



15 November 2023

Community Services Advisory Group Secretariate  
Department of Social Services  
CANBERRA ACT 2600

The St Vincent de Paul Society National Council ('the Society') welcomes the opportunity to provide feedback on the Issues Paper, *A stronger, more diverse and independent community sector*, and makes the **following recommendations**:

- Make better use of the Commonwealth Grants Hub (Hub) and Data Exchange (DEX) to implement a truly 'Whole of Government' approach to grants administration and service improvement, including measuring outcomes.
- Improve DEX functionality by developing a 'peak body' user role to access de-identified and aggregated data from entities whose consent has been obtained. Also support the recording of non-government funded activities (such as emergency relief funded through other means).
- Review and update SCORE outcomes measurement (DEX) to ensure it reflects latest practice and the wider range of community support services, including with existing state and territory outcomes frameworks and performance indicators.
- Test all policies and changes made to the Hub and DEX to ensure they comply with the Australian Government's Public Data Policy Statement and the soon to be released Data and Digital Government Strategy.
- Build a regular risk assessment process into grants application administration processes, with all aspects tailored to reflect an organisation's level of risk (where minimal reports and minimal grant application information are required for low-risk organisations). This approach would reduce the administrative burden on the sector, incentivise good practice, minimise duplication and be far superior to the current 'one size fits all' approach.
- Resource Community Sector Organisations (CSOs) to provide expert, 'real-time' advice to Government, particularly in response to crises or changing community circumstances (eg National Coordination Group).

#### **To support greater diversity and build capacity of (CSOs)**

- Explore other mechanisms to share information and engage with CSOs. It should not be assumed that CSOs have the resources to constantly monitor newsletters, websites *etc* to identify grant rounds or consultation processes.
- Adopt other approaches to testing the market that reduce resource intensive processes, such as strong reliance on written submissions for grant application processes. Other approaches that could be considered include expressions of interest, conducting interviews *etc*. Administrative information should not be resubmitted but instead accessed through the Hub and/or DEX. Large assessment rounds could be conducted in states and territories, by independent, expert panel members. Grant application information sessions could also be conducted to build sector capacity and raise awareness of grant rounds.
- Resource CSOs involved in service provision to lead co-development and co-design processes, rather than other entities such as for-profit consultancies.
- Resource CSOs to contribute to forums, stakeholder groups and consultations conducted by Government.
- Conduct training and information sessions on all aspects of grants assessment and administration.

- Support and incentivise the establishment of non-formal partnerships between CSOs (such as mentoring or buddying) to foster information sharing across the sector.
- Resource CSOs to embed disaster capabilities as part of their core business.
- Establish standing panels of providers for high-risk areas identified by NEMA.
- Resource CSOs to conduct evaluations with a quantum of grant funding (10 per cent) quarantined for this purpose. Increase funding to the Australian Centre for Evaluation.
- Conduct an environmental scan of all existing entities to identify key sources of evidence-based research in the social services sector and use this information to support establishment of Communities of Practice and Centres of Excellence. Resource CSOs and entities where there are gaps.

### **To improve public governance, performance and accountability frameworks**

- Review the Commonwealth Grant Rules and Guidelines to:
  - improve exemptions and increase flexibility, particularly in response to natural disasters
  - ensure decision-making by Ministers is conducted at 'arms-length'
- Increase the flexibility of the Grant Opportunity Guidelines by:
  - enabling amendment of service models and locations, particularly if community needs change or best practice is identified during the term of the grant agreement
  - identifying and reflecting the true service delivery costs such as onboarding, training and supervision of staff and volunteers, travel, infrastructure and administrative costs (e.g. insurance, IT); and other issues associated with delivery, particularly in regional communities, communities with special needs or communities experiencing entrenched disadvantage.
- Grant Agreements should:
  - be tailored to reflect the risk of the organisation
  - cover at least five years and longer for more difficult to establish locations
  - contain a review of the grant amount at least once during the term of grant agreement to ensure an organisation remains viable and is able to maintain service delivery levels
  - enable the organisation to retain any unspent grant amounts at the end of the grant agreement period if outcomes have been met
  - be supported by open and transparent processes to calculate and advise of indexation
  - contain clauses to support transitional timing and funding arrangements if there is a change in provider.
- 'Value for money' should be consistent, with clearly defined parameters, and be informed by regular calculation of this metric by an appropriate, independent organisation such as ABS, AIFS, AIHW

### **Place-based approaches**

- Place-based approaches are supported but not at the cost of grant funding of universal service provision, which is essential for early intervention and prevention.
- Establishment of the Nexus Centre is supported, noting that cooperation and collaboration must occur across all levels of government and the barriers identified by the Strengthening Community Alliance should be addressed.
- Significant improvements could be made with respect to demand for community support services if the base rate of income support payments was increased, thereby enabling a significant number of people to be lifted out of poverty.

## **Background**

The Society comprises over 45,000 members and volunteers and 3,000 employees and has provided everyday assistance to those in need in Australia since 1881. Currently, this includes over \$50 million in emergency relief distributed each year to help people cover food, transport, accommodation, medical, educational and utility costs. The Society is also a significant provider of affordable housing options and receives a mix of Commonwealth, state and territory government funding to deliver a range of social support services.

The Society's Commonwealth Grant Agreements pertain largely to the delivery of emergency relief but include other grant programs such as youth homelessness, specialist homelessness, home support, settlement and transition, and drug and alcohol services.

The Society operates as one voice where the National Council is the superior Council of the Society in Australia and establishes subsidiary Councils at the request of each state and territory. State and Territory Councils establish separate bodies corporate and are bound by an overarching Society governance framework.

National Council does not deliver direct services and does not operate service programs. However, it was involved in delivering the Commonwealth's Drought Community Support Initiative from 2019 to 2021 across Australia. National Council also has an overarching role when national natural disasters are declared. For over three years, National Council has also operated a secretariate for the National Co-ordination Group which provides advice to the Minister and the Department of Social Services (DSS) on matters involving the Wellbeing and Financial Capability program.

With this background in mind, the Society's states and territories have been encouraged to prepare their own submissions to the Issues Paper based on their experiences. Overall, the feedback from our subsidiary Councils has been drawn on when making comments and recommendations in this submission which has been prepared on behalf of the Society's National Council.

## **Preamble**

The Society is mindful in preparing this submission that since the late 1950s, the Commonwealth has turned to community organisations to deliver an increased array of services on its behalf. Successive governments have determined that many government responsibilities to provide wellbeing and support initiatives to local communities are best delivered through community-based organisations that bring connections and relationships with local people.

A key question for the Commonwealth in the context of this consultation is why it continues to choose this method of supporting local communities with a range of support services. Is it clear about the advantages, benefits and challenges of this approach? The Society would like to think Australian Governments can clearly and ably respond to this question.

The introduction of competitive tendering and the letting of contracts in the late 1990s introduced a new type of partnership between providers of government funded services and the Commonwealth. New providers entered the field that had until then been a space for not-for-profit, community-based organisations. We note that this particular service delivery paradigm is neither well developed nor widely used within the Commonwealth social services portfolios, with the recent exception of the National Disability Insurance Scheme.

We also note that the size of the Australian Public Services has grown over this period, reflecting the Government's need to administer the grants and contracts of Australia's social service sector.

It is of interest to note from the outset of this submission that the conditions of employment and the salaries paid to those who administer, versus those who deliver these grants and contracts, continues on an ever-widening trajectory.

The question within Theme 1 has its origins in a very unequal working relationship which both parties nevertheless have comfortably settled on as a 'partnership' that can be harnessed by both parties to deliver greater common good in local community, but where the grantees carry a greater share of risk and costs.

## **Theme 1: Giving the sector the voice and respect it deserves through a meaningful working partnership**

### ***Better use should be made of existing national repositories***

Better use should be made of the Commonwealth Grants Hub and the Data Exchange (DEX) as national repositories for the sharing and exchange of grant information across and between grantors and grantees. The 'Whole of Government' potential of the Hub has not been fully realised, often leading to some information being submitted multiple times for similar purposes, albeit requested by different government agencies. Grant Opportunity Guidelines (GOGs) should be drafted to avoid this duplication. Further, multiple requests by Government for similar information from CSOs is contrary to the [Australian Government's Public Data Policy Statement](#), to the Government's commitment to 'tell us once' and to interactions being 'simple and seamless'. We urge that all changes to the community sector align with the Public Data Policy Statement and the soon to be finalised Data and Digital Government Strategy.

### ***Risk assessment should determine the level of grants administration***

A 'Whole of Government' approach to risk should be applied. Grantees who comply with existing grant agreements should be deemed low risk and this should determine the amount of information submitted when applying for grants, as well as the reporting and accountability requirements of all government agencies throughout the term of the grant agreement. In short, the level and frequency of reporting should reflect the grantee's risk.

### ***Information sharing and consultation processes must be improved***

DSS places the onus on CSOs to monitor platforms such as Engage.DSS or Community.Grants Hub (or treasury.gov or grants.gov.au) to keep up to date on the latest consultation opportunities or grant rounds. While users can sign up to automated updates, constant monitoring draws on the sector's already stretched resources, particularly for smaller organisations. Even for larger organisations such as ours, the resource implications are significant. While we have a large 'service footprint', our services are provided predominantly by members, with paid staff comprising less than 10 per cent of our operational profile. We encourage the Australian Government to implement different approaches to engage with and inform CSOs.

The heavy reliance on online processes, and especially written submissions, is also resource intensive. Rolling information sessions, with opportunities to engage with governments, CSOs, advocacy groups, service user representatives and research institutions, should be conducted on all aspects of grants administration. We acknowledge that these run the risk of being resource intensive but are particularly important, especially if new programs are being developed or implemented and if the Government is serious about engaging smaller and more diverse CSOs.

### ***The expertise of CSOs should be acknowledged and funded***

CSOs should be 'co-opted' by governments to lead co-development, co-design processes, rather than the too-often relied upon private sector or general advocacy groups who do not necessarily have direct service delivery experience. CSOs have the expertise required and are ideally placed to engage community and clients and should be resourced to do this work. We believe this would enhance the design, logic, performance framework and outcomes of programs.

The Society in Victoria recommends establishment of advisory panels comprising individuals with lived experiences who can offer invaluable insights, and shape policies and programs to better address the needs of our service users. The Pride in Place Stakeholder Advisory Committee is a good example of where this works well.

Approved activities under grant agreements do not include participation in government consultation processes or public advisory groups, with the expectation being that this should just be absorbed by CSOs. This approach belittles the value of the sector and, again, adversely impacts smaller CSOs. It also stymies robust planning and development, best practice, innovation and continuous improvement and likely results in over-representation in these forums of the larger, better resourced organisations.

### ***Evaluation, best practice and continuous improvement must be supported***

A 'meets all' or 'fails to meet' approach tends to be applied to grants administration, with feedback from the relevant department only provided when there are significant shortcomings, such as when a payment is withheld.

#### ***Australian Centre for Evaluation***

The Society supports the Australian Government's commitment to establishing the Australian Centre for Evaluation but considers the level of staffing (14) and funding (\$10M) to be inadequate. The Centre should be about building the capacity of the community sector to conduct its own evaluations (or action learning). CSOs should be resourced and supported to develop these skills 'in-house' and through partnerships facilitated through the Centre, rather than outsourcing to the for-profit sector.

Approved activities under grant agreements do not routinely cover the conduct of evaluations. In the past, an amount of up to 10 per cent of the grant value could be used for this purpose and we recommend that this be reinstated if the Government is serious about supporting evaluations, improving outcomes (and measurement) and identifying best practice.

#### ***Community of Practice***

The Society supports the establishment of a Community of Practice but prior to establishment, an environmental scan should be conducted to identify other existing and relevant institutions such as Centres of Excellence, research institutions and other agencies. As stated by the Society in Victoria, cross-sector information sharing could also be supported through an information sharing protocol or framework.

#### ***Other Models***

In the past, the Government has funded various models and entities to support the identification and application of best practice, such as Centres of Excellence, ANROWS (e.g., resource tools, action research etc) and the DSS' Expert Panel (in partnership with the Australian Institute of Family Studies' (AIFS) Child Family Community Australia).

The objective of the Expert Panel was to increase the use of evidence-based programs and practices and contribute to the evidence base by trialling new or adapted approaches and sharing knowledge. A key component was to work with service providers to develop program logics for their services to enable them to measure the extent to which they were achieving the identified outcomes. At the start of the exercise, around 10 per cent of service providers were measuring outcomes and even fewer were using standardised measures. After around four years, at least half of providers were measuring outcomes based on standardised measures and up to a third were measuring client outcomes. It was also intended that DSS' Funding Agreement Managers play a key role in supporting the introduction of the program logic requirement, with AIFS' Expert Panel Project team providing free advice to Family and Children providers.

#### ***National Coordination Group***

The National Coordination Group (NCG) was established in April 2020, with members comprising representatives from the Emergency Relief, Food Relief, Financial Counselling and Volunteering sectors, and officers from DSS. Membership has recently expanded to include a broader range of perspectives, including Indigenous-led, remote and regional, and grassroots organisations.

The NCG has met 80 times and made recommendations that have helped to shape the services and supports for the most financially vulnerable Australians, including recommendations on additional funding.

In June 2023, the Minister for Social Services extended the Group's term to June 2024 in recognition of the valuable role the NCG has played in monitoring and providing advice on demand for services and supporting people impacted by the high cost of living, natural disasters, and the coronavirus pandemic. The NCG has provided advice on models for emergency relief and food relief; strengthening the sector's workforce; and building a better data set to inform future service delivery and funding allocation. These recommendations are currently being developed into best practice



models for the co-location of emergency relief and food relief services and embedding emergency relief in wrap-around services. Scalable training solutions to meet the requirements of the workforce are also being considered.

An evaluation of the NCG found that it is an example of successful collaborative governance, which has been valued by its members and close stakeholders. Factors which led to strong engagement and the Group's success include its composition of mature, knowledgeable, and respectful members, and facilitative leadership. Overall, the consequences of the collaborative governance model have been positive and productive. There was consensus among the members and stakeholders of the ongoing need for a collaboration model such as the National Coordination Group.

The Society believes similar approaches should be adopted for other program areas. It is efficient, cost-effective and provides the decision-maker with real time information and advice on what is happening "on the ground" and what is needed. This feedback is not through third parties but by those who know their communities and are directly involved in assisting them.

## **Theme 2: Providing grants that reflect the real cost of delivering quality services**

Adequate and flexible funding for CSOs must reflect the rising costs associated with inflation and wage growth and cover indirect and direct costs of service provision.

As stated by the Society in Victoria, flexibility enables adaptation to changing circumstances and ensures that services remain responsive and effective. Flexible funding also supports research and analysis of local data and evidence to provide more responsive and agile services. Evidence-based service design is essential to developing effective client and community outcomes.

### ***Factors that belie the true cost of service delivery***

#### ***Deductible gift recipient (DGR) and Public Benevolent Institution (PBI) status, donations, bequests etc***

The Society agrees with the views expressed by CatholicCare Victoria Tasmania and MacKillop Family Services that CSOs holding deductible gift recipient (DGR) and Public Benevolent Institution (PBI) status are able to value add to their charitable capacity and provide additional support to communities. Additional support is also provided through donations, bequests, trusts and foundations, which is often not acknowledged more broadly. This is further bolstered by many CSOs often providing services in a catchment funded by both state/territory and Commonwealth Governments, enabling a truly integrated and wrap around support system in a particular community.

#### ***Use of volunteers***

Research by Volunteering Australia has found that volunteering by those aged over 18 years has declined over time from 36.2 per cent in 2010 to 28.8 per cent in 2019. Volunteers contributed 596.2 million hours to the community in 2019. This is a 20 per cent decrease in the total number of volunteering hours from 2014 (743.3 million hours). In 2020, they contributed 489.5 million hours, a further decrease of 18 per cent.

This has significant implications for programs such as Emergency Relief, where the Society's members (not staff) are the main avenue through which assistance is provided. The situation is further exacerbated by the increase in demand now being experienced due to the current cost of living and housing crises. Whilst charitable organisations can draw on resources to "value add" to the grant, the Government should ensure that the base funding rate is sufficient to maintain viability and meet demand, particularly if the service model or footprint changes over time.

In summary, the Society considers that the factors that belie the true cost of service delivery have led to the community sector being significantly under-resourced for the services it provides.

### ***Greater transparency is needed on 'value for money' and split between administrative and service delivery costs***

Currently, grant funding must comply with the GOGs and only be used for approved activities. These activities should not be limited to the delivery of the service output. They should include all costs associated with onboarding staff, from police checks through to training and supervision, and administrative costs from

insurance and infrastructure, through to auditing. Further, items such as cultural training, ready access to translation services, and funding to cover transport costs in regional and remote communities are essential but often treated as ‘add-ons’, or somehow unnecessary expenses that should just be absorbed by the provider.

The Society in Victoria cites the Council to Homeless Persons’ Workforce Development Strategy as a great starting point for how government and CSOs can partner for workforce development. In addition, they state that the cost of maintaining cybersecurity, risk management and incident management are increasing significantly. Technology infrastructure and systems maintenance are essential for the provision of safe and compliant services that support delivery of continuous quality improvement. Adequate funding for these aspects is crucial to maintaining the quality and sustainability of services.

The Society notes that when grants are assessed, there are some parameters that remain largely undefined and this lack of clarity could lead to “unintended consequences”. An example includes the assessment of “value for money” and the split between administrative versus service delivery costs, which both appear to be somewhat arbitrary and vary depending on the government department and program involved. CSOs would benefit from greater transparency and consistency with respect to this criterion. Too much reliance is currently placed on the “bottom line” which turns into a “race to the bottom”, as applicants undercut each other, ultimately to the detriment of those they are trying to assist, the community and themselves. This approach is also contrary to fostering best-practice, continuous improvement or innovation. Years of this attitude adopted by governments has resulted in a community sector for which ‘...the administration, management and infrastructure necessary for efficient, reliable and sustainable service delivery are frequently not allowed as costs in funding contracts or agreements.’<sup>1</sup>

### ***Embedding disaster capabilities in core business and reviewing Commonwealth Grant Rules and Guidelines to increase flexibility***

Flexible funding is also essential with the increase in natural disasters. Grant funding should be provided to CSOs so they can embed disaster capabilities as part of their “business as usual” operations. Too often, a “mad flurry” of activity unfolds in response to a disaster, with first and second responders having to rapidly identify and onboard staff and volunteers. This involves screening and training, all of which takes time and resources, noting that time is of the essence when responding to emergencies.

The Commonwealth Grant Rules and Guidelines tend to impede rather than support emergency responses and for this reason should be reviewed to allow faster responses with greater capability for individualised delivery options. Government departments often have little option other than to approach existing grantees and vary their grant agreements to provide additional services because they do not have the time to conduct a grant round. There may well be a suitable provider in the affected area but without a grant agreement, the provider is effectively shut out of the process (and much needed resources are not reinvested back into the local community).

The Society has previously called for standing panels to be established in locations deemed at high-risk of a natural disaster and we understand that NEMA is currently preparing these maps. Alternatively, exceptions to the application of the Grant Rules could be expanded and simplified and used more frequently by the Government.

Further the GOGs define (and limit) how grant funds can be expended. This prescriptive approach is fine during normal times but impedes service responses during crises, when grantees are trying to respond rapidly and in a way that meets people’s needs, which may differ significantly.

During the 2019-20 Black Summer bushfires, cash payments under the Emergency Relief program were limited to \$1,000 per eligible applicant, even though the Society was aware that this was too low and was paying up to \$3,000 to eligible applicants from its own funds. Not only was the amount insufficient, but the evidence also required to satisfy the eligibility requirements (specified by the Government) was extensive and time consuming, during a period when rapid assistance was required. Additional reporting over and above that already specified in the existing grant agreement was also required during this period. The

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<sup>1</sup> Centre for Social Impact, Philanthropy Australia and Social Ventures Australia (2022) *Paying What It Takes*, <https://www.csi.edu.au/research/paying-what-it-takes-funding-indirect-costs-to-create-long-term-impact/>

Government did not change the cash amount payable under the Emergency Relief program, nor its additional reporting requirements.

In these instances, a more flexible approach, rather than prescriptive GOGs, would have resulted in a better service response and wellbeing outcome for affected individuals and communities.

The Society also recommends that the Grant Rules, GOGs and grant agreements include clauses that enable grantees faced with serious impacts from natural disasters (including pandemics) to redirect grant funding from other programs to meet urgent individual and community needs.

### ***Unexpended grant funding should be retained by the grantee***

Unexpended grant funds at the end of the grant agreement should be retained by the grantee and not returned to consolidated revenue. This approach is likely to be more effective than the current “value for money” approach as it incentivises efficiency. It also means that the appropriation is retained for its purpose and within the program and sector, rather than being subsumed for other government purposes.

### ***Indexation***

In general terms, indexation is neither adequately nor regularly adjusted relative to inflation and wages growth and does not reflect the labour and cost pressures of service delivery. The Settlement Engagement and Transition Support program run by the Society in NSW recently received a one-off adjustment of 1 per cent for wages, which was well short of the award increases and does not cover inflation costs. As noted by NSW, this long-term and compounding underfunding makes it difficult for services to maintain existing service provision levels, to recruit and retain staff, and to plan and invest in the future capacity of the organisation.

The Society supports ACOSS’ call for the Government to review the method used to determine and apply indexation to community services so that it more accurately reflects labour and cost pressures of government-funded service delivery. The review should consider the development of an alternative methodology, including examining the relevant approaches of states and territories.

Transparency must be improved as this is vital to ensuring service continuity and planning. CSOs should be notified about the quantum and indexation rate they receive on government contracts and grants, including publishing relevant indexation rate(s) and calculation methods in Budget Papers. The Society supports the call for indexation to be paid in the first quarter of a new financial year to allow organisations to adequately plan their service delivery for the coming twelve months.

A community service needs-based analysis and mapping exercise should be conducted to help inform funding allocations and identify emerging areas of need and locations of entrenched disadvantage. This should be linked to the Measuring What Matters Wellbeing Framework developed by Treasury and could draw on significant national datasets, as well as the work of the Multi Agency Data Integration Project. A full costing model for service delivery in different regions (as defined by the ABS) should also be developed and would help inform “value for money” assessments.

Decisions arising from the Fair Work Commission, concerning both pay rates and conditions, subsequent to grant agreements entered into by grantees, should also be funded by the Government.

The Equal Remuneration Order decision with respect to specialist homelessness and some other support services continues to be an issue for organisations with grant agreements entered into years ago and for whom the increase has not been factored into their ongoing funding stream. Every couple of years, CSOs have to advocate for this additional funding to be covered. This is a good example of problems created when grant agreements do not account for costs associated with implementing these determinations.

### ***Reporting defined by risk***

As previously outlined, a standardised reporting and financial accountability framework should be implemented across all government agencies and programs, with the amount and frequency of reporting (data and financial) determined by a grantee’s risk assessment. With respect to DEX, we support the collection of priority requirements (with client’s consent) and the partnership approach to Standard Client/Community Outcome Reporting (SCORE) but believe the systems in place could be further streamlined and improved.



### ***Expansion of DEX functionality***

The Society has worked with DSS for years to progress development of a 'peak body' user role for DEX. This would enable national organisations such as ours to access and generate de-identified, aggregated data reports for Commonwealth grant programs that are in scope and delivered by Society's various entities. We have been advised that work has ceased due to 'privacy reasons and limited resources.' However, the Society's National Council has no interest in accessing personal information, only de-identified and aggregated data, and only from our own entities (from whom we would obtain consent).

We do not see why the "Handshake" virtual agreement, applicable to multi entity set ups, could not be used for this purpose. Again, this approach is contrary to the Australian Government's own Public Data Policy Statement and the commitment to submit data once but use it often. Further, it is incongruous to us that every DSS officer has access to this desktop reporting functionality but the Society, the entity providing the assistance, does not. Currently, the only way to access this data is by completing an online form and waiting for a data extract to be generated by DSS.

We have also been advised by DSS that the DEX system does not have the functionality to capture data outside of what has been funded by the relevant government agency. This is an issue for organisations such as ours that provide Emergency Relief services which are funded by the Government (around 25 per cent) and our own sources (around 75 per cent). The same services are being provided to the same client group with the same outcomes. Use of DEX to capture all Emergency Relief assistance provided by the Society would streamline our reporting processes.

### ***Review and update of SCORE***

Finally, as DSS moves to expand outcomes-based commissioning, it should align its outcomes (such as those recorded through SCORE) with existing state and territory outcomes frameworks and performance indicators based on a shared understanding of what works to improve client and community outcomes.

An outcomes mapping exercise was done by the Australian Institute of Family Studies many years ago and should be repeated and potentially expanded to include social health outcomes, with SCORE updated accordingly.

### **Theme 3: Providing longer grant agreement terms**

As noted by the Society in New South Wales and Victoria, longer term grant agreements of at least five years are supported because they enable longer-term planning, reduce the costs associated with frequent re-tendering processes, and provide more certainty and stability to the sector.

However, longer term grant agreements should include periodic reviews of grant indexation to account for changes in inflation, wages growth, and other service delivery costs or extenuating circumstances. Grant funding over the term of the agreement should also be commensurate with the risk borne by CSOs.

Terms of grant agreements should also be longer in locations where services face difficult establishment conditions, such as limited service networks and infrastructure, and difficulty with recruiting appropriately trained and qualified staff.

The Society agrees with ACOSS' calls for improvements to transitional funding arrangements. These are needed to maintain service continuity, reduce the risk of service failure, and would give grantees (existing and new) sufficient time to either wind down or establish new services. It takes time to do both well, including transferring cases, winding up staff, operations and service outlets, and establishing or changing referral networks.

Improvements to transitional funding arrangements for providers could be achieved by:

- amending the Grant Rules to ensure that providers have at least six months' notice of any renewal or cessation of funding. Where this cannot be achieved, and services are ceased, a grant extension of at least 12 months should be provided
- grant clauses that allow an organisation to request additional funding where a grant is not renewed to manage the transition of services to another provider
- improved communication, in particular on the outcomes of grant rounds, especially where there is

a change in service provider. This would facilitate the referral of service users and need not wait until the new grant agreement is executed; and

- longer-term grant agreements (e.g. 5+ years) that include timed reviews for Government and the provider to assess whether the grant adequately covers changing costs over time, including the payment of indexation annually; and greater flexibility to enable the provider to respond when other changes occur (such as through emerging population growth corridors; identification of best practice which may require a change to the service delivery model etc)

Shorter term grant agreements may be warranted in specific circumstances, but these circumstances should be defined in the Commonwealth Grants Rules and Guidelines. Processes and grant agreements must be simplified in these instances and if a provider is low risk, then the GOGs, including the grant application, grant agreement and reporting processes must be streamlined and automated as much as possible, with minimal administrative requirements.

As noted by CatholicCare and Mackillop, the industrial employment landscape for employers in the sector has changed for all CSOs. This means that staff on fixed term contracts will need to transition to ongoing funding which then triggers redundancy payments if a program is not continued or unexpectedly terminated due to a change in government policy. This is also part of an increasing cost burden on CSOs that is currently not factored into grant agreements.

Forward costs for employment-related payments/expenditure that increase as the lifecycle of the employee is extended through the life of grants (but do not fall due in the early years of a new program) need to be taken into account by the Government when budgets are submitted. And further, unexpended funds that are in bank at the end of a period should be able to be carried over to cover the payment of these employment-related costs that fall due in a future period.

#### **Theme 4: Ensuring grant funding flows to a greater diversity of CSOs**

The Society welcomes greater diversity of funded CSOs.

Given there is consensus within the social services sector that the present amount of government funds are inadequate to allow the existing funded CSOs to deliver supports and services, increasing diversity will result in the present quantum of funds being divided into smaller portions (*i.e.* the pieces of pie get smaller) or the total funds available will increase (*i.e.* the pie grows bigger). Both options will present challenges to DSS and to the Government.

History demonstrates that there will need to be an investment in emerging CSOs to assist them establish bodies corporate with Objects that reflect their purpose, and with a purpose(s) that reflects the wishes of local communities or particular consumer cohorts. Boards need to be supported through good governance practices, along with the capacity to navigate government funding mazes and the ability to deliver the outcomes associated with grants or contracts. Preparing new CSOs to be successful providers will require an action plan with agreement of responsibilities to deliver the diversity within an agreed time-frame.

We have made other comments about the concept of diversity through the submission.

#### **Theme 5: Partnering with trusted community organisations with strong links**

As proposed by the Society in Victoria, a proportion of grant funding could be quarantined by the Australian Government for new and emerging CSOs, ensuring a fair allocation of resources.

A virtual support network that provides forums for sharing information and resources should be established to support smaller CSOs, particularly when applying for grant funding but could also include capacity building and training.

There are currently no incentives built within the system to support non-formal partnerships, such as 'mentoring or buddying arrangements' between larger and smaller CSOs. In fact, open competitive grant rounds are counter to being cooperative and sharing resources and learnings across the community sector. Novel ways of incentivising mentoring relationships between CSOs should be explored.

As previously discussed, different and less resource intensive approaches to grant application rounds should be considered, including expressions of interest, interviews by panel, and use of external,

independent and expert assessors. CSOs who were unsuccessful should be encouraged and given every opportunity to obtain comprehensive feedback from the process.

The Society also considers that assessment of grant applications should be managed entirely by departments, with departmental decision makers operating in accordance with appropriate delegations. Ministers should operate at 'arms-length', only approving the policy parameters that define the funding, as specified in the GOGs, and the type of grant round (open competitive, direct, select, *etc*). All grant applications that meet eligibility criteria for assessment should be ranked. The Commonwealth Grant Rules and Guidelines covering 'requirements for Ministers' should be reviewed. Current processes, including the requirement for Ministers to report annually when a recommendation made to her/him is not approved (para 4.12) do little to improve transparency.

### ***Need for place-based and universal service grant funding***

The Society supports place-based initiatives and adopting a community-led approach to assisting those in need, particularly in areas where there is entrenched disadvantage.

#### ***Nexus Centre***

The Commonwealth has plenty of examples on which to draw, including DSS' Stronger Places, Stronger People program. We understand a National Leadership Group has been established, with the University of Queensland and the Australia and New Zealand School of Government and Collaboration for Impact engaged to undertake initial work in 2023-24 to inform a potential National Centre for Place-Based Collaboration, also known as a Nexus Centre. It is intended that the Centre be operational in 2025.

In the interim, we note that it is difficult to find recent evaluations of place-based initiatives implemented under Stronger Places, Stronger People, on the DSS website.

While we support place-based initiatives, we would not like to see grant funds redirected from universal service provision to them.

We believe universal service provision has an important role to play, particularly with respect to early intervention and prevention. While the Society's source of Commonwealth grant funding is limited to a few programs, any significant changes to grant allocations and structures would have a significant impact on how we assist those in need, particularly with respect to potential referral pathways.

#### ***Strengthening Community Alliance***

The Society notes the work of the [Strengthening Community Alliance](#) which comprises BaptistCare HopeStreet, Brotherhood of St Laurence, Jesuit Social Services, Key Assets, Mission Australia, The Smith Family, United Way Australia and Uniting NSW.ACT.

The Alliance is calling for:

- a national centre of excellence to build all participants' capability for place-based community-led work.
- an investment framework to simplify and sustain funding so that more communities can benefit.
- a national effort to improve outcomes measurement and evaluation approaches
- a national clearing house to share learnings, avoid duplication and avoid 'reinventing the wheel'
- realignment with existing place-based programs to minimise overlaps and duplication.
- guidelines to support commissioners to incorporate place- and community-focussed principles into program designs.

Barriers identified by the Alliance include:

- service providers and funders being unwilling to shift from the 'business as usual' model within their organisations, to engage with communities, including valuing lived experience, ceding power to communities, and committing to genuine collaboration

- lack of systems-level considerations – a connecting middle is required to translate on the ground experience to government and other organisations with responsibility for health, housing, justice, employment, planning and social services
- lack of long-term commitment, both financially and non-financially – longer term commitment in terms of funding timeframes and presence in communities is required
- place based community led work not being commissioned or funded – co-commissioning processes would enable all parties in place-based systems to design and implement new approaches
- competition in human services
- lack of data sharing and access
- outdated views with respect to evidence, with outcomes measurement too complex. Evaluation should be supported across the lifecycle and include not just impact but also learning and improvement
- lack of information sharing on previous PBI experiences, and
- lack of alignment across government portfolios.

***Collaboration and integration must occur at all levels of government***

We also note the views expressed by CatholicCare and Mackillop that while there are multiple examples of state and Commonwealth approaches to place-based approaches, there appears to be significant scope for effective role clarification, coordination and integration between Local, State and Commonwealth resources. The Nexus Centre should drive a focus on collaboration and integration at all levels of government.

***Changing the drivers of demand for CSO services***

The Society also believes that significant positive outcomes are possible if people are lifted out of poverty. We refer DSS to the Australian National University paper commissioned by the Society titled [A Fairer Tax and Welfare System for Australia](#).

Currently, the after-housing poverty rate is 11.7 per cent of households or 3.15 million people for December 2023. Poverty rates are highest for households relying on JobSeeker (59.6 per cent), working age pensions (Disability Support Pension, Parenting Payment (Single) and Carer Payment (25.7 per cent)), single parents (25.5 per cent), lone persons (18.7 per cent) and renters (17 per cent). Financial stress rates are highest for households on JobSeeker (51 per cent), working age payments (41 per cent) and other welfare payments (49 per cent), compared to a national average of 14 per cent.

By increasing the tax-free threshold (from \$18,200 to \$24,000), dropping the stage three tax cuts and making moderate changes to personal income taxation thresholds, the capital gains tax discount and superannuation tax concessions, we could:

- increase
  - JobSeeker by \$176 per fortnight (pf), \$249 pf or \$338 pf
  - Parenting Payment by \$167 pf, \$238 pf, or \$351 pf
  - Disability Support Pension and Carer Payments by \$69 pf or \$249 pf
  - Family Tax Benefit A by 20 per cent, and
  - Commonwealth Rent Assistance by 25 per cent (in addition to the 15 per cent increase in the 2023 Budget).

This would:

- lift between 193,000 and 834,000 people out of poverty
- reduce the after-housing poverty gap by between 5.1 per cent and 18.6 per cent

- reduce households in poverty from 11.7 per cent to 8.6 per cent
- benefit people with incomes in the bottom two quintiles (40 per cent) namely low-income and low wealth households, single parents, lone persons, renters and those relying on working age welfare payments, and
- increase the superannuation balances for people of lower and middle income and wealth, including those expected to be on the age pension in retirement.

These changes would significantly outcomes in a number of areas including health, wellbeing, education, work and housing.

Place-based initiatives would still be needed but this systemic change to income support would reduce overall demand, thereby enabling more resources to be directed to areas of entrenched disadvantage.

### ***Place-based approaches by St Vincent de Paul Society NSW***

As noted by the Society in NSW, we recognise the potential benefits of place-based approaches to deliver more effective and sustainable outcomes for people experiencing poverty and disadvantage, local communities, and both larger and smaller CSOs. Place-based funding enables communities to access and use funding to meet their local needs and aspirations in a more integrated, holistic manner, while also strengthening community capacities through participation in program governance and decision-making about funding allocations. Place-based funding can also strengthen small local CSOs through auspicing or partnership arrangements with larger CSOs, whose involvement may be time limited.

The Society in NSW has identified the implementation of place-based approaches as a priority initiative under its new Strategic Plan 2024-28 to deliver more and better outcomes for the most disadvantaged communities. The Society's approach to place-based work is a collaborative community development approach to build thriving communities, by partnering with community members to design local solutions and guide action.<sup>2</sup> The core elements of NSW's place-based approaches include:

- a focus on the unique situation of a particular place
- local people included in decision-making, and
- strategies tailored to the community's needs, rather than a one-size-fits-all approach.<sup>3</sup>

Based on this approach, the Society in NSW has commenced the establishment of a place-based pilot at our Nagle Centre in Campbelltown. While this work is still in its infancy, the rollout of place-based approaches will enable the Society to increase its impact by sharing resources and collaborating with local communities to achieve better outcomes.

Yours sincerely



Mr P Toby oConnor  
Chief Executive Officer

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<sup>2</sup> Strengthening Communities Alliance (2023). Strengthening communities position paper.

<sup>3</sup> Department of Social Services (2023). [National Centre for Place-Based Collaboration \(Nexus Centre\)](#)