

# A STRONGER, MORE DIVERSE, AND INDEPENDENT COMMUNITY SECTOR

SUBMISSION

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# Acknowledgements

Community Industry Group acknowledges the traditional custodians of this land, and their Elders past, present and future. We acknowledge and respect their continuing culture, the world's oldest living culture, and the contribution they make to the life of this region and our country.

We recognise the strength, resilience, and capacity of Aboriginal people.

Community Industry Group extends our gratitude and heartfelt thanks to our members and other service providers who openly shared their experiences of homelessness and housing instability with us through surveys, consultations, or other methods. Your perspectives are invaluable in identifying the impact of the ongoing housing and homelessness crisis on individuals, families and communities experiencing vulnerability and disadvantage.



# About Community Industry Group

**Community Industry Group (CI Group) is the peak body working for community services and organisations in southern NSW. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.**

For 30 years, CI Group has taken a leadership role in the local community services sector. We regularly engage with those organisations, services and individuals who collaborate with individuals, families, and communities experiencing disadvantage and vulnerability. We also advocate on behalf of community organisations and vulnerable communities to raise awareness of the issues which are impacting service delivery and affecting the lives and outcomes of individuals, families and communities experiencing disadvantage.

Our members include not for profit service providers who deliver:

- Homelessness Supports
- Women's and Domestic Violence Support Services
- Child and Family Services
- Youth Services
- Aged Care
- Disability Services
- Generalist Community/Neighbourhood Centres

# Introduction

Community Industry Group (CI Group) welcomes the government's commitment for a stronger, more diverse, and independent community sector. Community sector organisations across southern NSW provide vital supports to individuals, families and communities experiencing vulnerability and disadvantage. The southern region is home to some of the most disadvantaged locations in NSW. Community organisations providing support to areas such as Port Kembla-Warrawong, Berkeley, Cringila, and Windang where disadvantage is severe and intergenerational poverty is entrenched find themselves overstretched and under-resourced after years of funding neglect.

Lower down the region, communities are still recovering from the impacts of bushfires, flooding, and the Covid-19 pandemic. Community sector organisations find themselves struggling to meet demand from a traumatised community.

While policy and funding reforms challenge the viability of the sector, the level of need and disadvantage in the community continues to grow as people living on low incomes struggle for survival in this time of escalating housing, energy and living costs. In particular, the increasing costs of housing and energy combined with the low rates of income support payments has resulted in increasing levels of need in the community.

Across the board, CI Group members are reporting seeing new cohorts turning to the sector for basic supports. Terms such as 'food insecurity' and 'energy poverty' have entered the vernacular and members report seeing increased numbers of working families turn to not-for-profits for basic supports such as food and clothing. This, in turn, impacts our sector, as providers struggle to increase service provision within existing funding envelopes. It is unconscionable to keep pressing not for profit community organisations to deliver more with less.

Government funding is vital to maintain the viability of not-for-profit community sector organisations to deliver services to individuals, families and communities experiencing vulnerability and disadvantage. CI Group strongly urges government to ensure that funding programs are only available to not for profit organisations. Private sector for-profit organisations should not be able to apply to turn a profit from poverty and disadvantage.

## **CI Group call on the Government to consider and implement the following Key Recommendations:**

Ensure that government-funded programs for the provision of human services are only available to not for profit organisations.

Establish a structured framework for active participation of CSOs in policy development, program design and the future of the physical landscape of the communities CSOs service.

Foster regular, two-way communication between CSOs and government bodies to facilitate joint decision-making.

Create mechanisms for community members and service users to provide input and feedback in a meaningful and accessible manner which do not place more administrative burden on already busy providers.

Draw on the learnings from the COVID crisis and enable a greater degree of flexibility in service delivery to enable regional providers to deliver community-responsive services.

Invest in modern, secure, and interoperable technology systems to facilitate two-way information sharing between CSOs and government agencies.

Develop standardised data-sharing protocols and open data initiatives to enhance information accessibility.

Establish clear guidelines for maintaining privacy and confidentiality of sensitive information.

Minimise compliance measures to maximise service delivery by ensuring only data necessary to measure program effectiveness is requested.

Implement community engagement strategies that tailor to diverse needs, including accessible online platforms, community language options, and in-person sessions which are facilitated by local stakeholders.

Provide resources and support for community members and users to contribute their insights without undue burden.

Encourage a participatory approach, such as participatory budgeting, to allow direct input from CSOs and community members on program design and resource allocation.

Ensure that government-funded programs for the provision of human services are only available to not for profit organisations.

Funding contracts of a minimum 7-10 year term, with a mid-point review to assess performance, explore any changing community circumstances and apply any necessary changes.

Include a flexible funding allocation in departmental budgets to enable rapid response to increases in demand or to new or emerging issues.

Recognise and adequately the full range of costs involved in service delivery.

Develop standardised cost categories that include both program-specific and administrative costs.

Provide fully funded capital expenditure grants for NFP operators.

Regularly assess the impact of operational cost increases on service delivery and ensure government funding covers these costs.

Ensure that grants are adequately supplemented and indexed to keep pace with rising costs. Ensure indexation aligns with economic conditions.

Review and adjust supplementation mechanisms regularly to reflect changing economic conditions.

Use this information to determine funding allocation for service delivery in close collaboration with CSOs rather than the current system of competitive tendering for a set pool of money.

Ensures resources are distributed in a manner that promotes inclusivity and fairness.

Use data-driven approaches to help identify areas of highest need and determine funding allocation.

Foster transparency in funding decision-making process to promote trust.

Develop a unified reporting framework with standardised formats and key performance indicators.

Create a single portal for reporting to simplify the process for CSOs.

Align reporting cycles across grant programs to standardise timelines and reduce the administrative burden.

Funding contracts of a minimum 7-10 year term, with a mid-point review to assess performance, explore any changing community circumstances and apply any necessary changes.

Multi-year agreements should be based on performance, with periodic evaluations and necessary adjustments to maintain alignment with community needs.

Implementation of minimum timeframes for final outcomes on grant variations/extensions to be no less than six months before the current grant ceases.

Implement expedited decision-making processes for time-sensitive extensions and variations.

Grant agreements should allow CSOs the flexibility to reallocate funds within the agreement period to respond to changing needs.

Encourage innovation by providing supplemental funds for pilot projects and experimentation.

Ensure reporting requirements are proportionate and minimise administrative burden.

Implement a streamlined variation process that promotes timely decision-making.

Clearly define the criteria for variations and provide guidance on aligning with the grant agreement and value-for-money outcomes.

Fund locally delivered capacity-building activities to support place-based smaller providers.

Continuously evaluate and improve the effectiveness of existing support initiatives.

Fund trusted support organisations like peak bodies to deliver support and tailored development programs.

# Focus Area 1:

## Giving the Community Sector the Voice and Respect It Deserves Through a Meaningful Working Partnership

In pursuit of a more effective and inclusive collaboration, the concept of a meaningful working partnership between Community Service Organisations (CSOs) and the government is necessary.

### 1.1 A Partnership for Achieving Outcomes

CI Group welcomes a partnership approach that achieves outcomes for regional Australians through the government and community sector partnerships which ensure the unique needs and aspirations of regional communities are met effectively. Mutual respect is vital for any successful partnership, and we urge government to recognise and value the unique skills and connections that community sector organisations (CSOs) bring.

Integral to the success of this partnership is the allocation of adequate financial support and resources.

The cornerstone of this partnership's success must be collaborative planning. This means CSOs and the peak bodies that represent them should be directly involved in aligning strategies, sharing insights, and ensuring that resources are thoughtfully and efficiently used, avoiding duplication and misalignment of efforts.

This partnership must have an enshrined mechanism that ensures both larger CSOs and smaller organisations are heard and funded, especially in regional areas where these trusted, local services provide a broader range of avenues to access help and have often evolved to address the distinct needs and priorities of the communities they serve.

Regional CSOs have a long history of designing and implementing programs and services to meet their communities' unique needs. These initiatives are deeply rooted in local knowledge and relationships as well as evidence-based practices, data-driven insights, and cultural sensitivity which ensure inclusivity and relevance across diverse populations. This comprehensive approach yields tangible, community-specific outcomes and measurable impacts.

Growing community services in regional areas must be a priority of government as our regions are facing unprecedented growth in population and demand on services continues to increase.

Government agencies responsible for managing and planning growth in regional areas must develop strong working partnerships with the CSOs in these areas, large and small, and work more closely with them from early planning stages through construction and delivery. As frontline services to their communities, CSOs will need to continue providing services during periods of change and growth. For example, the implementation of Snowy 2.0 has had



significant impacts on the availability and affordability of housing. Local service providers have seen an increase in demand across a range of services from homelessness to family support.

One local example of this in the Illawarra is the significant redevelopment happening in the suburb of Warrawong, which has traditionally been a lower socio-economic area with a culturally diverse population.

The Warrawong Residents Forum are a neighbourhood centre CSO funded to provide a hub for community service delivery. The operator has expressed concern that staff and volunteers are not partners in developing “the big picture” for the area and worry that new health services and government agency offices are being planned for without adequate input from CSOs on the ground.

*Whilst we’ve written a support letter to advocate for the development, our service will be displaced during the upgrade. The centre of Warrawong will be a construction zone at a time when (our service) will be trying to manage displacement and our ability to host our usual services will be limited.*

*During this period, we have had little contact with our local MPs. We feel we are not valued, and it is clear the various levels of government have not given the impact on us much thought.*

#### **Warrawong Residents’ Forum operator**

One suggestion is to make a single central entity responsible for implementing genuine consultation, providing up to date information and to acting as a conduit for influence over design and outcomes.

Stronger partnerships in regions means supporting smaller organisations which are already operating and have good relationships into communities and established trust and providing ongoing funding – a true partnership is longer than a single funding cycle.

*We received federal funding for our financial counselling program but only because it was a political promise made during a federal election. There is now a federal government review into the “financial counselling wellbeing capabilities” funding and that is going out to tender. Once they do that, it is one of the big five charities that will get that money because people like us are not competitive - despite running it better than others, with fewer staff and tiny overheads. No corporate vehicles or glossy reports here! It becomes a real gap between us and the large charities (exacerbated by) not being able to have access to people in policy at federal level like the big guys. Even though we are successful, we are not attractive to the government.*

#### **South Coast Womens’ Service**

Our members and other local organisations have on-the-ground, long-standing experience, and presence in the region. These critical local resources have a planned readiness to respond efficiently in times of crises and emergencies. Local regional CSOs have dealt natural disasters (bushfires, storms, and floods) economic downturns, and public health emergencies. Small and nimble, they were able to adapt quickly to assist communities, providing a swift and coordinated response during these critical junctures.

*If you want to build stronger partnerships with local organisations in regional areas, you need to allow the organisation to decide how they would need to spend the funds and how they would implement programs to suit their community.*

*If our clients are saying this is what we want this CSO to deliver, we should have more flexibility to adapt service delivery to meet client needs. A genuine partnership should have the space to expand and get on with it – right now we have 10% leeway to move outside what we have written in our funding agreement, but that is not enough.*

*During COVID there was more flexibility to go above this threshold, but that has been tightened up and we need it. It has been shown it can work, that we can be accountable, and we were able to report back satisfactorily so why can't we keep going with that flexibility?*

**Shoalhaven-based CSO operator**

## Recommendations

1. Establish a structured framework for active participation of CSOs in policy development and program design.
2. Foster regular, two-way communication between CSOs and government bodies to facilitate joint decision-making.
3. Create mechanisms for community members and service users to provide input and feedback in a meaningful and accessible manner which do not place more administrative burden on already busy providers.
4. Draw on the learnings from the COVID crisis and enable a greater degree of flexibility in service delivery to enable regional providers to deliver community-responsive services.

## 1.2 Streamlining Information Sharing

The streamlined sharing of information is crucial for efficient engagement, distribution, influence, and timely, informed decision-making.

In the evolving landscape of governance and community service provision, optimising information sharing through streamlined collaboration between CSOs, and government entities is crucial. Technology plays a key role in enhancing engagement, efficient information distribution, and timely dissemination, with strategies including:

- Centralised Online Platform - Creating a hub for data exchange.
- Data Standards and Unison - Ensuring compatibility between systems.
- Secure Data-Sharing Protocols - Protecting sensitive information.
- Document Management Systems - Facilitating collaboration.
- Webinars and Virtual Meetings - Engaging stakeholders interactively.
- Social Media and Online Forums - Expanding outreach.
- Email and Newsletters - Maintaining regular communication.
- Mobile Apps - Pushing updates to stakeholders.
- Open Data Initiatives - Promoting transparency.
- Project Management Tools - Coordinating and tracking tasks.
- Geographic Information Systems (GIS) - Visualising spatial data.
- Automated Reporting Systems - Streamlining reporting.
- Application Programming Interfaces (APIs): Enabling data exchange.
- Machine Learning and Analytics - Gaining insights.
- Feedback Mechanisms - Encouraging stakeholder engagement.
- Training and Capacity Building - Proficiency in technology use.
- Data Governance Framework - Managing data integrity.
- Cybersecurity Measures - Protecting against threats.
- Regular Audits and Updates - Keeping technology current.

However, we caution government only to seek data and reporting which is necessary to evaluate program effectiveness. Service delivery suffers under the weight of unnecessary compliance reporting.

## **Recommendations**

1. Invest in modern, secure, and interoperable technology systems to facilitate two-way information sharing between CSOs and government agencies.
2. Develop standardised data-sharing protocols and open data initiatives to enhance information accessibility.
3. Establish clear guidelines for maintaining privacy and confidentiality of sensitive information.
4. Minimise compliance measures to maximise service delivery by ensuring only data necessary to measure program effectiveness is requested.

### **1.3 Community Engagement in Program Design**

CI Group members deliver evidence-based programs in response to identified community need. Our member CSOs are a voice for our communities and must be given the opportunity to contribute to program design. CSOs can support service users and those unable to access services, to contribute to program design to ensure it is inclusive and responsive.

To ensure inclusivity and accessibility in the program design process, government must employ a range of strategies that accommodate diverse preferences and accessibility needs i.e., through in-person meetings, virtual discussions, online surveys, phone calls, and written submissions. Clear communication using plain and accessible language is essential to convey information effectively to a wide audience.

Cultural sensitivity is vital, and providing materials in multiple languages and with consideration to cultural practices will foster inclusivity. Offering a range of flexible timing options, including evenings and weekends, will encourage broader participation, as will transportation support and accessible venues to cater to individuals with mobility issues or disabilities.

CI Group particularly encourages engagement with young people, as their perspectives are valuable but often underrepresented. Accessible feedback mechanisms should be used to enable ongoing dialogue.

Appropriate funding must be allocated for engagement initiatives, and we encourage collaboration with local organisations to encourage community participation. Inclusivity training should be offered to government employees to foster an inclusive atmosphere.

Attending community events to seek input in a more relaxed setting is encouraged, and closing the loop is vital. Regular updates and outcomes should be provided to demonstrate responsiveness to community needs.

## **Recommendations**

- 1.** Implement community engagement strategies that tailor to diverse needs, including accessible online platforms, community language options, and in-person sessions which are facilitated by local stakeholders.
- 2.** Provide resources and support for community members and users to contribute their insights without undue burden.
- 3.** Encourage a participatory approach, such as participatory budgeting, to allow direct input from CSOs and community members on program design and resource allocation.

## Focus Area 2:

### Providing Grants Reflecting the Real Cost of Delivering Quality Services

Grant funding is instrumental for the work of CSOs delivering essential services in our regions.

#### 2.1 Adequate and Flexible Funding

CI Group members assert that adequate and flexible funding is vital for CSOs to fulfill their missions and address the ever-evolving needs of the communities they serve.

Multi-year funding is vital to provide the stability and time required to plan and execute long-term initiatives that create lasting positive impacts. We recommend funding contracts of a minimum 7-10 year term, with a mid-point review to assess performance, explore any changing community circumstances and apply any necessary changes. Multi-year timeframes will mitigate organisational uncertainty, encourage staff retention, and reduce the administrative burden which detracts from service delivery.

Furthermore, we recommend the inclusion of a flexible funding allocation in departmental budgets to rapidly respond to increases in demand or to new or emerging issues.

Core funding is instrumental in sustaining CSOs, and local operators are telling us that funding envelopes have not grown to meet the increased level of service their communities now need. Unlike project-specific grants, core funding is inherently flexible, covering essential costs associated with service delivery such as staffing, infrastructure, and administrative expenses. It is the bedrock upon which CSOs can build and expand their operations, leading to more efficient and effective service delivery and must be increased adequately (more about this further down).

Effective and adequate long term grant funding is key to scaling operations. When CSO initiatives prove impactful and create increased demand for services, local organisations should be provided with the financial capacity to expand and reach more beneficiaries in a flexible and easy to access way.

Finally, funding for overhead expenses, such as rent, utilities, and technology, should be fully covered. These are real and necessary costs of doing business.

*We need grants to cover the actual costs. It is about being covered for the actual number of people seeking our services and to ensure we have the staff to cover that.*

*Grants do not offer the opportunity to source more staff - someone new to triage or hire a business to help with the books at audit time. Infrastructure grants do not look after the back end of organisations – I can do front house stuff, but I have auditing and admin requirements.*

#### **Illawarra based CSO operator and social worker.**

*Flexibility should not mean we do more with less. You need to be able to operate a service to meet local needs and demands, and funding arrangements need to be flexible enough to do this.*

*The fact that most funding and grants programs do not cover administration – especially at the NSW state level – or ongoing costs is not good enough.*

*A good example of this gap was the Social Sector Transformational Fund – we got funding to buy new computers and IT systems, but these go out of date so quickly, and now we can't afford to update the programs or renew the subscriptions or update our websites - none of that is included in our funding.*

*Flexibility must also mean funding to hire more people, more staffing. If the need is there to have full-time staff, we should be able to hire them. And not just as casuals or part-timers – full time workers paid at Award rates.*

#### **Shellharbour CSO operator**

## **Recommendations**

- 1.** Ensure that government-funded programs for the provision of human services are only available to not for profit organisations.
- 2.** Funding contracts of a minimum 7-10 year term, with a mid-point review to assess performance, explore any changing community circumstances and apply any necessary changes.
- 3.** Include a flexible funding allocation in departmental budgets to enable rapid response to increases in demand or to new or emerging issues.

### **2.2 Overlooked Administrative and Overhead Costs**

Grant funding often fails to sufficiently account for administrative and overhead costs essential for organisational functioning and sustainability. The "*High Cost of Doing Business*" report, commissioned by NCOSS and conducted by Ask Insight, outlines this:

*It becomes an impossible juggling act. Applying for multiple grants to stay above water and meet community need; downplaying the real cost of service provision to comply with funder requirements; and then working unpaid hours and going without necessities to ensure the delivery of high-quality programs, while addressing funder expectations and conditions.*

[The-High-Cost-of-Doing-Business-FINAL-2.pdf \(ncoss.org.au\)](#)

Members advise some of the commonly overlooked real costs of service provision that are unfunded include rent and facility expenses, utilities and maintenance, insurance, technology infrastructure costs, office supplies, administrative staff salaries; auditing, accounting and legal fees, staff training and development, fundraising and marketing activities, community engagement activities, program evaluation costs, governance and board-related expenses, contingency funds, and indirect overhead costs like client transport.

Neglecting to fund these vital financial elements hinders an organisation's overall efficiency and ability to meet its mission. Recognising and addressing these costs is essential for non-profits to operate effectively and ensure long-term sustainability.

*A notable example of where our funding does not cover increased costs is with our client management systems and rostering systems. When we were originally funded, these were paper-based systems. Now with so many people to manage and additional reporting requirements, we must subscribe to online systems on a yearly basis, train staff to use it and these are costs that are not funded. On top of that we are not funded for our rent, which has increased, cleaners, even the cost of paper has increased, and the Federal government has not passed on a CPI increase, which is a true reflection of costs.*

**Shoalhaven CSO operator**

*Government is often reluctant to fund smaller grants for organisations like us, and all have these caps on administration costs (which are unrealistic). Social Ventures*



*Australia in their research state that the average expenditure for an organisation is 33% on administration – this includes things like head office operations, marketing, insurance, audits. These need to be fully funded. Further, in relation to capital expenditure grants, for a mid-sized regional CSO like us, the need to provide a 50% co-contribution to qualify for the grant is prohibitive, and it would be much worse for a smaller organisation than us.*

***Illawarra/Shoalhaven Youth Service provider***

## **Recommendations**

1. Recognise and adequately the full range of costs involved in service delivery.
2. Develop standardised cost categories that include both program-specific and administrative costs.
3. Provide fully funded capital expenditure grants for NFP operators.

### **2.3 Impact of Rising Operational Costs**

Rising operational costs hinder the ability of CSOs to deliver services to our communities effectively. Our members report that a growing portion of their operational budgets is directed towards covering overhead expenses, negatively impacting program delivery in terms of quality and accessibility, especially for marginalised or underprivileged populations.

*We rent from our local council, and they want us to pay the market rate, when we receive no rental component for facilities in our core funding or help to pay for our utilities. Where do we get that money? It must come from programs.*

**Shellharbour CSO operator**

In tightening economic contexts, members report being unable to expand services to reach more people and address emerging community needs. Many feeling they are constrained in their capacity to grow and adapt. Worse, to maintain financial sustainability, CSOs may be forced to reduce community outreach and engagement efforts, which results in decreased community involvement, feedback, and partnership development.

Higher operational costs often include increased staff salaries and benefits. This can limit the organisation's ability to hire and retain skilled employees and provide competitive wages, affecting the quality of services delivered.

Additionally, as resources are directed towards operational costs, there may be less available for investment in innovation, technology, or program development. This can hinder the adoption of more efficient approaches to service delivery.

Organisations experiencing financial stress due to the burden of rising costs report that it negatively impacts their overall effectiveness and raises concerns about long-term sustainability

### **Addressing the Impact of Rising Operational Costs**

#### **Our members advise:**

- They are now seeking additional sources of funding, through donations, grants, and partnerships, which can help offset rising costs but are often finite, complex, and difficult to secure, time-consuming to administer on the rare occasion such efforts are successful and put greater administrative strain on already overburdened staff and volunteers.
- They would like to improve operational efficiency and find cost-saving measures, but this process of optimisation is hard to facilitate due to increasing demand for service delivery from their communities.
- Whilst collaborations and partnerships with other organisations or entities can provide mutual benefits and shared resources, thus helping to address cost challenges, it does not always work in practice, and it is not a long-term solution to rising costs and increasing demands on CSOs.

## **Recommendations**

1. Regularly assess the impact of operational cost increases on service delivery and ensure government funding covers these costs.

### **2.4 Supplementation and Indexation**

Adequacy of annual indexation is vital in recognising the increased cost of service delivery. Wages and salaries generally account for 70%-80% of grant expenditure so indexation must

cover the full cost of annual wage review increases, changes to the Award, superannuation, and workers compensation insurance costs. Indexation must be based on movement in the Consumer Price Index (CPI) for the non-wages component.

*It is all about indexation, indexation, indexation - indexation and (funding) award rates and conditions needs to be respected and reflected in funding processes. The Federal government should follow NSW lead, guaranteeing indexation, at a minimum of 6% (currently 5.75% which only covers increases to wages but not the extra 0.5% on superannuation payments or increases to Workers Compensation (from 5% – 8%) and insurance.*

#### **Illawarra/Shoalhaven Youth Service provider**

*You must look at the actual costs – look at last year’s base funding. The government gave us indexation and CPI which amounted to a 10% increase, but then we are asked to report against the base only. So, this year, we have not received compound indexation and compensation. That means we are already 10% in the hole. If they are not compounding the money they give us, the raw funding we receive again is 4 or 5 years old. We welcome the NSW State Government’s decision this year to take into consideration what we got last year and then provide the addition 6.25% increase to cover CPI increases – that means a distinct difference between affordability and how far you ‘re in the hole. The expectation previously of the government had been that we would deliver the same service, i.e., four days a week - but how can we do that when you can’t even cover the updated costs? This needs to be a guaranteed increase every year that covers costs – because you can write big, long letters (of complaint) but does not dop a whole lot of good.*

#### **South Coast Womens’ Service**

## **Recommendations**

- 1.** Ensure that grants are adequately supplemented and indexed to keep pace with rising costs. Ensure indexation aligns with economic conditions.
- 2.** Review and adjust supplementation mechanisms regularly to reflect changing economic conditions.

## 2.5 Equitable Fund Distribution

Diversity is vital in the community services sector. To be truly responsive to community needs, the sector must have large national providers as well as small place-based operators. However, many smaller providers feel disadvantaged in the funding race, competing for funding against big services providers with dedicated grant-writing teams.

At a recent neighbourhood centre forum, it was observed that:

*... competitive tendering tears the sector apart and divides services, creates unnecessary competition and secrecy. It also undermines equitable distribution and efforts to maintain a thriving diverse community services sector of both small and large organisations in our regional communities.*

### Recommendations

1. Build an equity-focused framework that analyses needs in regional areas and use this information to determine funding allocation for service delivery in close collaboration with CSOs rather than the current system of competitive tendering for a set pool of money.
2. Ensures resources are distributed in a manner that promotes inclusivity and fairness.
3. Use data-driven approaches to help identify areas of highest need and determine funding allocation.
4. Foster transparency in funding decision-making process to promote trust.

## 2.6 Streamlining Reporting Requirements

Streamlining reporting requirements across multiple grants can significantly alleviate the administrative burden placed on CSOs while enhancing the efficiency and effectiveness of grant management. CI Group members have advised that Governments and funding agencies can champion this endeavour by implementing a series of well-planned steps:

- Introduce a unified reporting framework that standardises reporting elements across diverse grant programs.
- Create a centralised, web-based portal for reporting that offers a one-stop solution for CSOs to submit reports across all their grants.

- Standardise reporting templates and forms with clear, concise language.
- Align reporting cycles across grant programs to standardise timelines and reduce the administrative burden.
- Introduce a consistent chart of accounts and categories to ensure CSOs use the same financial reporting structure across all their grants.
- Consider multi-year reporting for organisations with multi-year grants, where CSOs provide updates on progress and outcomes over an extended period, reducing the frequency of reporting and increasing efficiency.
- Develop performance dashboards that allow CSOs to track their progress, key metrics, and trends across multiple grants in one centralised location.
- Provide comprehensive training and support to CSOs on how to meet reporting requirements efficiently. This should include guidance on using the reporting portal, data management, and compliance.
- Commit to a regular review and assessment of the streamlined reporting process's effectiveness.

## **Recommendations**

1. Develop a unified reporting framework with standardised formats and key performance indicators.
2. Create a single portal for reporting to simplify the process for CSOs.
3. Align reporting cycles across grant programs to standardise timelines and reduce the administrative burden.

## Focus Area 3:

### Providing Longer Grant Agreement Terms

CI Group members require longer grant agreement terms to enhance the effectiveness and sustainability of community service delivery.

#### 3.1 Grant Agreement Length for Certainty and Stability

CI Group recommends grant agreements of 7 – 10 years. Extended agreements offer a range of advantages, addressing multiple aspects of CSO operations, from program continuity to sustainability and efficiency.

One of the primary advantages of longer grant agreements is the assurance of program continuity. Our members confirm that multiple year agreements minimise the uncertainty associated with short-term or annual grants, allow CSOs to plan and execute programs with a long-term perspective and play a crucial role in staff retention. Job security and the promise of a stable working environment make it more likely CSOs can attract and retain high-quality staff. Skilled employees are essential for maintaining service quality and effectiveness.

Longer grant agreements empower CSOs to engage in more robust strategic planning. With multi-year funding in place, organisations can set clear, long-term goals, invest in capacity-building, and implement programs that align more effectively with their mission and community needs. This strategic approach contributes to better long-term outcomes.

Extended grant agreements enable CSOs to explore opportunities for expanding their services. Whether it is initiating innovative programs, reaching more beneficiaries, or addressing emerging community needs, the financial stability offered by longer agreements allows organisations to expand their reach and impact.

Multi-year grant agreements promote organisational sustainability. CSOs can allocate resources towards building organisational resilience, improving infrastructure, and investing in technology and innovation. This, in turn, ensures that they remain capable of serving the community effectively in the long term.

Longer grant agreements can lead to cost efficiencies. CSOs can engage in bulk purchasing, negotiate longer-term contracts, and make capital investments that yield cost savings over time. This cost efficiency frees up resources that can be directed toward program delivery, making a more significant impact in the community.

Multi-year agreements facilitate stronger relationships with funders and stakeholders. With the ability to commit to longer-term initiatives, CSOs can engage in more meaningful collaborations and partnerships. This fosters greater community impact and aligns funding with long-term community development goals.

Many community programs and services aim to achieve long-term outcomes, such as improved educational attainment, reduced poverty, or improved community cohesion. Longer grant agreements align more effectively with these goals, as they allow for sustained efforts and impact measurement over time.

Annual or short-term grant agreements often come with a significant administrative overhead, as CSOs must continually apply for funding. Longer grants significantly reduce this administrative burden, allowing CSOs to channel their efforts more effectively into service delivery and community engagement.

*The move to five-year (funding agreements) at the NSW state level is good – long term means more job security for workers, not just on one-year contracts, not renegotiating (funding) contracts and in output items has been positive.*

**Shoalhaven CSO operator**

*Longer grant agreements are welcome – currently at state level NSW Health are looking at increasing funding, but only to four years (they can only do one term of government) But it is important to note that without these agreement terms being made with sufficient funding, I can't agree to a four- or five-year term. Yes, there is stability, but if we will not get the money we need, what does that help?*

**South Coast Womens Service operator**

## **Recommendations**

- 1.** Funding contracts of a minimum 7-10 year term, with a mid-point review to assess performance, explore any changing community circumstances and apply any necessary changes.
- 2.** Multi-year agreements should be based on performance, with periodic evaluations and necessary adjustments to maintain alignment with community needs.

### 3.2 Timeframes for Grant Variations/Extensions

CSOs depend on government grants to fulfill their missions and provide essential services to their communities. In many cases, these organisations seek grant variations or extensions to adapt to changing circumstances, respond to community needs, or innovate their programs.

Our members advise that timely communication regarding grant variations or extensions is paramount to the stability of CSOs. Delays in decision-making can result in uncertainty, potentially leading to program disruptions, staff layoffs, and service cutbacks – which regional providers can scarce afford. Providing CSOs with prompt outcomes, including decisions to extend a grant, minimises the risk of such instability.

#### Recommended Minimum Timeframes

Our members advise:

- The government should aim to provide a decision on grant variations or extensions to CSOs at least six months before the current grant ceases.
- In more complex cases where the grant variation or extension involves significant changes or additional scrutiny, a greater minimum notice period is needed.
- In situations of extreme urgency, where a rapid response is needed to address unforeseen community needs or crises, decisions on grant variations or extensions should be expedited. A decision within one to three months should be considered the minimum standard.

### Recommendations

1. Implementation of minimum timeframes for final outcomes on grant variations/extensions to be no less than six months before the current grant ceases.
2. Implement expedited decision-making processes for time-sensitive extensions and variations.

### 3.3 Funding Flexibility for Service Delivery and Innovation

Funding flexibility is integral for regional CSOs and enables them to address emerging community needs, hire additional staff, invest in technology, and innovate service delivery where other support services are thin on the ground and/or already stretched.

Flexibility in funding is about delivering capacity effectively and addressing the ever-evolving needs of the communities we serve.



*Funding should not be so rigid – if I am operating a two-day service now and demand increases, I might need to operate 3-4 days and need to pivot and meet that and not worry about not meeting funding guidelines. COVID showed us that CSOs could pivot quickly, and emergency funding allowed us to do that. It highlighted that our work is indeed an essential service - and we need to maintain that level of respecting our sector and the work we do.*

### **Shellharbour CSO operator**

#### **Key Aspects of Funding Flexibility**

Our members advise:

- Greater flexibility is needed in core funding provisions. Not only should core funding cover essential costs like staffing, infrastructure/rent, and administration, but it should also enable CSOs to make necessary adjustments without rigid constraints.
- Funding should be flexible enough to cover capacity building, training, technical assistance, and professional development for CSO staff and volunteers to maintain professional currency and enhance service delivery capabilities.
- Prompt funding disbursement allows CSOs to implement programs without delays.
- While CSOs should be accountable for fund use, reporting requirements should be proportionate to avoid excessive administrative burden. Transparent reporting ensures funding is used as intended.

#### **Recommendations**

1. Grant agreements should allow CSOs the flexibility to reallocate funds within the agreement period to respond to changing needs.
2. Encourage innovation by providing supplemental funds for pilot projects and experimentation.
3. Ensure reporting requirements are proportionate and minimise administrative burden.

### **3.4 Flexibility in Acquittal Processes**

Flexible acquittal processes are essential to support and encourage sector innovation while ensuring accountability.

Acquittal processes play a pivotal role in ensuring the responsible and effective use of grant funds by CSOs. However, according to our members, rigid acquittal requirements can stifle innovation within the sector.

## Challenges in Current Acquittal Processes

Our members advise:

- Current acquittal processes often entail excessive paperwork leading to a heavy administrative burden on CSOs.
- Rigidity in acquittal processes can deter CSOs from exploring creative solutions to address community needs. This creates a fear of financial penalties or negative repercussions that can discourage CSOs from taking these calculated risks with innovative programs or initiatives.

*The administrative compliance requirements for CSO to deliver services that meet standards create a large admin burden for CSOs policy and procures continuous improvement practices to put in place but funding doesn't cover admin load gaps with doing it well and fulfilling those task -we get by but to implement things under continuous improvement model we are not funded adequately to do that well.*

**Shoalhaven CSO operator**

## Enhancing Flexibility in Acquittal Processes

Our members recommend:

- Implement compliance requirements that are proportionate to the size and complexity of the grant, allowing smaller CSOs to focus on program delivery rather than overwhelming reporting.
- Simplify reporting formats and reduce the number of financial forms.
- Emphasise outcomes and impact. CSOs should be able to demonstrate the value and effectiveness of their programs through performance metrics.
- For multi-year grants, allow CSOs to submit reports covering the entire grant period, with short periodic updates.
- Allow CSOs more flexibility in how grant funds are utilised, if they can demonstrate that the funds contribute to the intended outcomes. This encourages innovation and adaptive problem-solving.
- Introduce a mechanism for CSOs to report innovative programs and projects separately from regular acquittals, where they can highlight their experimental initiatives without incurring penalties for potential failure.
- Governments should provide timely feedback on acquittal reports and offer support to CSOs in areas that require improvement.

## Challenges in the Current Grant Variation Process

Our members advise:

- The existing grant variation process is often complex and ambiguous, making it challenging for CSOs to navigate.
- Lack of clarity in the variation requirements can lead to misalignment with grant agreements.
- The administrative burden associated with grant variations, including extensive paperwork and reporting, can divert CSOs' resources and time from program delivery.
- Lengthy approval processes for grant variations can cause delays in project implementation, leading to missed opportunities and impacting program effectiveness.
- Rigid variations may not accommodate unforeseen changes in project needs, affecting the ability of CSOs to adapt and innovate in response to evolving community requirements.

## Enhancing the Grant Variation Process

Our members advise:

- Government agencies should provide clear and transparent guidelines for grant variations, outlining the procedures, requirements, and criteria. This empowers CSOs to navigate the process more effectively.
- Embrace a performance-based approach to grant variations, where CSOs can request variations based on demonstrated progress and achievement of project outcomes. This approach reinforces the focus on results and value for money.
- Prioritise risk assessment as a part of the variation process. High-performing and low-risk CSOs may be eligible for expedited approvals, reducing the burden on both CSOs and funding bodies.
- Encourage CSOs to provide evidence of the value-for-money outcomes achieved through grant variations. This may involve cost-benefit analyses and impact assessments to demonstrate the effectiveness of changes made.
- Government agencies should maintain open channels of communication with CSOs to offer guidance and support during the variation process. This can include workshops and training sessions on value-for-money reporting.
- Grant agreements should provide flexibility in fund use, allowing CSOs to reallocate resources within broader project objectives. This enables adaptive management without requiring extensive variations for minor adjustments.

## **Recommendations**

1. Simplify acquittal processes while maintaining essential accountability requirements.
2. Streamline reporting requirements across grants to minimise the administrative burden.

### **3.5 Improving the Variation Process**

The variation process is critical for CSOs to adapt to changing community needs while demonstrating value for money.

## **Recommendations**

1. Implement a streamlined variation process that promotes timely decision-making.
2. Clearly define the criteria for variations and provide guidance on aligning with the grant agreement and value-for-money outcomes.

## Focus Area 4:

### Ensuring grant funding flows to a greater diversity of community service organisations

Diversity within the community sector is essential to cater to a wide range of community needs.

CI Group members agree that government needs to fund a range of organisations small, medium, and large, and that there must be more equitable access to grant funding, especially for smaller organisations who support intersectional groups within their community. However, our members do not agree with the assertion made in the DSS Issues Paper that to achieve this, “efforts to build a fair and competitive market of organisations” must be made.

As previously stated, CI Group members are concerned that competitive tendering tears the sector apart and divides services, creates unnecessary competition and secrecy.

As such, many smaller member operators want government to ensure that grant funding flows to a diverse range of community service organisations, and to base that allocation on identifying communities of greatest need, and to supporting services that already exist in those areas to meet increasing demand.

The barriers for smaller operators include:

- Intense competition for funding, which disadvantages smaller or regional operators without dedicated personnel to keep up with multiple grant cycles.
- Already large administrative burdens make it difficult for smaller teams to apply for and administer grants.
- Feeling “overlooked” and considered to be “too small”, and their work and achievements outside of reportables often goes unnoticed and unaccounted for, obscuring the real value of these organisations.

*When you look at it, we have government grant managers we work with in various departments – and I am not saying they are not doing decent work – but then it feeds up the chain to the policy team and who are those people? They don’t know what we do, they’ve got no idea... when you are small, when you attract a small amount of funding we are not even worth looking at...if we were a million-dollar funded organisation they might actually listen a bit more but I think we are a bit of a tick a box.*

**South Coast Womens service**

## 4.2 Support Programs for Smaller CSOs.

Smaller CSOs play a vital role in addressing localised issues, therefore it is important to support capacity-building for these organisations to strengthen the community sector. This capacity building should be locally available and regionally specific.

While we support the creation of a Community of Practice to assist with grant writing, we need to be mindful that this adds yet another layer of administrative burden to already stretched CSOs.

*We need a lot more support programs – there are not enough services to help smaller organisations, who do not have the time or the staff to expand our services, or work on submissions and we are seeing more programs close because they do not get the funding. The Federal government needs to support our local regional peak better and provide CI Group with additional funding to ask those questions of membership (what additional support they need) the broader community and other service organisations so we can do that well.*

**Shellharbour CSO operator**

## Recommendations

1. Fund locally delivered capacity-building activities to support place-based smaller providers.
2. Continuously evaluate and improve the effectiveness of existing support initiatives.
3. Fund trusted support organisations like peak bodies to deliver support and tailored development programs.