



Introduction

Australia's community sector is a vital part of society and the economy, working to support everybody facing difficult circumstances that can lead to poverty and disadvantage, reduce social and economic inequality, create opportunity and build a fairer country. The services, advocacy and support that our sector delivers and the way in which we deliver them, make Australia a better place.

Our sector faces considerable funding and regulatory challenges and roadblocks that make it harder to achieve outcomes for the people and communities that we work with. Many of these challenges are not new – they have been a feature of the landscape that the community sector has worked in for years. They have however accumulated over many years, and now present a series of unnecessary roadblocks to achieving the change we want to see to improve the lives of everyone in our society. Removing them would make a real difference to our sector's capacity to do our important work.

In addition, the funding climate for essential and innovative community services since the 2014-15 budget has been one of chronic and prolonged uncertainty. The combination of cuts, followed by partial reversals or freezes or the 'repackaging' of funding allocations, has wrought havoc in critical areas of social infrastructure. Indexation has not been adequate to account for rises in wage costs. Providers cannot plan for quality delivery let alone innovate, when community sector workers are uncertain about their futures.

Policy proposals

Redesign community service delivery to put community control and development at the heart of design

While top down approaches to addressing poverty and inequality can play a role in addressing structural drivers at the national level, they will have limited impact unless complemented by mechanisms to support local communities to identify and address local problems. These solutions and the process of creating them build the social fabric of our communities and reduce both social and economic inequality. Community development approaches to solving the problems that communities identify have never been more relevant.

New concepts like commissioning, codesign, collective impact and public innovation are taking hold in the discourse about how services are delivered and how we connect with local communities. These approaches and concepts are adjuncts to good community development. They build on, rather than replace an approach that has been at the centre of how our sector works in local communities for decades.

Recommendation 1 Commonwealth funding processes must place people and communities at the centre of service delivery design and implementation, and must encourage the implementation of community development principles in that service design and delivery.



Put people and communities using services at the centre of how services are planned and delivered

Human services are unique and differ from conventional “markets”. The delivery of human services by community-based, not-for-profit organisations is part of a rich framework of human capital that delivers far more than just a service. The relationship between people and community services is unlike other consumer-provider relationships and must be treated very differently. These relationships build and contribute to communities and enrich people’s lives. They may be forged in times of crisis and have transformational and enduring effects. This is important to overcoming poverty, disadvantage and inequality. We need to seriously rethink the competition agenda in human services, to ensure we don’t keep making the same mistakes in service delivery that can have a devastating impact on people.

In 2017 the Commonwealth Department of Social Services commenced a new approach to the way that services are planned and delivered to focus more on outcomes for people. This program of work – originally ‘Commissioning for Better Outcomes’, now reframed as ‘Getting Better Outcomes’ – has generated discussion and debate in the community sector about the program, and about commissioning as an approach more generally.

In this context ACOSS engaged with the debate by reviewing a range of literature about what makes an effective commissioning framework, and engaged with members via a full day workshop focused on informing the Getting Better Outcomes program. We have also consulted widely with our members. To inform the process, ACOSS produced the [Commissioning for Better Outcomes – Principles and Practice Briefing Note](#), aimed at further contributing to the development of good policy in this area.

Recommendation 2 The planning, design, procurement and management of all services purchased by the Commonwealth should use an approach that places the people and communities who use the services at the centre of their design and delivery.

Restore and improve funding for community services

Commonwealth funding for community services has for the last five years been marked by uncertainty, under-resourcing and cuts. Since 2013 we have seen billions of dollars cut from the programs and services that people in the greatest need rely on. These cuts have occurred in the context of growth in demand for services, population growth, and increases in the cost of delivering services.



The impact of this under-resourcing is being felt right across the country: by those on the lowest incomes, people experiencing financial crisis or family breakdown, children at risk, vulnerable young people, new mothers and babies, people facing eviction and homelessness, carers in need of respite, those struggling with drug and alcohol addictions, and those with mental health issues or other serious health concerns in the community.

Recommendation 3 Commonwealth funding for community services should be increased by \$2 billion per annum (in 2020/2021) in order to reverse the cuts seen since the 2014 Budget, respond to growth in population and increases in the cost of delivering services, and meet more of the demand for services, focusing on:

- + Indigenous Advancement Strategy initiatives;
- + Community Legal Centres;
- + Family and Relationship Support Programs;
- + Playgroup programs;
- + Domestic and Family Violence programs;
- + Financial Counselling;
- + Emergency Relief;
- + Food Relief;
- + Community Development, Diversity and Social Cohesion;
- + Programs for migrants, refugees and asylum seekers;
- + Homelessness programs;
- + Volunteer Grants;
- + Programs for older people;
- + Support for Carers;
- + Community Mental Health Programs.

Cost: \$2,000 million



Improve access to early childhood education and care

Early childhood education can have a significant impact on a child's development and future learning outcomes. Children who attend early childhood education for at least a year before starting school are half as likely to have developmental vulnerabilities when they start school as children who have not accessed early learning. Despite significant strides in lifting enrolments of children in preschool programs in the year before school (four year olds), Australia lags in enrolment of three year olds, and is in the bottom third of countries ranked by the OECD at 69%.

Recommendation 4 The government should commit to improving access to early childhood education and care so that:

- (1) Children have the right to at least two days per week of quality early childhood education and care, irrespective of their parents' workforce participation or other activity;
- (2) Children have access to high-quality preschool two years before school;
- (3) This is backed by long-term funding commitments.

Cost: \$620 million

Recommendation 5 Recent changes to the child care system should be adjusted to ensure that:

- (1) Families on the lowest incomes can obtain quality early learning for a minimum of two days per week, regardless of the employment status of parents;
- (2) Families at different income levels are provided with an appropriate level of fee assistance to improve affordability while ensuring budget sustainability;
- (3) The interaction of the Child Care Subsidy with the tax and transfer systems minimises effective marginal tax rates where possible;
- (4) The applications process reduces the chance of families incurring debts.



Ensure equality for Aboriginal and Torres Strait Islander children in their early years

Aboriginal and Torres Strait Islander children are supported by their families, their communities and their culture. Despite this support, Aboriginal and Torres Strait Islander children continue to face challenges arising from colonisation and its effects. Achieving equality means we need to dismantle the systems that perpetuate the ongoing trauma experienced by Aboriginal and Torres Strait Islander children.

Recommendation 6 To improve access to early childhood services by Aboriginal and Torres Strait Islander children, the following steps should be taken in line with the SNAICC and Early Childhood Australia (ECA) position paper – Working Together to ensure Equality for Aboriginal and Torres Strait Islander Children:

- (1) Ensure Aboriginal and Torres Strait Islander three and four year olds have a minimum of three days per week of high-quality preschool with a bachelor-qualified teacher;
- (2) Separately to the universal service commitments in Recommendation 2, adjust the activity test within the Child Care Subsidy so that Aboriginal and Torres Strait Islander children can have up to 30 hours per week of subsidised early education and care, without parents having to meet work or study requirements;
- (3) Fund a targeted program to support evidence informed, culturally safe, and well integrated early childhood and family-focused programs, across the nurturing care spectrum in early education and care services that work with high numbers of Aboriginal and Torres Strait Islander children.

Properly index all grants and contracts across the community sector

The Commonwealth does not have a consistent or adequate approach to indexation of funding to community organisations. As a result, many community sector organisations funded by the Commonwealth have seen real cuts to the value of their funding. Unfunded shortfalls seriously impact on the sector’s capacity to deliver services to local communities. In real terms the indexation arrangements amount to a gradual reduction of Commonwealth funding against projected cost increases. This also means that over time, the value of the Fair Work Commission’s Equal Remuneration Order is eroded.

Recommendation 7 Indexation for community sector funding should be improved by:

- (1) Publishing the rate of indexation in the Budget Papers;
- (2) Establishing the Wage Price Index (when greater than the Consumer Price Index for the same period) as the primary index for annual funding adjustments;
- (3) Exempting community sector funding from the Efficiency Dividend.

Cost: \$350 million



Prevent cuts to existing community services by maintaining proper funding to pay fair wages

In 2012 the Fair Work Commission made a landmark decision that addresses the gendered undervaluation of work performed in much of the community services sector. As a result, wages increased by up to 45% over 10 years, and most governments across Australia, including the Federal Government, provided additional funding to ensure that community sector organisations could pay equitable wages, and maintain essential services to those most vulnerable in our community. The Federal Government has indicated that they will be ceasing these payments and cutting funding in 2021/2022. The small increases in funding that were provided in federal government grants and service agreements simply maintained the level of services to communities and ensured community organisations adhered to their industrial obligations under the ERO ruling.

Recommendation 8 Ensure that funding is sufficient for community organisations to meet their industrial obligations, pay fair wages to their workers, and maintain quality services to communities.

Restore and lift funding for peak bodies and advocacy organisations so that marginalised voices are heard in public policy debate

Public debate in Australia is heavily influenced by well-resourced interests. These powerful voices often dominate, and communities and groups affected by poverty, disadvantage and marginalisation can sometimes struggle to be heard. One of the most significant factors that affect a community or people's capacity to engage in effective advocacy is the resources available to it. Yet over the past five years we have seen significant funding cuts and defunding of organisations that represent or are focussed on Aboriginal and Torres Strait Islander peoples, young people, refugees and migrants, people experiencing homelessness or struggling in the housing market and other disadvantaged people and communities.

Recommendation 9 In order to ensure that everyone's voice is heard in our public debate, peak bodies and advocacy organisations representing people facing disadvantage should be adequately funded.

Cost: \$5 million



Improve funding transition processes to reduce uncertainty and disruption

In the past five years we have seen a number of grant rounds, reforms and funding cuts that have resulted in significant disruption of service delivery to people, families and communities. We have seen cuts across the sector. We have seen programs abolished, put out to tender or slated for abolition only to be reinstated. We see funding rounds that shift money across regions, programs and service providers resulting in significant disruption. All of this has occurred with little regard for the disruption that it causes to people, families, communities, organisations and workers.

While change and disruption are to a certain extent inevitable as governments and priorities change, the system is not built to manage these changes well. While significant attention is paid to probity, little attention is paid to the impacts of change on people and communities. As a result, funding is cut, clients lose access to organisations and people they trust, and workers lose their jobs.

Recommendation 10 Improve transitional arrangements for community sector organisations through:

- (1) An amendment to Commonwealth grant rules to ensure that service providers are given at least six months' notice of any renewal or cessation of funding. Where this cannot be achieved, and services are ceased, a contract extension of at least 12 months is provided;
- (2) Contract provisions that allow an organisation to request additional funding where a contract is not renewed to manage the transition of services to another provider;
- (3) Transparency, so that where funding has been transferred from one provider to another, they are made aware so as to facilitate the referral of service users;
- (4) An 'Industry Fund' to resource retraining, redeployment and other supports for workers displaced by major reform programs.

Commit to fund and support advocacy by the representatives of people and communities experiencing poverty and disadvantage as a legitimate part of national public debate

In the past five years we have seen legislation and policy implemented by the Federal Government that have, in their application, had a chilling effect on advocacy by community sector organisations. These actions include de-funding of peak bodies involved in advocacy including the Refugee Council of Australia, the National Congress of Australia's First Peoples, and housing and homelessness peak bodies; the inclusion in the National Partnership Agreement on Legal Assistance Services of a restriction that requires that federal funding can no longer be used for law reform advocacy; the removal of advocacy activities from a broad range of Commonwealth funding agreements; and the narrowing of peak body funding agreements so as to preference training and sector development over policy development and advocacy.



In addition to these restrictions, the Department of Social Services has now ‘banned’ organisations funded by the Families and Communities Service Improvement program from using Commonwealth funds for advocacy.

Recommendation 11 Support the legitimate role of community organisations as policy advocates in the interests of their communities by removing restrictions on using Commonwealth funds (or funding pursuant to National Partnership Agreements) for advocacy purposes (gag clauses).

Increase the duration of standard contracts for community sector funding

The Productivity Commission has recommended that contract lengths be extended to seven years for most contracts, and ten years for service delivery in remote Aboriginal and Torres Strait Islander communities. Implementing these contract lengths would make a real difference to people accessing services, service providers and funding agencies. They would remove uncertainty for providers and service users, allow better planning and reduce bureaucracy. Increasing contract lengths (accompanied by effective service management by funding agencies) would be a cost-free way to impact on the quality of service delivery and improve the viability of community sector organisations. They would also provide longer periods for evaluation and outcomes measurement, improving our understanding of the quality of service delivery and the outcomes achieved.

Recommendation 12 Standard contract lengths for community sector grants should be extended to seven years for most contracts and ten years for service delivery by Aboriginal and Torres Strait Islander community controlled organisations in remote Aboriginal and Torres Strait Islander communities.

Increase community sector participation in decision-making, policy development and governance structures

There is clear value for government when the community, and the community sector participates in decision-making, ensuring the best social and economic outcomes for the community. This requires a genuine dialogue between government and the sector, not just a mechanism for government reporting; processes through which government can gain community input to its decision-making, while also providing opportunities for issues to be raised that are not yet ‘on the radar’; and avoiding time spent in unnecessary and ineffective consultative processes.



Recommendation 13 The government should systematically include community organisations in policy and decision-making through:¹

- (1) A Human Services Partnership Forum as a whole-of-government mechanism to improve the relationship between government and human services across policy, funding and program design settings;
- (2) A social services ministerial advisory council, to provide high level expert advice on social policy and service reform within the scope of the social services portfolio;
- (3) Specialist standing advisory groups or fixed-term specialist working groups, to provide expert advice on specific priorities for social policy and service reform.

Recommendation 14 The following principles should inform consultation and engagement with community organisations:

- (1) The inclusion of representatives of Aboriginal and Torres Strait Islander community controlled organisations in all decision making and consultative fora;
- (2) Representative appointments (including of people directly affected by policy) enabling effective engagement with broader stakeholders for the purpose of ensuring high-quality and relevant policy advice;
- (3) Clear, current and publicly available Terms of Reference and operating principles;
- (4) An independent chair or co-chairing between government and non-government stakeholders; with mutually-agreed agendas;
- (5) Communiques from key meetings or decisions and the publication of key reports or process outcome;
- (6) Access to departmental information and data relevant to the issues under discussion;
- (7) A small secretariat separate from the Department (or at least comprising individuals who have no other functions) is desirable.

¹ We also propose a new set of whole-of-government standing advisory arrangements, detailed in a separate statement.



Reform outdated fundraising laws and regulation

The current regulatory regime for fundraising is out of date and needs reform. Community organisations who fundraise need to deal with seven different approaches to fundraising regulation across eight jurisdictions (the Northern Territory does not regulate fundraising), that lack a central conceptual underpinning and differ markedly in the scope and purpose of their regulation. The compliance cost to charities of the current fundraising regime is estimated to be more than \$13 million – which Deloitte Access Economics reports is “overwhelmingly the source of the greatest amount of regulatory burden for charitable organisations.”²

There is a solution to the problem that will deliver stronger, smarter and simpler regulation. ACOSS endorses the policy recommendations of the *#fixfundraising* coalition as outlined below.

Recommendation 15 Develop a nationally-consistent, contemporary and fit-for-purpose charitable fundraising regime for implementation by:

- (1) Initiating (or at least supporting) amendments to the Australian Consumer Law to ensure its application to fundraising activities for and on behalf of charities (and other not-for-profit organisations) is clear and broad;
- (2) Urging the repeal of existing fragmented State and ACT fundraising laws; and
- (3) Working with other Australian Consumer Law regulators, the Australian Charities and Not-for-profits Commission, self-regulatory bodies and sector intermediaries to draft and consult publically on a core mandatory code to be enforced under the Australian Consumer Law multi-regulatory framework.

Amend the ACNC’s governing legislation to improve its operation

The Australian Charities and Not-for-profit Commission (ACNC) Review Panel has completed its work reviewing the ACNC Act and related legislation and published its recommendations in a comprehensive report. ACOSS welcomes the report and its recommendations, particularly the recommendation of the Review Panel to reform fundraising regulation through the use of the Australian Consumer Law.

ACOSS agrees with the ACNC Review Panel about the need for change in relation to reporting by, and the governance of, religious registered entities. ACOSS recommends that the Federal Government go further than the review panel recommended, and abolish the concept of a basic religious charity, requiring all charities to comply with the same governance and reporting standards.

² <https://www2.deloitte.com/au/en/pages/economics/articles/cutting-red-tape-align-charity-regulation.html>



ACOSS is however concerned about the proposal to amend the threshold for financial reporting to the ACNC. If the recommendations were implemented, more than 7,000 charities with income of less than \$1 million per annum would no longer provide financial reports to the ACNC and would no longer be required to obtain an annual audit of its accounts, leading to a loss of transparency and oversight of those organisations.

We oppose the recommendation to increase resourcing to the ACNC for litigation of organisations involved in advocacy. If test cases are to be launched in this area, it is critical that funding is also provided to charities to enable them to be appropriately represented.

Recommendation 16 The recommendations of the Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislative Review 2018 should be implemented with the following adjustments:

- (1) Abolish the concept of a Basic Religious Charity, so that all charities are required to comply with the same governance and reporting requirements;
- (2) Do not implement the recommendations to change the thresholds for smaller charities;
- (3) Ensure that if the recommendation to increase resourcing to the ACNC for litigation of organisations involved in advocacy proceeds, it is matched with resourcing to enable charities to participate in those test cases.

Establish an Evaluator General to oversee the evaluation and monitoring of government programs

Ensuring that programs and initiatives delivered by government are effective is vital so that public money is invested well. Even more importantly, designing social policy, programs and initiatives well builds equity and improves the lives of people experiencing poverty and disadvantage. ACOSS recommends the establishment of a high-level independent body that oversees rigorous evaluation of the impact of policies, programs and initiatives (quantitative and qualitative) with maximum input from service users and public release of data.

Recommendation 17 An independent office of Evaluator General should be established to oversee rigorous evaluation (quantitative and qualitative) of the impact of public policies, programs and initiatives with maximum input from people who use social services, and evaluations and data should be promptly released (subject to privacy rules).

Cost: \$5 million



More information on competition in human services is provided in the joint ACOSS/CHOICE report on Competition in Human Services: Where theory meets practice:

<https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS-Choice-Final-Report.pdf>

More information on **commissioning**, is provided at:

<https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS-Briefing-note-Commissioning-and-Getting-Better-Outcomes.pdf>

More information on equality for Aboriginal and Torres Strait Islander children in the early years is provided in the SNAICC/ECA position paper:

<https://www.snaicc.org.au/working-together-to-ensure-equality-for-aboriginal-and-torres-strait-islander-children-in-the-early-years/>