

Response to Australian Government Department of Social Services Issues Paper: A stronger, more diverse and independent community sector

1. Giving the sector the voice and respect it deserves through a meaningful working partnership

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

Place-based community service organisations are not represented in forums currently used by government to engage the sector and seek advice on issues such as emerging service trends and client needs. Examples of current consultative mechanisms include the CSAG, the Emergency Relief National Coordination Group (NCG) and the Charitable, Not-for-profit and Philanthropic Roundtable. Represented multiple times across these groups include Anglicare, The Australian Red Cross, The Salvation Army, Foodbank Australia, UnitingCare Australia and Volunteering Australia. The Discussion Paper identifies as a possible option bolstering the roles and responsibilities of advisory groups like CSAG and reviewing membership to ensure appropriate representation. WCC agrees that membership should be reviewed with a transparent application process and that membership is time-limited to allow for new representation. This includes opportunities for smaller, place-based organisations to participate offering diverse views and experiences faced in different communities across Australia.

The Discussion Paper identifies opportunities for testing collaborative methods and co-design such as *Stronger Places, Stronger People* community-led, collective impact initiative. Currently this is being rolled out across 10 communities nationally, with only 1 in Victoria in the region of Mildura. The long-term investment to test and evaluate this initiative is an acknowledgement that meaningful outcomes take time to achieve. It will be important then to make clear how the government will identify future communities, accommodate both regional and metropolitan areas across Australia and plan to scale this approach up based on findings as they emerge enhancing the opportunity to make significant impact more widely.

1.2 How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner?

CSOs funded by the Australian government already provide a great deal of information about the work they are doing, as part of mandatory reporting processes. Current reporting systems require a range of information including challenges, risks and opportunities, emerging community needs, system barriers, evaluation and client feedback. Systems with the capacity to identify, collate and analyse this information across programs and funding streams would be beneficial. Contractual relationships between the government and CSOs could also be strengthened and in addition to accountability could be an opportunity to engage in conversation to understand, explore and

interrogate what is happening in communities and how the funded program is working or not working. This would also strengthen partnerships between CSOs and the government as per 1.1.

1.3 How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?

Place-based and community service organisations have multiple mechanisms in place to listen, respond and involve service users and community members. These include evaluation and client feedback processes, advisory groups, recognition of lived experience (including employment opportunities) and embedded approaches to co-design. Often these are developed and implemented without funding because CSOs understand the importance of including the people and communities they serve. Supporting and resourcing what the sector is already doing would support contribution to program design without imposing significant burden.

It is agreed that reviewing and improving monitoring and evaluation processes within the grant lifecycle as identified in the Discussion Paper is important however this needs to be done with appropriate support, funding and resources. Applying additional reporting requirements particularly within the context of an already under- resourced sector needs to be considered thoughtfully. A well- resourced and supported approach to monitoring and evaluation includes access to tools, resources and experts shared across funding programs, agreed upon budget allocations and longer-term funding cycles to enable monitoring and evaluation to be effective and informative. This will benefit the sector as a whole and improve service design and outcomes in the long-term.

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

2.1 What would adequate and flexible funding look like?

In 2022–2023 alone, wage increases on the SCHADS Award were 5.75 per cent (on the back of 4.5 per cent increase in 21-22), superannuation guarantee increased 1 per cent and CPI was 4.9 per cent in the 12 months to July 2023.

Adequate funding is that required to address the identified need rather than the division of an arbitrary envelope of funding. Adequate funding would be based on evidence of need, accompanied by a commitment by government to allocate sufficient funding to address that need (or be transparent about the proportion of need that Government considers necessary to meet), taking into account the real costs of delivering community services.

An approach that calculates the funding required to address the identified need requires measures that demonstrate service gaps and need that will need to hold up over time, be easy to understand and communicate, and be able to demonstrate the change in need over time.

Adequate and flexible funding would include:

- An indexation formula whereby 80 per cent is pegged to the annual increase to wages for modern awards and 20 per cent is pegged to annual CPI.
- A gradual increase in funding over the life of the agreement to respond to expected population growth and associated demand for services.

- When law or policy changes are made, Commonwealth, state and territory governments consider the likely flow on effect of the demand for assistance and impact on operational costs in their budget planning and provide appropriate funding for services to be provided.
- Additional baseline funding is provided to CSOs to enable effective preparation for and response to extreme weather and disaster events.
- Flexible funding be provided to CSOs to ensure that communities are supported in prevention and early intervention.
- Quarantined funding be available to support surge capacity as needed, especially in response to service demand from extreme weather events or significant economic impacts.

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

There are a number of services that are funded by DSS on the assumption that the service can only be delivered with a significant input from volunteers; e.g. Emergency Relief. This also applies to services within Department of Health's Commonwealth Home Support Program so is not limited to DSS.

It is not possible to deliver these services without volunteers and with the broad decline in the number of people volunteering more time and resources is going into recruiting, supporting and engaging volunteers. Funding models for the delivery of essential services that rely on significant volunteer efforts are unsustainable and result in a sector that can't support volunteers in positive ways which further exacerbates the problem of limited people volunteering.

Without these extraordinary volunteer contributions, CSOs would be unable to reach the number of individuals and communities that they do. However, CSOs do not currently receive baseline funding to operate their volunteer programs. We recommend that there is increased funding to recognise the costs to CSOs of recruiting, training and supervising volunteers.

There are real and increasing costs of compliance required by the Commonwealth government. These include privacy provisions, Essential 8 cyber security measures, child safety, and family violence leave. In Victoria CSOs have experienced a range of measures that have significantly impacted the cost base per employee. State based schemes like Victoria's MARAM Information Sharing Scheme, WorkSafe Victoria's new Psychosocial Health Regulations and the Government's new Fair Jobs Code and the introduction of the Victorian Government Portable Long Service Leave Scheme in 2019. These all involve significant financial and resource investment in systems, process and infrastructure upgrades, training, compliance measures, administration and auditing which is not covered by existing grant agreements. One of the fastest growing expenses is information and communications technology ICT.

While not mandatory there are also real costs in being a good employer in the community sector and embedding staff wellbeing, gender equity, inclusion and diversity initiatives across the organisation. These activities also help to build worker and volunteer capacity to engage respectfully and appropriately across the community. This extends to providing above the National Employment Standards and/or Award entitlements like cultural leave and parental leave, including payments at employees actual wage and paying superannuation on parental leave.

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

Funding constraints require CSOs to prioritise certain areas of need over others. This means some areas of significant need remain unmet and can create further disadvantage. It can also mean that people with complex issues and challenges are either the focus of the effort which means services operate at the tertiary end and aren't able to intervene early with others to prevent further harm or alternatively people with complex or multiple needs are excluded from service delivery, or only getting basic needs met, which may lead to them losing trust in service systems.

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

Despite recent changes inadequate indexation remains a contributing factor to CSOs ability to continue to deliver high quality services. Because indexation has been far less than award wage increases, the amount of funding available to CSOs is going backwards in real terms.

Indexation accounts for the provision of the same services over the term of the agreement because it responds to the costs of providing that defined suite of services. But it does not ensure funding adequacy, nor does it account for changes in volume or type of demand over the life of an agreement.

The ongoing formula used to calculate indexation on Victorian Government funding contracts introduced in Victoria for community organisations in 2023 takes into account modern award obligations imposed by Fair Work Australia (80 per cent of the increase) and CPI (20 per cent of the increase). The same formula will be used for all future funding indexation increases.¹ A similar approach is taken by the Queensland and Western Australian state governments to account for the mix of wage and other costs that need to be taken into account in an indexation calculation.²

It is highly beneficial that there is national consistency, and consistency across states and territories, to manage indexation in line with the Fair Work Australia decision on modern award obligations.

2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?

Current funding models do not appear to determine what level of funding is required to address a specified level of need but rather, distributes a historical or arbitrary level of funding which is then supplemented in a non-systematic way on the basis of politically perceived need. Greater transparency about the identification of need, and the level of service the Government thinks is appropriate may help.

CSOs would benefit from support though a proper local-level evidence base for making decisions on the services they provide. This would assist in Local Government Area (LGA) level analysis by

¹ Victorian State Government Media Release, *Promoting Fair Jobs For Vital Community Sector Workers*, September 2023, accessed on 13/10/2023 at <https://www.premier.vic.gov.au/promoting-fair-jobs-vital-community-sector-workers>

² Queensland Council of Social Service, *Report: Queensland's Cost Indexation for Government Purchasing of Human Services*, 26 April 2023. <https://www.qcoss.org.au/publication/report-queenslands-cost-indexation-for-government-purchasing-of-human-services/>

individual services, but also in collaborative work across location based CSOs, specialist and larger CSO's to plan complementary approaches to meet regional needs.

Whilst the basis for funding allocation should be on community need, the calculation of that funding takes into account not only the delivery of services, but also the cost of running an organisation to deliver those services.

Data collection, analysis and mechanisms that support monitoring of continuous improvement can inform service delivery models, service improvement and provide information about effectiveness of service or client outcomes. Working together Government and CSOs will understand the challenges and potential responses much more quickly and comprehensively.

Any funding model adopted should actively recognise the distinct value of place based community organisations, including their ability to engage and meet local community needs, undertake effective advocacy, and remain independent from government.

In determining funding distribution between service providers, consideration needs to be given to which provider is best placed to provide the responses required to meet the need effectively and efficiently. Providers bring different and complementary strengths as a result of their structures and through their practice expertise developed over many years. These should be considered, valued and built on in funding allocation decisions because this promotes the best outcomes for users of community services.

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

The Government can remove unnecessary reporting, or demonstrate why it is necessary and how it informs the Department (e.g. monthly reports for DSS for Emergency Relief funding that was introduced during COVID). In rapidly changing circumstances, or when Government is considering policy changes, mechanisms for targeted information sharing or just in time data sharing might be more effective.

3. Providing longer grant agreement terms

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

We recommend that funding contract terms should be at least five years.

Short-term funding results in short-term employment contracts and even with the changes to the Fair Work Act limiting the use of fixed and maximum term contracts that match grant agreement terms there is likely to be more redundancies, further increasing costs and reducing service delivery. This makes employment at CSOs less secure and attractive. This in turn makes recruitment and retention of staff challenging. It also has a flow on impact on service continuity and client confidence. The gendered nature of the community sector workforce exacerbates this and negatively impacts a woman's ability to achieve financial security.

A risk with putting in place multi-year contracts, particularly if the original funding quantum is not sufficient to respond to need, is that there is a longer period before additional resources are

available to meet rising need. As populations increase, we can expect that demand for most community services will rise over the life of a multi-year agreement. With longer term agreements a mid-term review that seeks to understand changes in need and incorporate any promising developments in approaches could be considered.

There are many things that can cause a change in demand for services. Things such as population increase, change when governments change laws or policies and responding to events should not be considered as unforeseen. While the timing of an actual occurrence or impact may be uncertain, Government knows that these changes in demand will occur and should put in place additional funding to respond when required.

3.2 What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?

We recommend that Commonwealth, and ideally state and territory Governments, are required to notify CSOs of whether or not lapsing funding will be renewed and confirm contract extension or re-allocation of remaining funding nine months before the existing contract cessation date. This will ensure continuity of services, retention of important resources and provide for extended service planning.

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

Issues faced by people accessing community services do not occur in isolation and are often the result of interconnected health, social, legal and financial issues which can be addressed by linking clients in with the support they need. This recognises the interplay of issues that can impact a client's life and the need for service delivery to be centred around the person with professionals lending their expertise and developing strategies that best support each individual's particular needs.

Integrated service models often effectively provide early intervention services and outreach to people who would most likely not seek help. Flexible funding can support integrated partnerships to be built and maintained with other trusted social services and encourage integrated delivery both within a generalist organisation offering a range of services and/or across specialist services.

Flexible funding should also enable CSOs to respond to change in demand or circumstances to maximize the value to Government.

While flexible funding can play a key role in enabling effective service delivery and innovation this can also be supported by targeted data analysis. The Government's current approaches to data collection do not often capture complexity. It is important to balance a basic view of the quantum of services delivered and types of needs being served with more in-depth information to better understand the nature of need, the types of service mixes required, the value of integrated or innovative approaches, and how different approaches lead to better client and systemic outcomes.

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

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

Both emerging and established small place based community organisations are often forced into sub-contracting or consortia arrangements for fear of losing access to various Federal and State Government funding streams. This fear may be perceived or real but these arrangements can often reduce effectiveness and innovation and can prohibit place based and innovative responses.

If grant agreements were longer the Government could consider staggering the tendering for the service to avoid a wholesale changeover of providers and enable more support and opportunity for smaller place based organisations. For example if the term was 6 years then organizations above \$15 million income could be asked to tender in one grouping and then 3 years later organisations less than \$15 million could tender for 6 year term.

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

While support for smaller CSOs is welcome the Government should also recognize the significant expertise and insight small place based CSOs have built over time. It is not a case of learning from larger ones or being supported.

5. Partnering with trusted community organisations with strong local links

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

Definitions of place- based approaches can vary across the sector and the term is used in different contexts and by different types of organisations. It is acknowledged that National Centre for Place-Based Collaboration (Nexus Centre) may explore this further however we ask for government to consider who is sitting around the table, as place- based organisations are often missing from the conversation about place- based approaches.

What is agreed however that for place- based approaches to work traditional ways of working and standard systems and processes need to change. Place- based approaches are based on shared decision-making control, influence and accountability enabling communities to apply local skills and strengths. This requires different government departments, sectors and communities to come together to understand how systems impact on people's lives and develop collectively-owned solutions. For this approach to work as intended however more needs to be done to ensure that government can share decision making and accountability and that community has the resources and support over time to build the skills and capacity they want and need.

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

Young People

At all levels of government there are funding gaps and shortfalls addressing the unique needs and aspirations of young people. There are gaps in funding and programs on the ground that support the development of young people, build connections and skills and support youth- led initiatives with a

focus on prevention. Youth specific funding often focuses on tertiary or crisis response and service provision such as mental health, transition from education to employment, disengagement or justice. As an example current grant rounds available on Grant Connect as of 06/11/2023 in response to the needs of young people include the National Justice Reinvestment Program made up of \$69 million over 4 years from 2022–23 and ongoing funding of \$20 million per year from 2026–27. There are also small grants available \$2,000 to \$20,000 to celebrate National Science Week. Opportunities beyond the education system, which alone is a system not adequate for all that facilitates engagement, connection and learning between young people are integral along the continuum of prevention and early intervention.

Gender Equity & Prevention of Family Violence

The National Plan to End Violence against Women and Children 2022-2032, First Action Plan, Action 1: Advance gender equality and address the drivers of all forms of gender-based violence, including through initiatives aimed to improve community attitudes and norms toward family, domestic, and sexual violence. There are a number of place-based initiatives where this action is well underway, leading to successful outcomes. Whittlesea Community Connections for example delivers a free driving program for women with multicultural backgrounds as a prevention of family violence initiative, challenging stereotypes and promoting independence and empowerment. Driving is also a key to participate in study and work particularly in outer-growth suburbs where transport connections are limited. It is hoped that the national plan supports and resources new and proven initiatives to be able to continue supporting women in communities.

The Women's Leadership and Development Program, funded through Department of Prime Minister and Cabinet is another good example of supporting the National Plan. Through this program Whittlesea Community Connections has supported more than 300 women from priority cohorts living in the City of Whittlesea to develop job-focussed skills, including trade tasters, small business courses and skill refreshers particularly in areas of employment where women are under-represented.

Cultural Responsiveness & Navigating Mainstream Services

The COVID19 pandemic necessitated the realisation of the need to better engage multicultural communities. In 2021 WCC developed the Bi-Cultural Health Navigator project in partnership with Melbourne Polytechnic and Northern Health. The project trained people with migrant and refugee backgrounds to better understand and navigate the health system in Australia. Trained Bi-Cultural Health Navigators gained employment opportunities delivering COVID19 information and support to multicultural communities in Whittlesea. This included information about when and where to get tested, current health advice and reliable and accurate information about Australia's vaccination program.

As a result of this project community experienced increased access to culturally and linguistically appropriate information, some of which was not available at the time and developed in response to community identified need. Increased health literacy enabled community to make informed decisions about their health and wellbeing and live in COVID19 safe ways.

Based on the success of the Bi-Cultural Health Navigator project, WCC has adapted the model to engage, inform and support multicultural women to understand, navigate and access family violence and sexual assault services in Whittlesea. The Bi-Cultural Health Navigator project however was not funded beyond the COVID19 recovery period despite efforts of the project's partnership.

Growth Suburbs

Growth suburbs, located in outer metropolitan areas are facing rapid population growth without the appropriate infrastructure to support this growth. This presents a number of risk factors for communities living in outer- growth suburbs. Funding models however do not take into account current and projected growth over the funding cycles of programs and services, placing these suburbs at further disadvantage. Place based approaches should also reflect rapid growth, changing demographics and increased need for services. Lack of services in growth areas also necessitates the need to work in more integrated ways requiring additional resources to work in partnership maximising inputs and outcomes.

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

Yes but as per 5.1 the way in which government, community and community service organisations work together needs to change from a contractual to more of a partnership arrangement, where the knowledge and skills of each stakeholder is acknowledged and respected.