

Submission to the Australian Government Department of Social Services Issues Paper

A stronger, move diverse and independent community sector.

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Introduction

The Smith Family welcomes the opportunity to provide input to The Australian Government's issues paper 'A stronger more diverse and independent community sector'. We are encouraged by the Australian Government's recognition of the challenges being faced by funded organisations in meeting additional costs to deliver services and to manage risk.

We support the intent of the paper to consider how changes or adaptations to current funding arrangements could enhance sustainability of services. We believe that the development of the paper and the questions it raises provide an opportunity to consider the role of the community services sector more generally. Consideration of reform in funding arrangements should as a priority consider the coherence of the sector from a service user viewpoint.

We have confined our responses to the parameters of the issues paper and encourage broader consideration of the opportunity to leverage the r broader thinking and policy change afforded by the 'digital age'. While we continue to deliver traditional services to respond to the imperative of social inclusion and intergenerational mobility, we should also have a keen focus on digital inclusion and the rise of the digital economy and ensure that advances in technology, machine learning and Al are incorporated and do not exacerbate the equity gap in our society.

About the Smith Family

The Smith Family is a national charity working in over 90 low SES communities across every state and territory. We have been supporting children and families experiencing disadvantage for over 100 years. Our vision is a world where every child has the opportunity to change their future. Our belief is that education is one of the most powerful change agents and our purpose is to overcome educational inequality caused by poverty.

Our work focuses on Australian children in families and communities where we know it's harder for them to fully participate in their education without some help. Our approach is an early intervention one, providing support to children and families who are likely to struggle without additional support. This includes children and families living in financial disadvantage, Aboriginal and Torres Strait Islander children and families, and those living in communities experiencing disadvantage.

Our work is informed by the ecological model of child development and the multiple influences on children's development, including their family, peers, educational institutions, and the community in which they live. Our work draws on research and our practice experience to acknowledge that children's developmental trajectories are not set in stone and immutably influenced by their individual and family circumstances. Our experience is that with the right support at the right time all children and families can thrive. We have a particular focus on strengthening the home learning environment and work in partnership with families, educational institutions, community organisations and professionals, corporates, philanthropy, and the wider service system across Australia.

Our five-year strategy commits us to ensuring that all students on our flagship *Learning for Life Program* are digitally included. Our work recognises that for a child experiencing disadvantage, not having access to essential digital tools like a device, reliable internet access and digital skills means that they are unable to fully engage with their education and risk falling behind their peers at school.

The Smith Family is the facilitating partner for nine Communities for Children Facilitating Partner (CfC FP) sites across Australia, funded through the Commonwealth Department of Social Services. As a CfC FP we sub-contract a wide range of community agencies to deliver early intervention and prevention support to families and children in these communities. Our organisation was involved in the design and initial implementation of CfC, and we see potential to

further strengthen the program through this process. We also operate two Child and Parent Centres in Western Australia, funded through the WA Department of Education. These Centres aim to give children the best possible start to life through providing access to a range of family-friendly supports and services, including playgroups, parent workshops and child health services. They also play a key role in supporting positive transitions to school for children and families.

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

Defining 'the sector'

Our long-term work with children and families living in poverty evidences a key challenge is the interplay between 'core' services and services funded through various jurisdictions and departments. The limitations of the current service system mean the people who would benefit most from support are most likely to miss out. Despite efforts to drive change, the system remains fragmented and poorly coordinated with the onus falling on people to make sense of and navigate the system and 'fit' into a program to qualify for support. The continuing dominance of a traditional welfare approach focusing on crisis support and stabilisation rather than building capability works against an approach that enables anticipation of emergent problems and intervening to prevent them. People experience a range of barriers to accessing services, such as knowing what support is available (locally and nationally), capacity to pay and complex life circumstances like family violence or mental health challenges.

We strongly endorse the recognition in the issues paper of the expertise that people carry and the importance of ensuring that policies should be designed/informed by people with relevant lived experiences. We also appreciate the contestation inherent in enabling change to significant policy areas such as access to income support, allocation of education funding resources, NDIS funding etc. but strongly encourage real consideration through this process of the role that these major policy levers play in preserving the status quo and the role they *could/should* play in improving outcomes for children, young people, and families.

We endorse the premise and intent of the co-design measures set out in this paper and encourage an approach beyond solution-based consultation. Real engagement leading to empowerment must consider important issues such as problem definition if measures are to be truly empowering. While we appreciate some of the definitional challenges faced by government, we advocate for engagement of providers and communities at the problem definition stage of the policy cycle, utilising human centred design processes (including customer journey mapping and data mapping) with sufficient time to support meaningful, authentic input and design.

It has been our observation that governments and the sector have worked most successfully together when governed by a nationally agreed outcomes framework. An example of this is Closing the Gap. Such frameworks create the conditions for consistent decision-making across government, and for the sector to make a stronger contribution to identified policy outcomes. In the past, the Council of Australian Governments (COAG) Reform Council processes, which provided progress updates on key nationally agreed outcomes enabled a common language, set of objectives and outcomes towards which efforts could be directed through good program logic and theory of change processes.

Consideration of options outlined in issues paper.

The options to achieve this set out in the issues paper provide a good basis on which to build. We are encouraged by the approach taken in the delivery of *Stronger Places*, *Stronger People* and are keen to see the principles underpinning this approach progressed to other areas of policy and service delivery.

We also endorse the opportunity to embed ongoing 'learning loops' and co-design into the grants process. Changing the focus of grants management from 'have you delivered in accordance with your Activity Work Plan' to 'what are we learning about how people are using this support' would enable more responsive, solution focussed programs that can add to the evidence base about what works for whom in what circumstances.

A review of the membership of the Community Sector Advisory Group (CSAG) to reflect the complexity and changing nature of the sector is timely. The process for selection of members should be transparent and open and members should be able to demonstrate the approaches they will take in order to ensure that they are in a position to represent interests beyond their own organisation.

As noted above, we believe that there is great potential in the advances in technology to streamline sharing of information across jurisdictions and with the sector. We also note the additional costs inherent in updating and maintaining appropriate and safe platforms and the challenge in securing technology skills and building sector capability to leverage digital and data opportunities.

We believe that there is a role for government to play in enabling the sector to leverage the potential of technology and digitisation across what is now a very fragmented and ad hoc approach to skill building and technology development. We support the focus on building a digital capability framework through the Future Skills Organisation¹ and recommend that they be built into considerations of sector development.

Sharing information to support outcomes.

The data exchange initiative involving the SA Department for Education and The Smith Family, as outlined in the Australian Institute of Health and Welfare's (AIHW) *Australia's Welfare 2023 Data Insights* report is an exemplar of a data-focussed collaboration focussed on improving children and young people's outcomes. Expanding Government-NGO partnerships around data has significant potential to improve outcomes for children, young people, families, and communities.

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¹ https://www.futureskillsorganisation.com.au/



Providing grants that reflect the real cost of delivering quality services

Administrative costs related to acquisition and retention of appropriately qualified staff in a competitive labour market are the biggest and growing outlays for CSOs. Consultation with community partners through our CfC FP program confirms costs rising considerably above CPI (circa 9% and rising) and this is likely to continue for the foreseeable future.

Working in partnership to deliver services is fundamental to customer centred service delivery, but takes time and effort not currently recognised in many funding agreements – supplementation and indexation do not reflect these costs.

More transparency around how supplementation and indexation is calculated would be welcome, enabling CSOs to ensure that proportional weight is given to community contexts and the increasing demands on organisations to manage increased regulatory requirements (e.g., child safety, Cybersecurity, Privacy, Modern Slavery, data protection) and increasing insurance costs. Good governance and stewardship need time and planning.

Working in partnership to deliver services is encouraged and seen as best practice, but consideration is needed that this will also cost more and will add complexity to planning and is also subject to different community contexts (as noted above).

Philanthropy as a funding source

The Smith Family has deep experience in sourcing funding from diverse channels to support implementation of our core *Learning for Life* program. Currently 88% of our funding resources is sourced through a range of individual 'donors and sponsors, corporates, universities, and philanthropic sources. Additionally, more than half of funding provided through government sources relates to a specific program designed by The Smith Family with our partner schools focussed on careers education.

While there are a range of challenges in a strong reliance on private fundraising for core program delivery, including the often short term nature of funding, there are also a range of benefits relating to flexibility, capacity to build in a focus on continuous improvement, adapt programs and services to meet changing needs and to respond to emerging challenges.

We are supportive of the intent of the 'Pay what it takes' campaign in Australia and will be making a separate submission on behalf of a range of sector organisations on this issue specifically.

A case study.

An example of government funding enabling access to philanthropic/community funding is funding provided to The Smith Family in 2016/17 to enable us to sustainably expand our core *Learning for Life* (LfL) program. The approach drew on international evidence regarding the benefit of a sustained and targeted early intervention approach to supporting young people experiencing disadvantage to achieve educationally.

The proposal sought Government investment over four years to leverage The Smith Family's strong partnerships with students, families, educational institutions, philanthropy, business, and the Australian community.

Our investment approach ensured sustainability, growing the number of students provided with long term support from 32,000 to 56,000 across four years. The approach is cost-effective and enabled leveraging of significant additional resources over the longer-term from many individuals and organisations across Australia to support children experiencing disadvantage.

Central to this proposal was an investment approach which has seen support sustained for new students who are brought onto the program beyond the four years of the proposal. The funding was used to recruit and retain sponsors for students with sponsor support continuing beyond the four years of this proposal. The numbers of students supported through LfL has continued to grow, now totalling 62,000 students and their families.

Consideration of options outlined in issues paper.

The Smith Family broadly supports the options for improvement set out in the issues paper.

We particularly encourage and endorse the option to improve co-ordination between and across the Commonwealth and state and territory governments to ensure efficient use of resources and alignment of policy approaches. Our experience is that very often the real challenges in accessing timely support for clients arises through misalignment of policy approaches across jurisdictions. This includes, but is not limited to income support, access, and educational resources/requirements; child protection and family court systems; NDIS and access to education or relevant health services; family violence services and housing services. Service effort often goes into supporting clients to navigate these misalignments or providing intensive support for those in crisis due to this misalignment. Better co-ordination and engagement across jurisdictions and relevant departments in policy and service design could support improved outcomes for those relying on these vital services. This coordination could then inform stronger evaluation of policy and service efficacy.

We also encourage the reduction of administrative burden on CSOs. This could be achieved through consistent reporting mechanisms across government (e.g., one data entry portal for all grants offered in the social services space), and support and training (particularly for small CSOs) on not just how to enter the data, but how to extract and use the data to improve service delivery.

Providing longer grant agreement terms.

The Smith Family welcomes the recognition by the Australian Government of the challenges in managing short term funding arrangements in addressing long term needs². The impact of short-term funding has been well documented and set out in Australian Council of Social Services case for change in funding arrangements³. These include:

- Populations with complex challenges require support to realise their potential. Funding arrangements, including contract duration, have a significant impact on the ability of NGOs to support these objectives.
- Funding landscape is comprised significantly by shorter term contracts in the community services sector which pose funding uncertainty to service providers and raise job security concerns for staff leading to service discontinuity and disruption.
- The drivers of contract durations are not clear or transparent.

The Smith Family is engaged with a group of large not for profit organisations in *The Possibility Project*⁴. We have undertaken some combined work to define a set of considerations regarding funding agreement duration.

- Program complexity: Programs and services which target complex needs, and the
 achievement of longer-term policy outcomes may warrant longer term funding structures to
 allow adequate time for service establishment and outcomes achievement and
 measurement. For example, establishing community connections to ensure culturally
 appropriate and effective service delivery and establishing place-based approaches takes
 time. Particularly when services are provided to communities with complex challenges, such
 as disadvantaged communities, Aboriginal and Torres Strait Islander people, CALD and
 LGBTQIA+
- New and innovative programs: New and innovative programs with new service models
 may require additional time for establishment of services (from community awareness to
 referral pathways). Contract duration should reflect this additional upfront time investment
 required.
- **Service location:** Regional, rural, and remote locations may experience increased challenges to attract and retain appropriately skilled staff compared to metropolitan areas. Contract duration should enable workforce stability.
- Programs for remote Aboriginal and Torres Strait Islander communities: Given the above, service delivery in remote Aboriginal and Torres Strait Islander communities warrants longer term contracts. For example, the Australian Council of Social Service recommends at least 10 years.⁵

² <u>ACOSS welcomes Ministerial announcement of longer funding contracts trial and recommitment to proper indexation</u> (August 2022)

³ Blaxland, M and Cortis, N (2021) <u>Valuing Australia's community sector: Better contracting for capacity, sustainability and impact</u>. Sydney: ACOSS.

⁴ TPP is being catalysed by a network of leaders from some of the largest human services organisations in Australia: The Brotherhood of St Laurence, The Smith Family, Uniting (NSW & ACT), Mission Australia, Life Without Barriers, 54 Reasons and The Benevolent Society. They serve over 700,000 people across Australia, employ 24,000 staff and have a combined annual revenue of \$2.6 billion.

TPP's purpose is to transform the human services system so that everyone can thrive and lives their best lives, especially those experiencing complex and entrenched disadvantage.

⁵ Blaxland, M and Cortis, N (2021) <u>Valuing Australia's community sector: Better contracting for capacity, sustainability and impact</u>. Sydney: ACOSS.

Provider capacity and capability: Where markets are comprised of small providers or new
market entrants, the sustainability of these markets and success of the programs may benefit
from longer term funding.

Consideration of options outlined in issues paper.

It has been the experience of The Smith Family that short, ad-hoc funding agreement decisions create adverse impacts on service delivery and therefore on service outcomes. It is our view that at least one year's notice is required for grant renewals or cessation. The suggestion in the paper of sub-contacting to support locally led delivery and fostering the community voice are both features of the Communities for Children Facilitating Partner program, and we agree that this approach could be expanded to very positive effect. If this were also combined with accountability to both government and community (as suggested in Section 5 of the issues paper), it is our hypothesis that communities will be in a stronger position to maximise the benefit of government funding.

Ensuring grant funding flows to a greater diversity of CSOs.

The Smith Family supports and endorses the intent to enable funding for community services to support a variety of different organisations and in particular organisations that serve people with specific and/or diverse needs. We note that Government is one funder in the sector and note the role often played by Philanthropic organisations in nurturing emergent organisations and approaches. The challenge often comes in seeking to scale effective programs and policies which achieve great results "on the ground". Mechanisms to enable these initiatives to be absorbed into new "business as usual" or core design and practices at the point where policy is made are currently lacking, failing to enable solutions that ripple quickly back across the wider system to impact choices, behaviour and what's possible.

Empowering Aboriginal and Torres Strait Islander people and communities to create better lives for themselves, in which they have equitable access to economic, social, and cultural opportunities, remains perhaps the most important nation-building task outstanding for Australia. The *Stronger ACCOs*, *Stronger Families*⁶ report points to the very real constraints that are placed on small First Nations owned and controlled organisations through government funding. The Smith Family broadly supports the changes called for by SNAICC to improve the sustainability of these vital organisations as an important step to achieve this.

Consideration of options outlined in issues paper.

Some relatively simple options for government to ensure opportunities are available for new and emerging organisations could include.

- Simplification of grant processes and enabling more flexible and innovative grant structures, including funding support for partnerships between organisations (smaller organisations work to their strengths and are supported by larger organisations in coordination/management of compliance and risk associated with funding obligations)
- Weighting assessment of grant applications to account for community contexts and organisational focus.
- Local Councils in some areas are working well and innovatively in this space; offering very simple, clear applications, opportunity for micro-grants, assessment procedures that

⁶ SNAICC (2023), *Stronger ACCOs, Stronger Families: Final Report.* Prepared for the Department of Social Services

- draw on CSO strengths in community. Learning from and adopting these kinds of approaches, potentially in tandem with virtual Communities of Practice on achieving grant success, would be beneficial for smaller CSOs.
- Our work with the Communities for Children program has provided us with opportunities to target small grass roots organisations for funding. Our approach has been to weight our assessment of funding proposals in favour of these organisations that can demonstrate the presence of strong community connections. In many cases, these are organisations that struggle with the demands of funding agreement governance, and we have seen it as our role to support them to develop greater capacity and capability. Our track record in this space is strong by adopting a supportive approach, we have ensured that community originations that are straying into non-compliance are given the training and support they need to build their governance capability. A recent example of this has seen an ACCO that appeared on paper to be guilty of negligence (at best) or fraud (at worst) to learn from its experience and be successful in the subsequent funding round. Support like this, provided over time, can build the capacity of ACCOs and other small community organisations to seek funding directly from government sources.
- As has been pointed out by SNAICC⁷, too many ACCOs are weighed down by regulatory burden that diverts them from the important task of providing services to their people. This has restricted their capacity to grow and achieve the critical mass needed by organisations to support strong internal governance, staff training and support systems etc. There are several stand out exceptions to this, including (but not limited to) Murdi Paaki Services Ltd (MPSL) that was established by the Murdi Paaki Regional Assembly (MPRA). Government at all levels worked closely with MPRA over many years before MPSL was established. This work was careful and slow, toward the shared vision of self-determination of Aboriginal people in the region, and has now delivered a result of a strong, capable and community supported organisation with the capacity to take on large government funding agreements. The important condition here was the willingness of all levels of government to work with the community, and of the sector to engage respectfully in a dialogue that allowed for a different way of working in the community, that privileged the process of growth and self-determination over the blunt assessment of "demonstrated capacity to...".

A case study.

The EON Foundation has worked since 2005 to bring fresh food to Aboriginal communities in WA and NT by working with local people to create 'Thriving Community Gardens' in remote communities. This program has been funded for over six years by the Commonwealth Department of Health as a preventative health initiative which is upskilling communities in growing their own food and learning about nutrition. EON recently shared with our Katherine CfC team that the program will no longer be funded as the department has decided to fund only primary health care – despite this program's significant contribution to Close the Gap targets. The impact of the absence of these programs should be obvious – without the preventative approach of building community capacity to understand and access good nutrition, chronic illness will have a much greater impact on the cost of primary health care provision. On a human level this will result in shorter life spans, and lower quality of life for remote community members who are already dealing with limited access to health care, and other risk factors.

⁷ SNAICC 2023, *Stronger ACCOs, Stronger Families: Final Report,* prepared for the Department of Social Services

Partnering with trusted community organisations with strong local links.

The case for, and potential to build resourcing and policy infrastructure to support place-based approaches is clearly articulated in the June 2023 report *Where are we?*⁸ The paper notes an opportunity to make long term difference using place-based approaches alongside broad-based policies and programs to address big social, economic, and environmental challenges facing the nation, including persistent poverty in many of our communities.

Place based approaches recognise that factors inherent in poverty and intergenerational disadvantage are driven by a complex mix of social, economic, and cultural factors which require long-term responses across different organisations and sectors. People living in these places are disproportionately First Nations people and communities. They experience multiple and complex needs, in response to which more spending and a confusing array of programs and services is not producing the outcomes people want for their lives. Existing approaches have failed to address the underlying challenges facing communities and this failure should challenge us to think differently about how disadvantage is created and maintained, and about how it can be addressed.

Our work as Facilitating Partner in nine diverse *Communities for Children* FP sites across Australia, as well as recently published outcome data demonstrates that, with the right policy settings, appropriate resourcing, and long-term trusted relationships, engaging community members in devising contextually relevant responses to community challenges produces results in the short and the long term⁹.

These, and other recent approaches clearly demonstrate the dynamics of locational disadvantage and show that entrenched disadvantage cannot be addressed through solely centralised delivery of services. They demonstrate the importance of building relationships community members, service providers and local institutions who share live and work together and bring the expertise in their own lives and experiences to effectively to solve problems and create opportunities,

The development of *Stronger Places, Stronger People* built on the platform of *Communities for Children* with more flexibility in funding, greater emphasis on community led responses, intentional co-ordination between Commonwealth and State agencies as well as engagement of philanthropic is demonstrating improvement across a range of domains.

Place-based approaches create solutions within communities which are specific to their needs, enabling communities to engage in self-determination, encouraging innovation and can, when implemented correctly, establish lasting change. However, approaches should not consider communities in isolation and should also consider the underlying systems and policy settings which created conditions which perpetuating disadvantage – such as inadequate or inequitable education funding. This disadvantage is not present in one community or unique to one region. By focusing only on placed-based solutions, we may run the risk of failing to consider the impact of systems which underpin disadvantage across Australia including social services, housing, employment, justice, education disability and ageing, First Nations and family supports.

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⁸ Geatches, L., Preston, C., and Putnis, A. for Equity Economics and Development Partners (2023), *Where are we? Place-based approaches to tackling community challenges in Australia*. Prepared for the Paul Ramsay Foundation. PRF+EE+Where+Are+We+2023+V4+FINAL.pdf (squarespace.com)

⁹ ibid

While recognising the vital role that place-based approaches play in addressing deeply entrenched disadvantage, we need to ensure that these approaches are not seen as a 'silver bullet'. Alongside place based approaches, we need to address the need for systemic change which extends across all communities and regions.

Consideration of options outlined in issues paper.

The Smith Family is broadly supportive of the options set out in The Department's issues paper. Enabling increased and continued support to test innovative local initiatives targeting disadvantage should include consideration of how lessons learned can be leveraged to change policy settings that make it difficult for individuals and communities to access the support they need to make positive change in their lives. For this to be successful, it is essential that funding support is provided beyond the usual three-year agreement cycle, as innovative solutions may need the time and space to fail before achieving success. The role of relationship development, within the community and across the sector and government also adds to the time cost. This cost should be perceived as investment, as it is through these experiences that communities can learn what works *for them*, while offering the safety net of funding certainty.

Another important consideration in this space is the role of robust evaluation, co-designed with community. This will support accountability of services to the community as well as to the funder.

Conclusion

This process is a good step towards building a stronger, more diverse and independent community sector within the parameters of CSOs set out in the paper. We note, however that the point in strengthening the sector is to enable it to work more strategically and cohesively to drive better outcomes for those who, by dint of their circumstances need to use our services. We believe that the provision of services to those experiencing disadvantage is a necessary but insufficient response. To drive real change we need to move beyond move beyond siloed approaches to reform and consider the underlying system characteristics which create and perpetuate disadvantage. The community sector should play a critical role in shaping the future of our human services systems, delivery of supports and social policy.