# Response to the Australian Government Issues Paper
# A stronger, more diverse and independent community sector

**November 2023**

**WAAMH**

**Western Australian Association for Mental Health**

# Acknowledgement of Country and People with Lived Experience

The Western Australian Association for Mental Health (WAAMH) acknowledges the traditional custodians of country on which this submission was developed, the Whadjuk people of the Noongar Nation. We acknowledge their continuing and unbroken connection to land, sea and community. We pay our respect to their culture and their Elders, past and present and emerging and acknowledge their ongoing contribution to WA society and the community.

WAAMH also acknowledges the individual and collective expertise of people with a living or lived experience of mental health, alcohol and other drug issues, and the families and carers who provide support and have a lived/living experience.

# About WAAMH

The Western Australian Association for Mental Health (WAAMH) is the peak body for the community managed (non-government) mental health sector in Western Australia, with more than 80 organisational and over 100 individual members across metropolitan and regional WA. WAAMH has been engaged in the mental health sector for more than 50 years.

WAAMH's membership comprises community managed organisations providing mental health services, programs or supports, as well as individuals and families with lived experience of mental health issues and suicide, with whom WAAMH engages in genuine partnership. Community-managed organisations provide a critical network of services that support people affected by mental ill-health and their families and help them live valued lives in their community.

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## Overview and Summary

The Western Australian Association for Mental health (WAAMH) welcomes the opportunity to provide feedback and comment on the Department of Social Services (DSS) Issues Paper on the ways in which the Commonwealth Government can support the community service organisations.

We argue that fundamental change is needed in the funding and commissioning of community services. WAAMH's view is that there is an urgent need to develop new funding and commissioning models to address problems created by current approaches, many of which are highlighted in the Issues paper.

We describe models that have been developed and implemented in a variety of community service settings in Australia and overseas and which are supported by a strong evidence base. These models can be applied to grant funding, as well as contracting and procurement approaches.

## New funding and commissioning models and approaches are needed.

After nearly three decades of funding and procurement approaches, such as contracting, competitive tendering, individualised funding and procurement, there is mounting evidence that these processes are outdated and ineffective.[1]

Much of the funding, procurement, contracting and tendering of community services is based on a competitive model that has produced overly complicated processes. These processes make it harder for non-government organisations (NGOs) to deliver effective quality services and largely excludes people with lived and living experience for whom the services are designed.[2]

To create a stronger more diverse and independent community sector there is a need to develop new approaches and models for the funding and commissioning of community services.[3]

A range of places in Australia and globally are developing new approaches to funding and commissioning of community services (and mental health services).

A report by Northumbria University *A Whole New World: Funding and Commissioning into Complexity*[4] and other papers and reports,[5] provide a vision for a new way to commission and fund community services, and endorses a localised, systems-based approach to commissioning.

The report demonstrates the importance of funding and commissioning decisions being taken at the right level to meet the need for flexibility within complex systems and to deal with the "knottiness of

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[1] See for example Considine, M (2022) *The Careless State: Reforming Australia's Social Services*, Melbourne University Press: Meagher, G., Stebbing, A & Perche, D (2022) *Designing Social Service Markets: Risk Regulation and Rent Seeking*, ANU Press, Canberra; Lee, M., (2023) *Lifeboat: Disability, Humanity and the NDIS*, Quarterly Essay, Issue 91, 2023; Cahill, D & Toner. P (2018) *Wrong Way: How Privatisation and economic reform backfired*, Latrobe University Press Melbourne: Meagher, G & Goodwin, S (2015) *Markets, Rights and Power in Australian Social Policy*, Sydney University Press, Sydney: King, D & Meagher, G (2009) *Paid Care in Australia: Politics, profits, practices*, Sydney University Press, Sydney; O'Sullivan, S., McGann, M., & Considine, M (2022) Buying and Selling the Poor: Inside Australia's Privatised welfare-to-work market Sydney University Press.

[2] Ibid

[3] Hawkins, M., Plimmer, D., Cox, J., & Terry, V (2021) Funding and Commissioning in Complexity in *Human Learning Systems: Public Services for the Real World*, Collaborate, Centre for Public Impact, Northumbria University, Institute for Voluntary Action Research, Easier Inc and ThemPra Social Pedagogy.

[4] Knight, A.D., Lowe, T., Brossard, M., Wilson, J. (2017) A Whole New World: Funding and Commissioning into Complexity. Newcastle University: Newcastle, UK. https://collaboratecic.com/insights-and-resources/a-whole-new-world-funding-and-commissioning-in-complexity/

[5] Lowe, T., & Plimmer, D., (2019) *Exploring the New World: Practical Insights for funding, commissioning and managing in complexity*, Collaborate for Change Northumbria University and the The Community Fund and the Tudor trust,, London 2019; Lowe, T, French, M., Hawkins, M., Hesselgreaves, H & Wilson, R (2021) New development; Responding to complexity in public services- the human learning systems approach, *Public Money & Management*, 41:7: 573-576; Wallace, G (2021) Whole systems for whole people, Plymouth City Council; Lowe, T et al., (2022*) Human Learning Systems: A practical guide for the curious*, Centre for Public Impact, Healthcare Improvement Scotland, which is published as  an e-book .

the world" – recommending a shift away from centralised decision making and rules-based compliance towards a focus on the quality of relationships, power sharing and devolved commissioning to providers, alliances, communities, and individuals.[6]

The report calls for more equitable relationships between funders and communities, which value learning and improving, rather than proving; asking what matters, not what is the matter, and putting people in the lead, instead of prescribing the solution.

The paper notes:

> *"Outcomes are created by people's interaction with whole systems, not by interventions and organisations. Funders and commissioners working in this way take responsibility for the health of the system, because healthy systems produce better outcomes. They take a system coordination role. They invest in network infrastructure which enables actors in the system to communicate effectively, they invest in building positive, trusting relationships, and developing skills of people who work in the system.[7]*

A local place-based commissioning approach involves a shift away from traditional top-down approaches to a more collaborative and community led model. It has the power to unlock "genuine grassroots connections in local communities, linking people to opportunities and both formal and informal supports within the context of authentic inclusion. This also empowers and authorises local communities and providers to design and deliver services that are tailored to meet the unique needs and strengths of their area.

The NDIS Review is currently promoting precisely such an alternative, placed based, community driven alternative commissioning process as the future path for providing NDIS services to Aboriginal and Torres Strait Islander Peoples, especially those living in remote (i.e., disadvantaged) communities. "This alternative commissioning path needs to follow a …. cycle [that] involves:

1. Understanding communities' strengths and needs, including what initiatives and infrastructure already exist on the ground and can be built upon.

2. Exploring and designing solutions from the ground up based on local needs and priorities.

3. Implementing the approach by selecting, overseeing, and engaging with providers and managing contracts. Implementation should also consider complementary policy or "enablers", including: the role of intermediary supports, regulatory settings for ensuring appropriate quality and safeguarding, and pathways to access services.

4. Ongoing monitoring, evaluation, and improvement.

We generally applaud this approach and argue that the language used above can be simplified to identify the required shift of power to communities more clearly. The role of government as responsible for the health of the whole system embedded in a strong and enduring relationship-based approach also needs to be included and highlighted.[8]

Focusing on relationships and outcomes will ensure that public commissioners and funders can support local systems to produce better outcomes by providing bespoke responses building on community strengths and peoples skills, knowledge and strengths to create local solutions that work.

Strengthening place-based approaches is also consistent with other critical areas of DSS's commissioning activity. These include "Stronger Places/Stronger People" and "Communities for Children Facilitating Partners". [9] The key messages from these initiatives include "whole of community approaches to support early childhood development" and supporting local project teams

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[6] Ibid.

[7] ibid

[8] Ibid

[9] https://www.dss.gov.au/families-and-children-programs-services/stronger-places-stronger-people

to "facilitate local planning, inclusive engagement, measurement and evaluation, joint decision making, governance and local action." [10]

Importantly, all of this is underpinned by a realistic and unflinching acceptance of the complex messiness of the world as it is and rejects the idea of oversimplifying problems to make management and administration of social interventions easier.

Lastly, it's vital to recognize that outcomes in public service cannot be simply purchased or delivered. Instead, they must be explored and developed within the specific context of a complex system. In this pursuit, embracing flexibility, fostering collaboration, and nurturing an environment where learning is paramount becomes pivotal to achieving successful outcomes.

WAAMH's view is that there is an urgent need to develop new funding and commissioning models to address problems created by current approaches. The models described below have been developed and implemented in a variety of settings in Australia and overseas and are supported by a strong evidence base. These models can be applied to grant funding, as well as contracting and procurement approaches.

## Alliance commissioning

Alliance commissioning[11] is an approach that aims to create cooperation and collaboration between commissioners and an alliance of providers who deliver the service or project. The model is aligned with collaboration and partnership and brings all stakeholders into the alliance contract, regardless of organisational size.

Funders and commissioning agencies distribute funding and resources to networks of collaborating organisations and trust them to use those resources well.[12] In order to develop adaptive responses to the complex nature of the work, funders and commissioners don't necessarily use contractual Key Performance Indicators (KPIs) or targets, instead they support organisations to reflect on and learn from their practice and hold funded organisations accountable for learning and improving.[13]

Although the arrangement can take several forms alliance commissioning has various features:

- A single alliance contract is developed between the funder/commissioner and the organisations who deliver the services.

- Alliance partners are recruited without a competitive tender process.

- Standards and outcomes are jointly developed.

- People with lived experience are at the centre of the alliance arrangements and are involved at all stages in the design, development and delivery and monitoring of services.

- Consensus, co-operation and collaboration between all providers in the planning, implementation and delivery of services is critical.

Alliance commissioning approaches have been used in the mental health sector.[14]

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[10] https://www.dss.gov.au/families-and-children-programs-services-families-and-children-activity/communities-for-children-facilitating-partners-cfc-fp

[11] Wilkinson, C (2016) Alliance Contracting: How to progress in a world of uncertainty, in Butcher, JR., & Gilchrist, DJ., *The Three Sector Solution: Developing Public Policy in collaboration with not-for-profits- and business*, ANU Press, Canberra.

[12] Lowe, T (2023) Complexity demands collaboration and a new paradigm, *A Better Way Network*, July 31, 2023 https://www.betterway.network/blog/complexity-demands-collaboration-and-a-new-paradigm; Lowe, T., & Plimmer, D., (2019) *Exploring the New World: Practical Insights for funding, commissioning and managing in complexity*, Collaborate for Change Northumbria University and the The Community Fund and the Tudor trust,, London 2019.

[13] Ibid.

[14] National Development Team for Inclusion (2019) Alliance Commissioning and Coproduction in Mental Health : Mental Health Commissioning: Drivers and Opportunities to Improve. NTDI, Bath, UK; Clark, M., Ryan, T., & Dixon, N (2015)

## Joint or co-commissioning

Joint commissioning involves two or more agencies working together across the commissioning cycle to assess needs, allocate resources and enable services.[15]

Joint commissioning refers to arrangements in which several government agencies or funding and commissioning entities come together to undertake the planning and implementation cycle collaboratively with potential service providers, people with lived experience and other key stakeholders – this could be for a whole population or in relation to people with particular needs such as those with a psychosocial or complex disability or for those who are facing common challenges (such as being homeless).

Joint or co-commissioning involves 'pooling' related budgets across funding agencies so that funding available to meet these needs is shared, or by 'aligning' budgets so that the funding is more transparent but is still held by the individual organisation.

A specific example involves government agencies pooling their funding to address the mental health and housing support needs of people living with mental health conditions. Agencies working collaboratively with the various non-government sectors involved- housing, homelessness, mental health, alcohol and other drugs and community services- to fund and commission services in a integrated way.[16]

Another example involves funders and commissioners of health, social services and housing services working together to plan and fund integrated health and social services for people experiencing homelessness. This involves commissioners from other sectors, such as criminal justice and domestic violence, as these services contribute to the aim of ending rough sleeping and preventing homelessness. [17]

This integrated approach recognises that people experiencing homelessness often need additional resources and a more targeted service delivery to. This approach ensures that resources are allocated according to need and disadvantage, take into account the social determinants of health and improve long-term outcomes and address health inequalities.

## Community commissioning

Community commissioning is an approach that involves a major shift in power so that the commissioning process is led by citizens and service users, not government agencies or public sector professionals. [18]

The approach aims to put citizens, residents and communities in control of decisions about their own lives, their neighbourhood, and community, and mobilise and resource communities to take on meaningful and increased responsibility for their health and wellbeing.

There are different methods of community commissioning, ranging from engagement at operational level only, to one that hands over considerable legal governance power. Regardless of the methods adopted for community commissioning, there needs to be continued provision of reliable support to the community so they can acquire new skills and expand their capability.[19]

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Commissioning for Better Outcomes in mental health care: testing Alliance Contracting as an enabling framework, Mental Health and Social Inclusion, 19 (4)

[15] NSW Government (2020) *Supporting innovation and outcomes through joint commissioning.*

[16] Van Doorn, A., (2022) *Healthy Foundations: Integrating Housing as part of the mental health pathway, Mental Health Network*, NHS Foundation, May 2002

[17] National Institute for Health and Care Excellence (NICE) (2022) *Integrated Health and Social Care for people experiencing homelessness*, Centre for Homelessness Impact, NICE.

[18] Lent, A., Studdert, J., & Walker, T., (2019) *Community Commissioning : Shaping Public Services through People Power*, New Local Government Network

[19] Ibid.

The process requires public sector agencies, funders and commissioning agencies and non-government organisations to hand over power and resources to communities. As such, those agencies need to consider several questions in moving to a model of community commissioning.

1. What services will the community be able to commission? Will the community be able to commission discretionary or non-core services and/or statutory and core services?
2. Will the community be able to commission services encompassing all residents within a certain geographical area or will it only be for those with a particular need or interest?
3. How will power be transferred and what will be the formal and informal mechanisms to ensure commissioning authority and power is transferred in line with the community's aspiration for participation?
4. To what extent will the community or a particular cohort be in the driving seat of the commissioning process?

## Asset-based commissioning

Asset based commissioning shares similarities with other models described previously, including relational commissioning, alliance commissioning, local place-based commissioning, and community commissioning and aims to be a commissioning process to support community development approaches.[20]

Asset based commissioning is defined as:

> *Enabling people and communities, together with organisations, to become equal co-commissioners and coproducers, and also via self-help, make best complementary use of all assets to improve whole life and community outcomes.* [21]

Asset based commissioning differs from conventional commissioning in several ways. It:

- Treats people and communities as active providers of assets and equals in designing services and co-producing outcomes.
- Replaces rigid, inflexible contracts with adaptive processes that enable services and supports to be tailored flexibly to differing community and individual circumstances.
- Requires significant collaboration between providers.
- Recognises a provider is 'anyone, group or organisation that in any way contributes to an outcome irrespective of financial reward'. Volunteers, both formal and informal, are therefore providers, along with individuals themselves, through self-help.[22]

## Relational commissioning and trust-based funding

Relational approaches to commissioning and funding of community services place trusted meaningful relationships at the core of all commissioning services, rather than compliance with government processes, rules, procedures, and contracting and reporting requirements.

Relational commissioning and contracting have been adopted by the New Zealand Government as the basis for all social sector commissioning.[23] The approach aims to encourage new ways to fund and co-fund services and empower individuals, families, whānau, and communities to self-determine

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[20] Harris, J, (2019) How commissioning is supporting community development and community building, Local Government Association https://www.local.gov.uk/how-commissioning-supporting-community-development-and-community-building
[21] Field, R., & Miller, C., (2017) *Asset-based commissioning: Better Outcomes, Better Value*, Bournemouth University.
[22] *Ibid.*
[23] New Zealand Government (2022) Social Sector Commissioning Sector Update; New Zealand Government Social Sector Commissioning 2022–2028 Action Plan

how they wish to engage with services that support their aspirations and proactively make space for them to do so. It identifies six features of a relational approach to commissioning.

- Grounding work in the needs and aspirations of the people served

- Entering relationships around a common and agreed set of outcomes.

- Recognising and giving effect to the Treaty of Waitangi Te Tiriti o Waitangi

- Agreeing how to work to deliver these outcomes.

- Committing to shared accountability

- Agreeing clear roles across the commissioning process

Trust-based funding is unrestricted funding given without KPIs or other performance targets which allows organisations to respond to complex and rapidly changing environments and provide bespoke responses to each person and each community.[24]

A report by the Sydney Policy Lab and the University of Sydney provides a contemporary vision for the commissioning and funding of human and community services that draws on trust-based and relational-based approaches.[25]

The report identifies four fundamental principles that underpin the proposed approach. Firstly the need to build relationships and trust between all stakeholders; secondly elevating the role of communities in planning and delivery; thirdly by embedding learning and flexibility to allow for innovation, reflection and experimentation and responsiveness to local contexts; and lastly rethinking funding models to invest more in people and communities.

## Collaborative commissioning

Collaborative commissioning provides an opportunity through which people with lived experience, communities, and professionals can be actively engaged and work together in a particular place to set the overall priorities for that area and design, commission and fund initiatives and service responses which reflect local needs and opportunities.

NSW Health has adopted a collaborative commissioning approach which aims to be a whole-of-system approach to commissioning to achieve local autonomy and accountability for the delivery services integrated across hospitals, health services and the community.[26]

In NSW, collaborative commissioning has been implemented through regional alliances known as patient-centred co-commissioning groups (PCCGs).[27] These are formed by local hospitals and Primary Health Networks and are tasked with bringing together diverse agencies, professional groups and client and consumer groups and representatives to develop a single client focused vision for local services and take up regional commissioning and funding functions.[28]

Underpinning the NSW collaborative commissioning approach are 6 principles:

- Joint accountability by participating providers.

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[24] Lowe, T (2023) Lowe, T (2023) Complexity demands collaboration and a new paradigm, *A Better Way Network*, July 31, 2023 https://www.betterway.network/blog/complexity-demands-collaboration-and-a-new-paradigm

[25] Goodwin, S., Stears, M., Riboldi, M., & Fishwick, M., & Fennis, L, (2020) *All Together Now: A new future for commissioning human services in New South Wales*, Sydney Policy Lab, University of Sydney, April 2020.

[26] Koff, E., Pearce, S., & Peiris, DP (2021) Collaborative Commissioning: regional funding models to support value- based care in New South Wales, *Medical Journal of Australia*, 215 (7) 4 October 2021

[27] NSW Government, (2021) *Engaging clients in commissioning government services: strategies for doing it well,* Department of Communities and Justice Evidence to Action Note, July 2021, Ashfield, July 2021.

[28] Koff, E., Pearce, S., & Peiris, DP (2021) Collaborative Commissioning: regional funding models to support value- based care in New South Wales, *Medical Journal of Australia*, 215 (7) 4 October 2021

- Strong engagement with and accountability to consumers, carers, family members and communities.
- Commissioning of locally designed service and care pathways and services for defined populations.
- Reforming funding and purchasing arrangements, including more flexible purchasing arrangements, outcome-based payments and re-alignment of existing resources.
- Support provided by NSW Health including access to data analytics, technologies, implementation and support.
- Fostering a learning health system to support innovation and improvement.

## Client-centric and person-centred commissioning

Several approaches fall under this category, and they focus specifically on achieving more authentic and meaningful participation of people directly affected such as clients, consumers, carers and family members in the commissioning of human and community services.

Person-centred commissioning approaches aim to keep the commissioning process as close as is possible to the people and the communities who receive these services and supports.[29] The approach requires funders and commissioners to:

- Understand local needs and contexts.
- Keep services local.
- Transfer commissioning and funding responsibility to maximise local choice and control.
- Ensure strong local partnerships between service providers, workers and the people who require services and support (as well as their families and carers).

Another approach known as client-centric commissioning is discussed in an evidence-based review undertaken by the Sax institute.[30] The Sax Institute notes that client-centric commissioning focuses on how to achieve authentic consumer and client participation in commissioning, which can inform the revision and ongoing development of commissioning frameworks and tools. The Sax Institute identified several key lessons that can be used to guide implementation of strategies for authentic client engagement in commissioning.

## Participatory grant making

Participatory grant-making is another trust-based approach that cedes decision-making power about funding – including the strategy and criteria behind those decisions – to the communities that funders aim to serve.[31] It seeks to involve non- grant makers in the decision-making process about funding for their communities.[32]

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[29] Paradigm UK (2008) *Person-centered commissioning now- A pathway approach to commissioning learning disability support*, Paradigm UK, IDea, Local Government Association, Care Services Improvement Partnership London.
[30] Davies, K., Buykx, P., & Curryer, C., (2020) *Client-centric commissioning. An evidence check rapid review* brokered by the Sax Institute for the NSW Department of Communities and Justice, Sydney 2020
[31] Finchum-Mason, E (2022) Some funders are embracing 'trust-based philanthropy' by giving money without lots of obligations, *The Conversation*, May 4 2022
[32] Abdo, M., Ang, C., Lim, R., & Rose, V (2023) *Participatory Grant Making: Building the Evidence*. https://participatorygrantmaking.issuelab.org/resource/participatory-grantmaking-building-the-evidence.html

The approach to participation of people in the grant-making process can vary significantly with different levels of involvement and sharing of power in decision-making. In broad terms participatory grant making involves six key funder practices.[33]

Give multi-year and unrestricted funding: multi-year and unrestricted funding gives grantees the flexibility to assess and determine where grant dollars are most needed, and allows for innovation, emergent action, and sustainability.

Do the research:  Trust-based grant making moves the onus to grant makers, making it the funder's responsibility to get to know prospective grantees, saving organisations' time in the early stages of the vetting process.

Simplify and streamline paperwork: Not-for-Profits (NFP's) spend an inordinate amount of time on funder-driven applications and reports, which can distract them from their mission-critical work. Streamlined approaches focused on conversation, dialogue and learning can pave the way for deeper relationships and mutual accountability.

Be transparent and responsive: Open, honest, and transparent communication by grant makers supports relationships rooted in trust and mutual accountability.

Solicit and act on feedback: Grantees and communities provide valuable perspectives that can inform a funder's strategy and approach, inherently making their work more successful in the long run.

Offer support beyond the money: Responsive, non-monetary support bolsters leadership, capacity, and organizational health. This is critical for smaller and regional organizations that have historically gone without the same access to networks or level of support as more established organisations.

## Additional comments

We urge the Department to develop new funding and commissioning models based on the approaches described earlier.  Widespread and authentic adoption of the models described has the potential to address issues identified in the Issues Paper.

We provide some additional comments and offer suggestions for action.

## Consumer engagement and partnerships

A key feature of models described in the previous section is the high priority given to active engagement of consumers, carers, and family members and others with lived and living experience.

Whilst it is mentioned briefly, the importance of consumer and carer engagement and representation is not accorded the importance required in the Issues Paper. It is disappointing that there is little focus on the active participation of consumers in grant processes.

Government agencies and funders need to acknowledge and commit resources to enable the active participation of people with lived and living experience in the co-design and roll-out of grant process and as active participants in the planning and implementation of funded grants.

In relation to existing grant programs, we propose that separate funding agreements/streams be established to enable payment of people with lived and living experience (including service users and carer payments) in the planning and design of grant programs, and in the delivery of services and programs funded through the grant.

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[33] Trust based philanthropy project (2023) *Trust based philanthropy practices*. https://www.trustbasedphilanthropy.org/practices

## Address chronic underinvestment.

Many of the challenges noted in the Issues paper such as short duration, lack of recognition of the real operational costs, chronic underfunding and the need to cover the full cost of delivering services have been the subject to numerous reviews and reports. Urgent action by the Federal Government is required to address this issue.

The stark reality is that for many years government funders have been reluctant to fully fund the cost of delivering programs and services.[34] The result is chronic underinvestment leading to a sector starved of the necessary core funding required to remain resilient and sustainable and deliver long term outcomes on complex social issues.

Funders in Australia do not provide funds for indirect costs of community services, leading to lower capability and effectiveness across the sector.[35] This is a particular problem with grant funding which does not adequately cover agency administrative and overhead costs, or the real costs associated with project planning and start up, delivery of services and programs and project evaluation and winddown.[36]

## The need for five-year agreements with funded agencies

The problems with the short length of grants (12-18 months) as noted in the Issues paper is a consistent message from Community Services Organisations (CSO's). The Federal Government has taken limited action to address this issue. The issue requires immediate action by the Federal Government.

Short term funding constraints, such as 12-month grant timeframes for projects or service delivery discourage providers from making investments in rural and remote communities.[37]

WAAMH believes that grants for core service delivery need to be structured as 5–8-year standard agreements with a requirement to provide at least 18-24 months' notice of the intention to tender or cease funding. They should also allow for discussion about annual cost variations to respond to increases in demand or increased costs of service delivery.

We recognise that some grant programs provide funding for a pre-determined period, to respond to a spike in demand or a crisis. As a general principle we believe grant funding should be provided for a minimum 5-year period to enable programs to have a measurable effect and provide a level of certainty and continuity to the consumers, carers and community members programs are meant to serve.

## More timely communication

More timely communication and transparency from Government agencies and funders, including funding providers such as Primary Health Network is required about decision making. More specifically as to whether existing grants will cease or continue, or whether there will be changes to grant terms, duration, and conditions. Too often CSO's are informed of a decision just weeks before the grant is due to end, which results in significant disruption to staff, programs and program recipients.

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[34] Social Ventures Australia & The Centre for Social Impact (2022) *Paying what it Takes: Funding indirect costs to create long term impact*, Social Ventures Australia.
[35] Social Ventures Australia & The Centre for Social Impact (2022) *Paying what it Takes: Funding indirect costs to create long term impact*, Social Ventures Australia.
[36] Corcoran, S & Cowden, M (2023 ) *Making regional development grants good policy as well as good politics.* Nous Group, https://nousgroup.com/insights/regional-development-grants/
[37] Perkins, D., Farmer, J., Salvador Carulla, L., Dalton, H., & Luscombe, G., (2019) The Orange Declaration on rural and remote mental health, *Australian Journal of Rural Health*, 2019:27:374-379

A recent study found that half of a large sample of community sector agencies received only 2-8 weeks' notice of renewal of government funding and only 5% of organisations reported at least 6-months' notice of contract renewal, making it difficult to plan with certainty.[38]

## Unnecessarily complex processes and conditions

Traditional funding process and mechanisms place significant competition and time pressure on applicants. Too often competitive approaches result in communities and organisations competing against one another to address pre-defined government priorities and timeframes, rather than local community needs.

The conditions of grants and grant applications often exclude smaller organisations. For example, the requirement that the applicant provide a significant co-contribution disadvantages smaller organisations and acts as a major barrier to grant applications. A recent grants program required a 50% co-contribution by the applicant. This was for a grant program that wanted applications from small community organisations and groups. Such a significant co-contribution is unachievable for many organisations and community groups.

Less cumbersome application processes are needed and there is a need to reduce the administrative and compliance burden. Compliance and reporting demands are often too onerous for the small amounts of funding provided.

Grant processes tend to favour larger organisations, whilst smaller community-based organisations rely on one person or volunteers to write their grant application. The ability to write an effective grant application becomes more important than relationships with people and communities or the capacity to deliver an effective service or program.

## Investment in program evaluation

There has been a lack of investment in adequate program evaluation and the expectation has been that evaluation will be undertaken or funded by the grant recipient out of existing funding.

## Much stronger place-based approaches

As discussed, current commissioning and funding processes do not support place-based approaches. The models and approaches discussed earlier have a strong focus on place-based approaches and their adoption is critical in achieving much stronger place-based funding, commissioning, and a more diverse and independent community sector.

A significant reduction in competitive approaches is required to create an environment that supports place-based work.[39] Funders need to build trust and collaboration between agencies and not incentivise competition through competitive grant funding approaches that pit agencies against each other.[40]

Too often place-based approaches are driven from the top-down, where government identifies the areas to be targeted, the needs and issues to be addressed, the strategies to be implemented and outcomes that need to be achieved.  There is limited flexibility for local organisations in how to respond and whether they can adjust to local needs and local circumstances.

We propose that participatory grant programs should be trialled (for at least 3-5 years) in which local communities have the authority to determine who and what local initiatives should be funded.

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[38] Cortis, N & Blaxland, M (2022) *Carrying the Costs of the crisis: Australia's community sector through the Delta outburst,* Australian Council of Social Services, ACOSS Sydney.
[39] Strengthening Communities Alliance (2023) *Strengthening Communities Position Paper*
[40] Pli*mmer, D (20) HLS and place: Transforming local systems; Hawkins, M, Plimmer, D., Cox, J., & Vita, T () HLS themes: Funding and Commissioning in complexity*

Participatory grant making [41] discussed earlier encompasses a range of models and methods, and at its core, is an approach to funding that cedes decision-making power about grants to the very communities impacted by funding decisions.

For more information or queries about this submission please contact:

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[41] *Abdo, M., Ang, C., Lim, R., & Rose, V (2023) Participatory Grant Making: Building the Evidence.*
*https://participatorygrantmaking.issuelab.org/resource/participatory-grantmaking-building-the-evidence.html*