Anglicare Australia
in every Community

Submission to the Not-for-Profit Sector Development Blueprint Issues Paper

November 2023

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About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of over $1.94 billion, a workforce of over 11,000 staff and 6,000 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

As part of its mission the Anglicare Australia Network partners with people, families and communities to provide services and advocacy and build resilience, inclusion and justice. Our first strategic goal charges us with reaching this by influencing social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.

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Contents

Introduction 4

Background and the role of the not-for-profit sector 6

Service design principles 6

Respecting and enabling advocacy 7

Funding and sector viability 9

The role of philanthropy 9

Certainty in contracting 11

Conclusion 12

Introduction

Anglicare Australia welcomes the opportunity to provide input to the development of the Australian Government Not-for-Profit Sector Development Blueprint (the Blueprint).

The Anglicare Australia Network consists of social and health care organisations with links to the Anglican Church. Our services are delivered to over 474,000 people nationwide, and touch the lives of close to 1.37 million Australians. We make this submission on behalf of our members, and the one in 19 Australians they reach. Anglicare Australia and our member agencies believe that in order to create a fair society, we need a strong community and not-for-profit sector.

The social divide between Australians continues to grow, and as the richest and poorest drift further away from each other, the depth of poverty that people are experience is getting worse. Our work with communities across the country has shown us that health outcomes for people experiencing poverty are often worse. As housing becomes more expensive and less secure we have found that the profile of people who present to come to our homelessness services is shifting. We continue to see women and families fleeing domestic violence with nowhere to turn. Community services like ours are there to provide the support that unwieldy government bureaucracy often can't. Partnership between governments and community services will be key to addressing ongoing challenges in society with the targeted and nuanced support that they can provide.

It is important that community services continue to have adequate secure funding streams to carry out their work. Community organisations need certainty in funding to provide critical support services, yet this has been an ongoing struggle for many in the Anglicare Australia Network and similar organisations across the country. Government contracting procedures, across state, territory and local governments have made funding streams complex and interacting with them time consuming. Further, we should not and cannot rely on private, philanthropic investment to provide the support that must be the domain of government.

We note that this consultation is very similar to previous consultations various government agencies have undertaken recently. Issues covered in the A Stronger, More Diverse and Independent Community Sector Issues Papers, the Draft National Care and Support Economy Strategy, and the Productivity Commission's Review of Philanthropy are all discussed in the Issues Paper for the development of this blueprint. Conducting a number of consultations so closely together on heavily inter-related topics reduces the ability of organisations to contribute in meaningful ways. Moreover, it is worth highlighting how previous reports have identified similar themes and issues, including the Productivity Commission's 2010 Contribution of the Not-for-Profit Sector Report. In future the government should better coordinate the consultations it is undertaking, ensuring it receives more meaningful contributions. At very least government should now indicate how this review and the others above will be considered together in formulating the future of the charity sector.

This consultation cannot allow governments to shirk their responsibilities to provide and support services, nor should it focus on how to attract private investment through philanthropy to ensure funding that governments should provide. We hope that this consultation will result in a Blueprint that allows community organisations to have security and certainty they need to provide the long-term services that communities rely upon.

Background and the role of the not-for-profit sector

In Australia, the not-for-profit sector works to provide community services to the most vulnerable to being left behind in our society. Whether providing support from emergency relief, disaster recovery or homelessness services, the not-for-profit sector is a daily presence in the lives of millions of Australians and an emergency presence in the lives of many more in times of natural disaster. A better future for the Australian not-for-profit and charities sector cannot be achieved unless the government recognises the important role that these organisations have and the necessity of sustainable partnerships between not-for-profit organisations and the government.

The biggest benefit to government in partnering with community services their local knowledge.[i] In a vast and diverse country, the challenges facing communities in inner city Melbourne will be different to those being faced in Alice Springs. Community services are all too aware of the unique and specific challenges in the areas they work. Anglicare Australia members operate their services to be place-based, allowing them to integrate with the community and work with them to address their challenges. This agility and nuance can be a great asset to government.

In order for community service organisations to sustainably continue their work in supporting communities and those in need, governments must understand that these organisations cannot be expected to continuously pick up the slack. While the sector can certainly fill the gaps that government can't, it is not their purpose nor within their capacity to solve issues caused by governments failing to act. For government to truly harness the community sector, it is must genuinely partner with community sector organisations. This means ensuring that funding models are adequate, tendering processes respect the work and nature of organisations, and contracting arrangements do not place undue burden on operational planning.

Anglicare Australia believes that a ten-year vision for the not-for-profit sector must be centred around the idea of genuine partnership and respect. A stronger community sector is entirely reliant on governments valuing the contribution of organisations on the ground.

Recommendations: Valuing the sector

Anglicare Australia recommends that the Blueprint include principles on valuing the work of the not-for-profit sector, respect for the expertise of frontline service organisations, and commitment to genuine partnership.

Service design principles

In considering the core principles of service design and delivery that might be committed to in the Blueprint, Anglicare Australia believes that the core values of service design should focus on ensuring services treat people with dignity, respect and equity. Community services have an understanding and connection to the communities in which they operate and in order to embed this expertise into policy government must enable these organisations and the individuals they work with to participate in the service design process. Without genuine co-design practice for service models and funding

arrangements, there will be no way for community services to ensure it appropriately meeting the needs of their clients, governments or for their own organisation.

As an example, several Anglicare Australia members have reported that they feel the current service model, which has been set by government, for the homelessness services they provide is not working to address the key underlying issues of homelessness. The model notionally operates on a housing first principle, however some member organisations have reported that it works as an accommodation only model. As services aren't funded or designed to provide longer-term, wrap around support for clients, their tenancies may fail and end up back at the beginning requiring crisis support.

When designing services, governments must provide community services with opportunity to use their practical experiences to enhance service delivery. Governments and community services must work together to centre the lived experience of people accessing these very services.

Recommendations: Service design principles
Anglicare Australia recommends:

- Embedding co-design principles in the design of services and programs by outlining how service models will incorporate the expertise of organisations with frontline experience.
- Centring lived experience in the Blueprint's service design principles, including guidelines on how to incorporate the perspectives of people with relevant lived experience.

Respecting and enabling advocacy

In many ways, the relationship between governments and community sector organisations contains an inherent power imbalance. As a major source of funding for not-for-profit organisations, governments have a level of power over these organisations that make it difficult for many to express concerns about government policy or programs that might be failing or could be better operated. The expertise of organisations in this sector is a great asset to assisting governments in ensuring that programs are delivered and that those most in need are supported, but without protections ensuring that organisations can speak up when they feel policies are harmful or programs are failing without fear of recrimination, then that expertise will be lost to government.

Recommendations: Protecting advocacy
Anglicare Australia recommends that the Blueprint enshrine protections for organisations to speak out and engage in advocacy on issues impacting their work without fear of recrimination. This should include a commitment to end the use of 'gag clauses' and other obstacles to advocacy in contracts.

Despite the challenges for advocacy, we have noted that since the Albanese government came to office, there has been a deeper willingness to engage with and harness the expertise of not-for-profits, such as Anglicare Australia. In their submission to the A stronger, more diverse and independent community sector - Issues Paper, the Australian Council of Social Service (ACOSS) also noted the increased engagement between the federal government and peak bodies and advocates.[ii]

To enhance advocacy efforts from organisations that do the work on the ground, the government should look at formalising the way they conduct consultation and engagement. For example, Anglicare Australia participates in the National Coordination Group through the Department of Social Services. The formalisation of this process allows Anglicare Australia and other organisations doing emergency relief work nationally the opportunity to provide timely and relevant feedback directly to the Department. Adapting this structure for other policy and service areas would allow Government timely and useful feedback.

Recommendations: Embedding expertise

Anglicare Australia recommends that the Blueprint outlines processes for incorporating the expertise of service delivery agencies in the development of government policy.

Funding and sector viability

Adequate and secure funding is crucial to the provision of quality services. Lack of proper resourcing can lead to staffing shortages, increasing workload pressure on existing staff and reducing overall capacity. Funding for the community services sector must be adequate, accessible, and be reflective of the real and rising costs that come with providing services.

The real value of grant and funding arrangements must remain level over the life of a contract otherwise a community service will likely see a decline in what they're able to afford to do or how well they are able to do it. In their submission to A stronger, more diverse and independent community sector - Issue Paper, ACOSS called for indexation of grants to be reformed, potentially in line with more robust schemes such as those used by state and territory governments. Using the consumer price index and the wage price index as a baseline for funding arrangements is flawed and does not truly reflect the reality of service costs to providers.

The lack of consistency and transparency of indexation has also been a major barrier to sustainable funding. Organisations don't know what indexation they will receive, when to expect it, and how to cover the gap between it and the real cost of delivering services. Rates of indexation can vary wildly across different services and rarely or never meet the actual increases. If organisations are not provided with details of the indexation rate to be applied in a timely way, they are unable to plan their budgets for the coming financial year or provide staff with certainty about their employment. For example, the 1.7 percent indexation applied to aged care funding in 2022-23 was woefully inadequate and put quality service delivery at risk.[iii] A fair formula would account the currently high rate of inflation increases to the minimum wage, as well as the superannuation guarantee increase.[iv] The formula should be made public, and the rate of indexation published in the Budget Papers.

A transparent methodology that recognises changes in inflation, wage growth and superannuation guarantees has become urgent. This would provide organisations with clarity and certainty about what their funding arrangements would look like and allow them to plan more effectively.

Recommendations: A fair funding formula

Anglicare Australia recommends:

- Developing a fair funding formula that accounts for the rate of inflation, increases in the minimum wage, and superannuation guarantee increases.
- Publishing this formula in the Budget Papers.

The role of philanthropy

Philanthropic funding provides for an important source of income for many community service organisations. Approximately one third of the total income of Anglicare Australia members comes from sources other than government grants, which includes philanthropy, bequests and fundraising. However, the benefits of philanthropic funding do not and cannot outweigh the importance of secure, long-term government funding.

The fact is that philanthropic funding is one-off, short-term or for specific project areas, limiting its effectiveness in sustainable overall funding for an organisation. Bequests are by nature unpredictable, and donations are heavily dependent on broader economic circumstances. It is therefore important to recognise that while philanthropy is an important source of funding, its purpose should be to compliment and expand upon the funding provided by government into the not-for-profit sector.

Earlier this year the Productivity Commission called for submissions to its Inquiry into philanthropy in Australia. We hope that the outcome of the Inquiry will reflect the views we shared during the consultation, that their findings will be aligned with the work of this consultation and lead to a better, more holistic understanding of the effectiveness as philanthropy as a source of funding for community organisations.

Recommendations: The role of philanthropy
Anglicare Australia recommends the inclusion of an explicit recognition in the Blueprint that core service delivery work should not be reliant upon philanthropy.

Certainty in contracting

In order to provide the best quality of support to Australians in need, the community sector needs stability and certainty in order to attract and retain the best staff. This is not possible under contracting arrangements that lead to twelve-month contracts or short-term extensions. Many community service organisations are forced to employ staff on a casual basis or on short-term contracts, because they cannot guarantee ongoing funding needed to retain staff long-term.

The impact of this uncertainty is far reaching. Organisations in the community sector often have difficulty attracting staff, especially in more regional and remote communities that often have more need for these services.[v] Further, the high turnover of staff as a result of employment insecurity can worsen outcomes for people accessing services.[vi] For many people, engaging with same person consistently when accessing support services can help build trust and limits the potential for re-traumatisation as a result of repeatedly having to explain your circumstances or experiences. Contracts that see staff regularly move on make it impossible for service clients to establish relationships and build trust.

Anglicare Australia members have reported that in the absence of a full and transparent process contracts are often extended or 'rolled over' with very little notice, often around one or two months before a contract's expiration. For example, in homelessness programs, funding is rolled over year-on-year with no long, or even medium, term certainty. This is counterproductive for organisations and staff delivering the services, and for people experiencing homelessness. When contracts are extended without sufficient notice, the best and most experienced staff tend to have already found more secure work elsewhere. The loss of this staff capacity and institutional knowledge is detrimental to the efficient delivery of services long-term.

Anglicare Australia recommends that the current standard contract length be extended to at least seven years, in line with the recommendations of the Productivity Commission and our recommendation in response to A stronger, more diverse and independent community sector – Issues Paper.[vii] However, there must also be inbuilt flexibility that enables organisations to adapt to new demands and be responsive to the changing needs of communities, priority groups or geographic areas. Further, government should ensure that organisations are provided with a minimum of six months' notice about contract extensions or changes to funding arrangements.

Recommendations: Secure, long-term contracts

Anglicare Australia recommends:

- Extending standard contract length to at least seven years.
- Ensuring a minimum of six months' notice about a contract extension or changes to funding arrangements.

Conclusion

Australia's not-for-profit sector is vast and represents many community services that work nonstop to care for and support some of the most vulnerable and disadvantaged Australians. From emergency food relief to homelessness services, community organisations touch the lives of millions of people every single day. It is important that the government support these organisations in genuine partnership.

The not-for-profit sector Blueprint must lay out an understanding of what community services need from government to do their best work, and a genuine plan for how to ensure those resources are provided. Right now, many Anglicare Australia member organisations have reported to us the challenges that they face in providing key services, be it from a lack of secure funding, or contracting arrangements that provide them with no certainty.

Anglicare Australia's recommendations focus on addressing these issues by embedding co-design as a key service design principle, ensuring the provision of funding is adequate funding and allocated in a way that is transparent, and making contracts more secure across the sector. Each of these recommendations are critical to ensuring the sector is able to deliver the services the community needs.

Our hope is that this consultation will lead to a Blueprint that supports community organisations to do the work that their communities rely upon and that this work is valued across government.

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[i] Productivity Commission (2010) Contribution of the Not-for-Profit Sector.
[ii] ACOSS (2023) Submission to: A stronger, more diverse and independent community sector.
[iii] Inside Ageing (2022) Aged care subsidy indexation figure announced as 1.7 percent.
[iv] FairWork Commission (2023) Annual Wage Review 2022-23 – Announcement of Decision.
[v] Productivity Commission (2018) Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services.
[vi] ACOSS (2022) Helping people in need during a Cost-Of-Living Crisis: Findings from the Australian Community Sector Survey.
[vii] Anglicare Australia (2023) Submission to the A stronger, more diverse and independent community sector Issues Paper