 85, pp pages xxix, 21, 25.

³⁰ For example, for culturally and linguistically diverse, First Nations and LGBTIQ+ communities.

³¹ SNAICC (2003), *Stronger ACCOs, Stronger Families: Final Report*, p. 9.



place too much value on low indirect or overhead costs, yet lower indirect costs do not necessarily mean more effective or efficient service delivery.³²

We have anecdotal reports from our sector that an agency may win a tender but then needs to sub-contract out to another smaller service provider who are better placed to deliver the required services. In some cases, the cost of working with smaller, more niche and specialized organizations will in fact carry a higher cost. Therefore, lowest cost must not be the key objective in a contestable market.

This said, the benefits of large organization should be recognized when appropriate. Large organizations can often have a large amount of diversity and skills as they can support specialist staff. Quality, contextual assessment of both large, medium and small organizations is needed, to ensure that regardless of the size all service providers have infrastructure, supervision and professional development for staff, research capacity and reporting systems.

Area of focus 5: Partnering with trusted community organizations with strong local links

FRSA recognizes the value of place-based initiatives in communities experiencing entrenched disadvantage. We reflect on the DSS-funded Communities for Children Facilitating Partners initiative below, which is a successful example of a place-based program.

The principal point we wish to emphasize here is that investment in targeting entrenched disadvantage must be matched by ongoing investment in preventing disadvantage and investment in early interventions that support individuals and families to resolve or manage problems before they escalate.

The Issues Paper notes that “There are record levels of demand for support, particularly in relation to crisis and food relief, housing, homelessness, and domestic and family violence” (p. 7.). This certainly reflects the experience of FRSA members who regularly tell us that clients are increasingly presenting for family and relationships services while also experiencing housing and income stress. In many cases, financial and housing stress is itself placing pressure on families and relationships, generating family conflict and breakdown. When basic needs are not met, the flow on effects can be profound, resulting in multiple health and social problems and a consequent increased need for social and health supports.

Accordingly, we consider it critical that place-based initiatives are complemented by:

- systemic changes that lift Australians out of poverty, specifically:
 - raising the rate of income support payments³³
 - further investing in affordable housing solutions

³² 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, p. 3.

³³ ACOSS currently [recommends](#) to at least \$78 per day



- ongoing and increased investment in universal early intervention services that seek to support people early before problems take hold and compound.

Prevention and early intervention

As reflected on earlier, there is strong evidence which shows that a public health approach³⁴ that focuses on prevention and early intervention to address health and social problems can deliver economic benefits as well as social and health outcomes.³⁵ We certainly consider that the success of the Department's Families and Child Activity, which is delivered by FRSA members, comes from its emphasis on prevention and early intervention.

The universality of prevention and early intervention services means they tend to be stigma-free, i.e. people are more likely to get help early if they are not labelled as needing help at a level different to that of the general population, and more likely to optimize opportunities for building relationships of trust so that support can be provided early enough to prevent high risk behaviour such as abuse and neglect (and thereby obviate the need for more complex, intensive and potentially costly interventions).

As discussed earlier, the recently commissioned economic evaluation of universal family and relationships services found that for every dollar of government funding allocated to Family Law Services and family and relationship support services, there is a return on investment ranging from \$7.85 to \$8.67. Services lead to significant improvements in family functioning, mental health, well-being, personal and family safety, age-appropriate development, and community participation, and divert individuals from more expensive tertiary service systems.³⁶

Place based approaches

FRSA agrees that there is a role for place-based initiatives to try and address the geographic concentrations of disadvantage by addressing social problems in more joined up and community-led ways.

FRSA Members currently deliver the place-based program, Communities for Children Facilitating Partner. This program is described on the Department's [website](#) as follows:

the Communities for Children Facilitating Partner (CfC FP) program is a place-based model of investment supporting children and families in 52 disadvantaged communities across Australia.

³⁴ A public health approach refers to a “coordinated service system response to move whole populations toward healthy norms and lower risk factors while offering targeted responses to those at higher risk”. Hayes et al. (2012) cited in Toumbourou, J., Hartman, D., Field, K., Jeffery, R., Brady, J., Heaton, A., Ghayour-Minaie, M., & Heerde, J. (2017).

³⁵ Toumbourou, J., Hartman, D., Field, K., Jeffery, R., Brady, J., Heaton, A., Ghayour-Minaie, M., & Heerde, J. (2017). *Strengthening prevention and early intervention services for families into the future*. Deakin University and FRSA, p. 16-17.

³⁶ The Centre for International Economics (September 2023), Family and Relationship Services Economic Evaluation: Using cost-benefit analysis to assess the value of services – [Final Report](#).



The CfC FP program facilitates a whole-of-community approach to support early childhood development and wellbeing with a focus on children from birth to 12 years, and can include children up to 18 years and their families.

In each of the 52 communities, a Facilitating Partner (FP) organisation works with other organisations in the community called Community Partners (CPs) to provide services targeted to their community.

CfC services are designed to bring about positive family functioning, safety and child development outcomes. By engaging the community in identifying community needs the idea is that services will be better targeted to local needs and the coordination of broader services within a geographic region improved. In this way, benefits are felt across the community and not only for those who actually use CfC-funded services.

CfC FP was initially funded in 2004-05 and since this time has been expanded and reformed. Initially the program was rolled out across 45 sites and the focus was on birth to five years. There are now 52 sites, and the program focuses on children from birth to 12 years and can include children up to 18 years of age.

On 1 July 2014 the following reforms were introduced:

- the requirement that at least 30 per cent of CfC FP funding allocated to direct service delivery be of evidence-based programs by 1 July 2016 with this requirement to increase to 50 per cent from 1 July 2017
- the requirement that Facilitating Partners are to play a facilitation and strategic role instead of direct service delivery and to sub-contract all direct service delivery to Community Partners except if suitable Community Partners are not available
- the requirement that CfC Committees have a broad and diverse membership, including clients, parents, caregivers, local business and a wide range of local service providers
- inclusion of an additional objective of supporting school transition and engagement as part of the CfC FP
- an increased focus on sub-contracting of Community Partners, including red-tape reduction and transparency in decisions about commissioning services.³⁷

Since 2014, further reforms have increased emphasis on the cultural competency and achievement of Closing the Gap priority reforms as captured in the program operational guidelines, which include principles for program design and delivery.³⁸ FRSA's recently commissioned economic evaluation, which was undertaken by the Centre for International Economics (the CIE), found an exceptionally high benefit-

³⁷ ACIL Allen Consulting (21 October 2016), Part I: Communities for Children Facilitating Partner Program: Post implementation [review](#), p. ii.

³⁸ The Centre for International Economics (September 2023), Family and Relationship Services Economic Evaluation: Using cost-benefit analysis to assess the value of services, p. 58.



cost ratio for CfC FP of 16.38 and a high benefit-cost ration of all in-scope Families and Children Activity services of 8.67.³⁹

The largest benefit category across all in-scope Families and Children Activity services, including CfC FP is age-appropriate development, with community participation and networks, mental health and wellbeing and safety having significantly smaller but still material contributions.⁴⁰

As observed by FRSA Members delivering CfC FP and outlined in the literature, the kinds of changes that place-based programs are expected to generate can take some time and it is important that government expectations match this long game.⁴¹ Further investment in place-based initiatives must be treated as a long-term strategy.

Other comments

The Issues Paper introductory section notes that CSOs are experiencing “changes to the sector, including workforce shortages and reductions in volunteerism” (p. 7), however workforce matters are not explicitly addressed further in the paper.

FRSA members located in, and servicing, regional and rural/remote areas have reported for some time difficulty in recruiting appropriately qualified social workers, psychologists, counsellors and mediators. This was compounded during the pandemic with scope to recruit from elsewhere – particularly other states – limited by pandemic restrictions, including border closures. The shortage of affordable housing also continues to impact recruitment. More recently, members have started to report recruitment challenges in major city locations. This suggests, unsurprisingly, that as demand for appropriately skilled professionals such as psychologists grows, so do wages. With relatively static funding and increased costs (discussed earlier), it is difficult for our members to attract suitably qualified professionals when government and private sector can afford to pay those professionals higher wages. The relatively substantial award wage increase, which came into effect on 1 July 2022, has helped, but the starting point is low and individual workers continue to ‘subsidize’ services delivered by CSOs on behalf of government through lower wages. Workforce development in this sector is needed.

Our final reflection relates to volunteerism. We know that some CSOs rely on volunteers to deliver important services. We also appreciate the benefits and value of volunteering – for volunteers themselves and for the communities they serve. Not all social services lend themselves readily to volunteering, however. This is the case

³⁹ As noted in the report, clients may receive multiple services and referrals to other programs are a key part of service delivery. Given this issue, the relative cost-benefit ratios for specific programs should be interpreted cautiously and with the interdependence of multiple programs in mind.

⁴⁰ The Centre for International Economics (September 2023), Family and Relationship Services Economic Evaluation: Using cost-benefit analysis to assess the value of services, p. 93.

⁴¹ The CIE noted this difficulty in their economic evaluation undertaken for FRSA. Fortunately, the CIE was able to draw from longitudinal data.



for the family and relationship services sector which relies predominantly on a highly skilled workforce, who are working with often vulnerable and complex clients. Some family and relationship services may be enhanced by pro bono professional services such as family lawyers providing pro bono legal assistance for family dispute resolution. The professional expertise brought to the service is key to enhanced service delivery. This is one example of a skill set that cannot be developed in a short volunteer training course.

FRSA respects the Government's efforts to increase volunteering as a means of improving social connection and engagement. We acknowledge the vital role that volunteers play across the CSO sector. Our firm view is, however, that the Government should focus on supporting (and properly funding) an appropriately skilled workforce to meet the needs of Australian children, adults, families and communities and in doing this, recognize that a skilled, qualified and paid workforce is often what it will take.

Conclusion

FRSA would be happy to discuss with the Department any aspects of this submission that may benefit from further explanation.