

Department of Social Services - reforms to strengthen the community sector:

Response to the summary of submissions

Introduction

In November 2023, The Centre for Volunteering made a submission to the Department of Social Services (DSS) *A stronger, more diverse, and independent community sector* inquiry. This is an important review into the way that the Federal Government funds the community sector, which includes volunteer-involving organisations and not-for-profit organisations. Social Ventures Australia (SVA) has recently released their report summarising the contents of the 237 submissions on behalf of DSS, outlining the views of the sector and the recommendations for the government to consider in the next phase of this inquiry.

We were pleased to be able to contribute to this process along with a wide variety of community sector organisations and individuals. Our submission made several recommendations to government across the five focus areas that they specified; in summary, our key recommendations were that wider consultation is undertaken at a state and national level, that the real costs of operation are considered by the government when designing grants, and that grant arrangements are flexible enough to allow for volunteer-related activity to be funded under Federal grants. We are grateful for the feedback provided by our members on the draft version of this submission to ensure that we accurately reflected your views. If you are interested, you can read our full submission [here](#).

This document will summarise the key messages from the report authored by SVA and outline the links they have to volunteering. As the inquiry continues, we will continue to update our members about its progress.

Key findings

The overall theme of the submissions notes the difficulty that the sector is having maintaining its day-to-day activities in the face of increasing financial pressures. The sector has been extremely resilient in meeting the significant increase in demands for their services following the COVID-19 pandemic and the cost-of-living crisis. Despite this resilience, there are real impacts in terms of increased compliance obligations and challenges in retaining and recruiting works and volunteers.¹

The report organises their recommendations into three categories: how the government should work with the sector, how the government should fund the sector, and key enablers to strengthen the sector.

We will summarise both the issues and suggested solutions in each category below. For more detail, the full report can be found [here](#). Please note that the solutions detailed here are not official policies of the Federal Government, or necessarily the

¹ Volunteering is not specifically noted in many places in the report, except for providing contextual about the decline in formal volunteering alongside other pressures facing the community sector.

opinion of The Centre, but are aggregated from suggestions provided across all submissions.

How the government should work with the sector

Identified issues:

- Collaboration and co-design are infrequent and ad-hoc.
- CSOs are underfunded.
- Diversity is lacking in the way that the government works with the sector.
- Poor collaboration between levels of government creates duplication and misalignment.
- Funding is not always allocated where it is most needed.

Suggested solutions:

- Government should create more opportunities for collaboration, co-design, and consultation.
 - Engagement with the sector should be ongoing, regular, and able to be initiated by both sides.
- The Community Services Advisory Group (CSAG) is a positive example of collaboration between government and the sector and should continue in its current format with some improvements.
 - Namely, a wider range of CSO (especially smaller and rural based) and greater engagement of non-members.
- The format of collaboration, co-design, and consultation needs to be accessible and inclusive.
 - Government should provide multiple methods of engagement for CSOs of different sizes and capacities.
 - Government should work with CSOs to facilitate engagement with the wider community, especially First Nations communities.
- Government should recognise the value of the sector's expertise and community's lived experience through adequate funding for the sector and community to collaborate and consult.
 - This includes funding for participation in advisory groups and advocacy works, and funding to remove barriers to participation.
- Government needs to ensure that there is adequate time for the sector and community to fully participate in collaboration, co-design, and consultation activities.
- Government should provide dedicated funding, where appropriate, for organisations or individuals that play an intermediary role that is flexible and long-term.
 - This role could be played by a range of organisations, including peak bodies.
 - The key change in this area is dedicated funding for the intermediary role, as many current intermediary organisations are not funded specifically for this work but must nevertheless undertake it.

- Government should improve coordination, alignment, and collaboration across different departments and levels of government.
 - Stakeholders recommended establishing an advisory group sitting within the Department of Prime Minister and Cabinet to facilitate a whole of government approach to the sector, sitting alongside CSAG.

How the government should fund the sector

Identified Issues:

- Negative consequences of competition within the market-based service commissioning model and complex grant application process.
- Inadequate funding arrangements including:
 - Gaps between funding and the full cost of delivering services,
 - Inadequate indexation payments,
 - Short grant durations,
 - Restrictive conditions that impose a significant burden and reduce scope for innovation and ongoing improvement.
- Philanthropy should not replace government funding of service delivery
 - Diverse perspectives on the role (if any) that philanthropy should play in funding CSOs.
- Flexible funding is needed to support CSOs with strong links to communities that meet the unique needs of the communities.

Suggested solutions:

- Government should explore ways to support formal and informal collaboration within the sector. This includes:
 - Funding for collaboration within grant agreements,
 - Establishing communities of practice with CSOs of different sizes and government representatives,
 - Ensuring grant agreements provide flexibility for different forms of collaboration.
- Government should simplify the process for finding and applying for grants.
 - Support should be given to CSOs to apply for aligned grants.
 - Processes should be streamlined, easier to find, and have longer time frames.
- Government needs to balance increasing diversity of services funded, sector sustainability, and client outcomes when making funding decisions.
 - Funding new CSOs in diverse areas should not compromise the stability of CSOs who already receive funding and their client outcomes.
 - New, dedicated funding streams should be provided for smaller and specialist CSOs.
- Government should explore alternatives and/or improvements to market-based service commissioning models.

- Collaboration with the sector is needed to understand impacts and solutions, as it is a complex area with no simple fixes.
- Government should provide payment for the full cost of service delivery
 - All costs (direct, indirect, increases etc.) should be accounted for
 - An emphasis was made on gaps in paying adequate wages for staff and the costs involved with engaging volunteers.
 - Government needs a better understanding of real costs for CSOs through independent bodies and/or consultation.
 - Funding criteria should be transparent.
 - CSOs should be allowed to reinvest any surpluses in their workforce, trialling new approaches, or building organisational capacity.
- Government should change the way that indexation is calculated so that it applies to a wider range of costs, better reflects real cost increases, and fully accounts for increases.
 - More transparency is needed with regard to rates and calculation methods.
 - Timing for indexation payments should be assured in advance and aligned to CSO expenditure to ensure that they do not operate out of pocket.
- Government should increase grant durations and notice periods for variations, extensions, and cessations. This would support more secure employment conditions for the workforce and enable better planning.
 - Suggestions for length vary but most stakeholders recommended periods of at least 5 years.
- Government should increase flexibility in grants by focusing on outcomes.
 - Grants must permit CSOs to work with the government to adjust outcomes, timeframes, and funding in response to changes in demand, costs, and community needs (especially disasters). Reporting should also reflect this.
- Government should explore alternatives and/or improvements to current systems for reporting and data collection.
 - Grants management solutions should consider whole of government approaches.
 - Reporting should be proportionate to grant size and allow both qualitative and quantitative data to be used as evidence.
- Government should prioritise funding for CSOs with local and specialist knowledge.
 - This is particularly relevant to certain place-based communities that are disadvantaged, such as First Nations communities, or disadvantaged cohorts such as people living with a disability.
 - Inclusion should be embedded into grant processes in terms of practice, methods, and accessibility.
 - Peak bodies with specialist knowledge should be included in decision making and design for grants and grant streams.
 - Specialist geographies and cohorts may require additional, separate streams.

- Place-based approaches should be supported with long-term, flexible funding.
 - Local ‘convenor’ roles to co-ordinate programs and foster collaboration should be included in the funding.
 - Guidelines for place-based and community-focused principles should be embedded in service design.
 - Many stakeholders noted that place-based approaches have notable limitations, including being restricted to specific issues, constraints to geographical areas, and causing unhelpful competition between CSOs.
 - Stakeholders noted that place-based approaches should not be seen as a replacement for systemic approaches and that, if it is used, it should be one of several approaches considered.

Key enablers to strengthen the sector

Identified Issues

- The community sector is not sufficiently valued or understood by government.
- There are gaps in the available evidence base in terms of what works for achieving outcomes.
- Additional capacity building is needed to support the CSOs and their workforce.
- Government makes decisions about the sector without full understanding of the realities of the sector, without consultation of the sector’s expertise or a robust evidence base.

Suggested Solutions

- Government should adapt their ways of working and culture to raise the profile and perceived value of the sector.
 - CSOs should be respected as equal and expert partners and Government should place more weight on their views.
- Government should elevate the role of the sector in policy cycles, program design, grant design, and funding decisions.
 - As noted above, opportunities for collaboration and codesign between CSOs and government should be created as part of greater respect for CSOs.
- Government can support embedding evidence-based practice and capacity building through dedicated funding.
 - This is part of funding full costs of service delivery.
- Government should share evidence with the sector that is being used for decision making, and be more transparent about the decision making process.
 - Up-to-date and anonymised data on community needs and service provisions should be collected, aggregated, and shared with the sector.
 - CSOs should be supported to continually learn and develop through feedback from government on policy and funding decisions.

- Government should support capacity building for CSOs with regard to a number of key areas.
- Government should collaborate with the sector to explore alternative methods for capacity building. Suggestions include:
 - funding peaks and large CSOs to support funding for smaller CSOs
 - empowering individual COSs to lead their own capacity building,
 - assisting Aboriginal Community-Controlled Organisations (ACCOs) in leading their own capacity building alongside sector-wide cultural capacity building.

Moving Forward

We will continue to engage with this process to help the Federal Government fully understand the needs of the sector. We note that one of the problems raised by several stakeholders in this inquiry is that many CSOs have gone through this feedback and information providing process before with the Federal Government only to see no changes and their perspectives being ignored.

Accordingly, we plan to continue our strong advocacy in these areas at all levels of Government. Alongside providing feedback through inquiries like this one, we will continue to collaborate with our members, other volunteering peak bodies, other CSOs, government departments, and members of parliament. We greatly appreciate the feedback and support from our members in developing our response to this inquiry and will continue to work for the volunteering sector as the NSW peak body for volunteering.