



# **COTA Victoria & Seniors Rights Victoria**

## **Response to Issues Paper: *A stronger, more diverse and independent community sector***

**To:**

Department of Social Services  
Canberra ACT 2601  
Via email to: [CSAGSecretariat@dss.gov.au](mailto:CSAGSecretariat@dss.gov.au)

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## *About Us*

Council on the Ageing (COTA) Victoria is the leading not-for-profit organisation representing the interests and rights of people aged over 50 in Victoria. For over 70 years, we have led government, corporate and community thinking about the positive aspects of ageing in the state.

Today, our focus is on promoting opportunities for and protecting the legal rights of people 50+. We value ageing and embrace its opportunities for personal growth, contribution, and self-expression. This belief drives benefits to the nation and its states alongside communities, families, and individuals.

Seniors Rights Victoria (SRV) is the key statewide service dedicated to advancing the rights of older people and the early intervention in, and prevention of, elder abuse in our community.

SRV has a team of experienced advocates, lawyers, and social workers who provide free information, advice, referral, legal advice, legal casework, and support to older people who are either at risk of or are experiencing elder abuse. SRV supports and empowers older people through the provision of legal advice directly to the older person.

## *Overarching response*

COTA Victoria and Senior Rights Victoria welcome the opportunity to provide feedback on the Department of Social Services issues paper on the way in which the Commonwealth Government supports the community sector through grant-based funding. This is an important and timely discussion given the mounting pressures experienced by Community Service Organisations (CSOs) and the significant changes to funding models associated with national reform in areas such as disability and aged care.

In responding to the issues paper, we draw on our experience:

- as a CSO in direct receipt of Commonwealth funding (including as a current provider in the Care Finders, Commonwealth Home Support Program Sector Support and Development, and DSS's Women Working Together programs)
- as a statewide peak body, membership organisation and advocate for CSOs working in the Ageing Well, Elder Abuse and associated areas across Victoria
- as an advocacy voice for the needs and interests of older Victorians, including in their capacity as consumers and beneficiaries of the work of Commonwealth-funded CSOs.

We are keen to see improvements in the operation of Commonwealth grants to enable CSOs to avoid unreasonable uncertainty, sustain core activities and to operate with adequate flexibility to respond to community need. This is critical to enable CSOs to realise their primary strength as not-for-profit organisations reflecting and advancing stakeholder interests, rather than being seen simply as competitors with commercial enterprises.

A key aspect of the value proposition of CSOs such as COTA Victoria is the engagement of people with lived experience in program design and development, and in ongoing delivery. Commonwealth funding needs to more explicitly and routinely resource this, both as discrete activities and for associated ongoing coordination and management functions.

In relation to the design and management of grants processes, we urge the Commonwealth to consider enhancements that:

- Clarify definition of the geographical basis for services/activities to be funded so that CSOs can develop their capacities at local, regional, statewide or national level as appropriate, and tailor administrative requirements to the relevant scale of operation
- Review the use of third party or intermediary commissioning bodies to avoid inconsistencies and concerns surrounding the transparency of grant selection processes
- Fund a diversity of CSOs where this promises genuine consumer choice and capacity to reach different parts of the community, but not simply to achieve a greater number and smaller scale of organisations
- Structure grants for core service delivery as rolling four-year standard contracts, with a requirement to provide at least 18 months warning of intention to cease or re-tender funding, and allow for annual variation within contracts to respond to agreed trends in demand (where block funding remains the basis of grants)
- Establish clear and consistent standards of transparent, early communication with CSOs to avoid critical decisions on year-to-year funding adjustments being made too late and without adequate consideration of the real impact on organisations, their staff, and the communities they serve.

Peak bodies such as COTA Victoria can play a stronger role in representing the interests of CSOs providing or seeking to provide Commonwealth funded services, identifying needs and evidence-based responses, and in the actual management of grant processes. Importantly, we can also provide crucial advice to governments on what aspects of CSO activity matter most to the consumers and communities we represent.

While not widely recognised as a discrete sector, the Ageing Well field comprises a diversity of CSOs facing common challenges that are distinct from Aged Care, notwithstanding overlap in the interests of many agencies. Similarly, CSOs delivering Elder Abuse related services (both legal and non-legal) are not well recognised and poorly resourced in comparison with the broader family violence sector. We encourage the Commonwealth to invest in strengthening this sub-sector, including through support for peak bodies and more specific targeting of funding opportunities.

Many of the issues raised in the discussion paper have been subject to extended discussion within Victoria. We urge the Commonwealth to mirror some of the positive developments taken by the Victorian Government in relation to its partnership approach to peak body discussion of community sector development and funding issues, the move towards standard three or four-year funding agreements, and ensuring quality and safety across the sector through social services regulation reforms.

## *Proposed Principles*

COTA Victoria proposes the following six principles to underpin the Commonwealth's grant funding approach for CSOs. These should be applied consistently across all portfolios.

1. **Value-based:** Funding should recognise the distinct value created by CSOs and align funded activities and outcomes with agreed strategic policy frameworks and community priorities.
2. **Fit for purpose:** The rationale for the funding invitation and selection process applied to each grants program should be clearly articulated and linked to a common framework of grant types and activity/service categories.
3. **Sustainable:** Funding must be adequate to sustain core activities and not put at risk the benefit of established agency governance and partnerships, including the commitment of dedicated staff and volunteers.
4. **Transparent and timely advice:** Communication between funding agencies and CSOs must be clear as to what is regarded core versus "at risk" funding, with this information conveyed in adequate time to allow orderly transitions.
5. **Consistent:** Government should commit to a fair and equitable set of funding arrangements across all relevant agencies and ensure a genuine whole-of government approach to this.
6. **Responsible:** Funded agencies should be responsive to the need for productivity improvement and public accountability for impact, while government must respect each agency's need to be accountable to its own stakeholders.

## *Responses to Questions*

### **Q1. Giving the sector the voice and respect it deserves through a meaningful partnership**

A key element of the value of CSOs is their ability to represent service consumers, people with lived experience of the needs being addressed, and communities more broadly. In the Ageing Well field, this means having a deep understanding of and ability to engage meaningfully with the enormous diversity of older Australians. Recognition of this capacity must be at the heart of the partnership between CSOs and government.

To optimise this value, there must be a mutual understanding between the Commonwealth and CSOs about managing the potential for perceived unfair advantage or conflicts of interest that may occur when CSOs are heavily engaged in program development and design.

One approach to resolving these tensions is to draw more heavily on the role of CSOs that function as peak bodies representing service providers and/or consumers. Such organisations often have the capacity to participate in co-design processes in a way that brings wide understanding of the sector and recipients without a perception that they are acting in a self-interested way.

While input to policy and program development is generally a core function of peak bodies, they need to be specifically funded to provide activities that involve, for example, recruitment and consultation with people with lived experience, trialling, or piloting of new or innovative services, substantive input to program design, and supporting the commissioning process.

We welcome the recognition in the paper of the need to consider intersectional issues in how grant programs support diverse communities. This should include attention to the needs and interests of older people facing a range of vulnerability factors. The input of bodies such as COTA Victoria can play a vital role in this across multiple portfolios, not only in respect of programs specifically targeted to older people.

COTA Victoria's experience in efforts to ensure effective engagement of lived experience is that resources are rarely available to ensure that participants are trained and supported to provide effective high-quality input. This highlights the need for specific allocation of funds for engagement and the need to do this through established, skilled, and credible CSOs.

There is often a tension regarding the role that CSOs that have been involved in piloting or trialling a program might play in wider roll-out of delivery. Placed in this situation, COTA Victoria has sometimes experienced a lack of recognition from commissioning bodies (particularly when this role is taken by third party bodies) of our previous pioneering work in essentially the same program. Where a CSO decides it wants to be considered for ongoing roles in delivery of a program it has helped to create, it should be permitted to submit for grant funding without prejudice on the condition that it forgoes other action relating to the program for the period of the grant selection process.

We also advocate for CSO involvement in grants programs to extend beyond the initial design and selection phases, particularly for peak bodies. This could be structured as an optional element in grants that allows for and recognises the resourcing requirements for contributing to review and sector development (such as occurs with the CHSP Sector Support and Development program).

A key aspect of both up front co-design and ongoing collaborative review should be a greater emphasis on Measurement & Evaluation, Return on Investment and Community Dividend, which are all critical to defining and justifying the value of funded programs in the community sector. These activities can only be sensibly developed in partnership between the funder, program providers and participant representatives.

## **Q2. Providing grants that reflect the real cost of delivering quality services**

We welcome the Commonwealth's commitment to the progressive roll-out of enhanced indexation and wage supplementation to the community sector. This is a positive sign of greater responsiveness to pressures that have been building for many years. We remain unclear, however, on exactly which programs are included and the basis on which the increases are to be applied. We also would like to see assurance that principles behind this funding will be embedded in ongoing arrangements rather than further dependence on one-off "catch ups."

COTA Victoria's experience is that it is increasingly difficult to cover administrative and overhead costs within grant funding envelopes. Such costs include not only regular operations such as rental, power and cleaning, but also professional services such as legal costs for workplace or industrial matters and volunteer management. Like many other CSOs, we have dealt with these pressures through reducing staffing, adjusting FTE levels, reduced service hours and timeliness, increased reliance on pro bono services, and deferral of asset replacement plans.

Indexation of grants over many years have typically been constrained to 2-3% whereas wage cost increases in relevant industries have typically been at least 4-5%, on top of which is the commitment to increased superannuation contributions. COTA Victoria and SRV are also bound by terms in our EBA that ensure we pay our staff 1% above the SCHADS Award rate for all staff except the CEO. In

addition, the way wage cost increases are applied to grants (often resting on broad assumptions about the staff component of grants) have often not adequately compensated the community services sector. A more tailored response that takes into account the changing delivery and operating environment, and the actual cost pressures on CSOs, is required.

Another aspect of CSO costs not adequately incorporated in grants is the start-up and wind-up costs for a new or time-limited program. Often a three-month setup period including the cost of recruiting, training, IT systems and promotion is required so that the program is ready to start on the official launch date. (The Care Finder program was a good example of setup costs being explicitly considered in the submission process. This program and its funding commenced in January 2023 but the official community engagement commenced in April 2023). At the back end, there are staff or consultant costs to finalise acquittals and provide the evaluation and reporting which must be done after final funding. All for-purpose, not-for-profit charities have realistic corporate services costs that can be as high as 30%, in some rare instances, even higher.

The issue of coordination between funders needs concerted attention from several angles. The largest issue here is undoubtedly the overlap between Commonwealth and state funding programs. This can ultimately only be resolved through commitment to a program-by-program mapping and analysis. It must not be used as the excuse for unilateral cutting of funds given the historical reliance of many CSOs on these dual sources.

We have seen, for example, very fragmented approaches to funding from Commonwealth and state – and between Justice and Social Services portfolios at each level - for elder abuse services, notwithstanding the existence of a national plan in this area. The situation is more complex in regard to positive ageing more generally given the inherent cross-portfolio nature of the issues involved. Sound national and state level positive ageing strategies and plans are critical as a basis for establishing and maintaining a transparent set of complementary CSO funding programs.

State based peak bodies are well placed to advise on the intersection of state, national and philanthropic contributions to community-based services in their particular areas of interest. Bodies such as COTA Victoria are in dialogue with all levels of government and with philanthropic bodies, hence able to advise on multiple sources of funding and how CSOs deal with these in a holistic way. This is particularly relevant for peak bodies such as COTA Victoria as we also are part of a Federated group of state-wide peaks.

A key need is to better engage philanthropic bodies in collective discussions with peak bodies and governments, drawing on their particular capacity to identify emerging issues in partnership with CSOs. Ageing-related issues attract only a tiny percentage of philanthropic funding despite their relevance to huge numbers of Australians - shifting this requires a much better mutual understanding between funding sectors. (A recent survey conducted in 2022 by the JO and JR Wicking Trust identified that less than 1% of philanthropic funding across Australia is allocated to the ageing community services sector.)

It is also important to achieve greater consistency in the treatment of funding issues like indexation across different funders. This will help avoid the need for cross-subsidisation between grants provided by different funders to the same provider in order to adequately cover costs.

### **Q3. Providing longer grant agreement terms**

An effective answer to the issue of the optimal funding duration depends on a clearer categorisation of the purpose of different grants. Where grants fund services delivered to individuals and families in the community to respond to ongoing needs, a rolling four-year commitment is generally appropriate, except where there is a clear understanding that the service is a time-limited trial or addressing a temporary spike in demand.

Regardless of the decision about the duration of a particular grant, there must be a greater commitment to timely communications and transparency of decision making on changes to grant duration. To advance this agenda we call for the establishment of a Sustainability Guarantee, key elements of which should include:

- Full and consistent application of four-year funding agreements for ongoing service delivery grants.
- Clear definition of core programs and functions to which recurrent funding applies in distinction to any “at risk” or contestable funding
- Clear agreement on which if any program activities should be subject to funding adjustment on the basis of demonstrated demand increases
- Minimum 18 month extension to 4 year funding agreements, including where there is a signal that funding may not be renewed for a further 4 years
- Minimum notice of 6 months before application of any adjustment to funding levels, including where this is linked to discontinuation of an activity
- Opening of negotiations on change or substitution of core program activities at least 6 months before annual renewal
- Agreed expectation that where agencies meet agreed targets there will not be any attempt to claw back funding (outside the normal 4-yearly renewal process).

The definition of “core activities” for peak bodies such as COTA Victoria will vary across program areas but in general should cover delivery of advisory and support services to the organisation’s members or constituencies and capacity to provide sound, well-researched advice to government. Funding should include a contribution to operational infrastructure proportionate to the effort devoted to government funded programs.

Capacity for innovation generally needs to be built into grants and not treated as a reason for a stop and start approach to funding. Much of the required innovation capacity could be generated by allowing for CSOs to re-direct a proportion of grant funding – say up to 15 per cent – to alternative models of delivery to achieve broadly similar outcomes, with allowance given for some variation to output targets. This should be reported as part of regular accountability but should not need to be negotiated upfront.

### **Q4. Ensuring grant funding flows to a greater diversity of Community Service Organisations**

COTA Victoria appreciates the Commonwealth’s aim to fund a greater diversity of CSOs. We support the general idea of ensuring fairness and encouraging emerging organisations with close links to communities. Yet it is not clear that expanding the number of small CSOs receiving funding will necessarily achieve the best community outcomes in all situations.

These issues need to be addressed through a strategic sector development framework, rather than driven through grant funding alone. Different sub-sectors are at different stages of development and

require tailored, coordinated approaches. The benefits of a “many flowers shall bloom” approach should be balanced against the risks of fragmentation, loss of economies of scale, siloed approaches to meeting community need, and potential over-competition for a limited pool of funds.

Detailed discussions with peak bodies are required to get this balance right for particular program areas and sub-sectors. For example, in the area of elder abuse, COTA Victoria is acutely conscious of the limited funds available and the scarcity of skilled advocates to staff response services. A well-coordinated approach to sector expansion is needed to avoid weakening the one statewide service in Victoria, while ensuring that there are local bodies playing complementary roles.

We commend the aspiration to achieve more focus on support for specific diverse population groups, yet it is not clear that the best way to achieve this is always to fund more small, highly specialised organisations. To achieve effective intersectional approaches, all funded CSOs need to be expected to have sound practices that respond to the diversity of their communities, supported by established CSOs with expertise in working with particular cohorts.

In the Ageing Well and Elder Abuse sectors, COTA Victoria believes that the most pressing need at present is to build on the experience and capacity of established CSOs at national, state and regional level to advance the interests of older Australians, rather than to put this capacity at risk through fragmentation and dilution. These agencies should be better resourced to support non-aged specific organisations (including local government and “grassroots” CSOs) to incorporate sound policies and services to assist vulnerable older people. This may take the form of formal partnerships and sharing of funding in some instances.

We are not convinced that separate funding streams for large and small CSOs are warranted. Rather, funding programs should be clear on the scale of delivery involved (be it national, state, regional or local) and set criteria to ensure that funded CSOs have the necessary capacity to deliver at that level. The relative inability of small, new CSOs to compete in this environment should be addressed through separate sector development funding rather than by distorting or dividing up grants processes.

## **Conclusion**

COTA Victoria and SRV believe that there is enormous potential to further build the contribution of community support organisations through enhanced funding and partnership processes led by the Commonwealth Government. This will only be achieved by ensuring that grant funding processes explicitly emphasise the inherent strengths of the community sector and overcome past practices that have posed artificial barriers and inconsistencies. We look forward to seeing the outcomes of this consultation process and working with the Commonwealth to apply these to advance the Ageing Well and Elder Abuse sectors.