



Settlement
Council
of Australia

Submission: A stronger, more diverse and independent community sector

Settlement Council of Australia

November 2023



The Settlement Council of Australia acknowledges the traditional custodians of the land on which we operate, the Ngunnawal people. We also acknowledge the traditional custodians of the various lands on which migrants and refugees settle across Australia, and on which our sector operates.

We pay our respects to Elders past, present and emerging and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to our lands and waters.

About the Settlement Council of Australia

The Settlement Council of Australia is the peak body representing Australia's migrant and refugee services and allied organisations. We provide leadership to the settlement sector and broader society to enable people of migrant and refugee backgrounds to experience positive settlement outcomes. We represent over 100 member organisations nationally, all working towards a shared vision for an Australia where all people of migrant and refugee backgrounds belong, thrive and experience fulfilling lives.

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Introduction

The Settlement Council of Australia (SCOA) is grateful for the opportunity to make a submission to the Department of Social Services (DSS) on a *stronger, more diverse and independent community sector*.¹

SCOA convenes a quarterly meeting of the Settlement CEO Collective, which brings together CEOs of organisations that deliver settlement services. There are approximately 50 organisations that attend these meetings on average. The group met in March 2023 to engage for the purposes of consultation. The Collective was in broad agreement with the following six key points:

- provide grants that reflect the real cost of delivering quality services;
- provide longer grant agreement terms;
- give the sector the voice and respect it deserves;
- create meaningful ongoing consultation processes;
- restore the sectors' freedom to advocate; and
- ensure grant funding flows to a greater diversity of not-for-profits or trusted community organisations with strong local links.

Settlement sector as community sector

Settlement services are, in essence, community services. Australia is primarily a nation of migrants; in 2021, 7.5 million people or 29.1% of Australia's population were born overseas.² A significant number of migrants, including humanitarian entrants, require settlement services. Settlement services help migrants to belong, thrive and experience fulfilling lives in Australia.

Settlement services include agencies, large and small, who are committed to the successful settlement of migrants and refugees across the country. Their services range from greeting new arrivals at the airport, through to assisting them to secure housing, learn English, make social connections, access services and find their first job.

Settlement services have traditionally provided the most intensive settlement support for humanitarian entrants during the first 12-18 months of their arrival. There are a number of factors specific to the experience of forced migration and displacement that mean this intensive period of support is required; including but not limited to possible experiences of torture and trauma, arriving with fewer material resources, health problems and family separation. Intensive settlement services support refugees to navigate these additional challenges and best prepare them for their new life in Australia.

Further settlement support is provided in the first five years of the settlement period for humanitarian entrants and eligible permanent residents through federal government programs.³ Many settlement agencies also provide ongoing support to communities through a range of smaller programs and initiatives, that are often funded on an ad hoc or local basis. Settlement

¹ Australian Government Department of Social Services (2023), *A stronger, more diverse and independent community sector*, <https://engage.dss.gov.au/a-stronger-more-diverse-and-independent-community-sector/>

² Australian Bureau of Statistics (2022), *Australia's Population by Country of Birth*, <https://www.abs.gov.au/statistics/people/population/australias-population-country-birth/latest-release>

³ Australian Government Department of Home Affairs, 'Settlement Engagement and Transition Support (SETS) Program', <https://immi.homeaffairs.gov.au/settling-in-australia/sets-program>

support provides essential information, advice, advocacy, capacity building, and access to mainstream and relevant services. Through this work, services assist newly arrived people to participate fully in Australian society and maintain connections to their culture and community.

The Australian government also provides English language tuition for eligible migrants and refugees.⁴ This support is generally provided through vocational education services. English language tuition not only enables newly arrived people to learn English but is also an essential site sharing relevant settlement information and creating strong social connections, particularly for those who may not be eligible for other settlement programs.

As the peak body of settlement sector, SCOA currently has 125 member organisations that provide settlement services to migrants and refugees. Most of SCOA members are not-for-profit organisations and roughly 70% are funded organisations. Our members also include small, grassroots community organisations comprising volunteers that have come together to service a local or specialised need.

We broadly agree with the findings and recommendations in the Issues Paper released for this submission and appreciate the inclusion of feedback from the community sector. As a Community Services Advisory Group (CSAG) member, SCOA has also contributed to the Issues Paper. We reiterate and expand some of our key recommendations below to inform the government what changes could be made to grants policy, practices and processes and how they might be implemented.

Acknowledgment of sector expertise

Acknowledging the expertise of the NGO sector is crucial in ensuring effective policy development and program design. NGOs have a wealth of knowledge and experience in delivering services to communities and can provide valuable insights into the needs of vulnerable populations. Therefore, there is a need for greater recognition of the sector's expertise, and NGOs should be given weight in consultations, from initial policy development through to program design. This would involve co-designing programs with community services, involving NGOs in decision-making processes, providing opportunities for collaboration and input, and acknowledging the unique insights and perspectives that the sector can bring to the table. By recognising and valuing the expertise of the NGO sector, the government can enhance the quality and effectiveness of policies and programs, leading to better outcomes for communities.

Considering the limited capacity of many smaller organisations, we ask for innovative and effective approaches to co-design. For example, a meeting attendance fee for longer meetings, especially for people working in a volunteer capacity, is required. We also recommend contracting representative bodies to do policy and program design work where possible, rather than relying exclusively on consulting firms. It is our experience that consulting firms are often heavily reliant on community services and representative bodies to deliver on their contracts and services to government. Engaging community based bodies directly and in a paid capacity can be more efficient for Government, as well as more equitable for the community sector.

⁴ Australian Government Department of Home Affairs, 'Adult Migrant English Program (AMEP)', <https://immi.homeaffairs.gov.au/settling-in-australia/amep/about-the-program>

Longer term contracts for sustainability

Longer term contracts can promote sustainability, stability, greater predictability and reduced risk. In a 2021 Australian Community Sector Study, community sector leaders reported that short contracts and uncertain renewal processes continue to undermine the sustainability of their organisations. Uncertainty about funding prevents planning for the long term, making it difficult to attract and retain qualified and experienced staff. Some organisations had secured longer contracts and praised the significant benefits these offered: for service delivery, organisational efficiency and forward planning, and for staff. The advantages were such that they called for five year contracts to become standard.⁵

In 2021, 40% of leaders said their organisation had a contract, grant or funding agreement with government which was five years or longer in duration. In 2022, this figure was up slightly to 43%. However, most organisations (53%) said they did not have one arrangement of five years or more.⁶

It is also essential to keep the contract flexible so that organisations can have the autonomy to spend resources to meet changing community needs across the full length of the contract.

Inflation and indexation

Indexation serves to maintain funding levels in line with increasing operational expenses, preventing the erosion of the actual worth of contracts over time. Nevertheless, the sector has noted inconsistent, insufficient, and/or unclear indexation of government funding for several years, resulting in an inability to keep up with the mounting wages and other expenses confronted by organisations.⁷

For longer-duration contracts, it's essential to establish a framework for cost indexation to ensure that contracts remain fair and beneficial. This framework should account for factors such as inflation and changing market conditions. By having a good system in place for cost indexation, longer term contracts can provide a valuable tool to plan for the future and promote sustainable growth.

Grant funding cover real and indirect costs

Indirect costs are costs incurred by an organisation that cannot be directly and easily attributed to a specific project. This means if the project did not exist, the organisation would likely still need to incur this cost. Indirect costs include IT, finance, human resources, learning and development, measurement and evaluation.⁸

⁵ Blaxland M and Cortis N (2021) *Valuing Australia's community sector: Better contracting for capacity, sustainability and impact*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2021/06/ACSS-2021_better-contracting-report.pdf

⁶ Cortis, N. and Blaxland, M. (2023) *At the precipice: Australia's community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey*. Sydney: ACOSS.

⁷ Cortis, N., Blaxland, M. and Adamson, E. (2021). *Counting the Costs: Sustainable funding for the ACT community services sector*. Sydney: UNSW Social Policy Research Centre.

⁸ Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect cost to create long-term impact*. Social Ventures Australia. <https://www.socialventures.com.au/work/paying-what-it-takes-report/>

Most funders in Australia do not provide funds for not-for-profit indirect costs, leading to lower capability and effectiveness across the sector. Many people across philanthropy, government, the public and the media all expect them to be minimised, or not to pay for them at all. Yet they are essential to running a functioning, effective organisation. In the context of a struggling not-for-profit sector, this is a crucial issue to ensure the long-term effectiveness of Australia's charities. Research by Social Ventures Australia shows that the average indirect costs of the not-for-profits is 33% of the total costs, with significant variation between 26% and 47%. By contrast, funding agreements often only included indirect costs of between 10% and 20% of overall costs. A significant proportion of not-for-profits stated that they underreported their indirect costs to funders due to a pervasive belief that funders are unwilling to fund more than 20% of indirect costs.⁹

The overhead costs of programs have increased substantially due to a range of factors. These include investment in cybersecurity and upgrading data systems, government policies such as domestic violence leave, increasing accreditation requirements, and other changes in the regulatory and policy landscape. Key regulatory changes such as these should be met with automatic commensurate increases to contracts without the need for separate advocacy. Further transparency is needed in the not-for-profit sector regarding the allocation of funds for delivering services on the ground versus administrative costs, particularly in services that are delivered across urban and rural areas.

Restrictions on advocacy

Research shows that Australian NGOs are self-silencing. Many not-for-profit organisations, representing some of Australia's most disadvantaged people, are cautious about advocating dissenting views for fear of losing government funding and other forms of political retribution. A 2017 survey of 1,462 senior representatives of Australian NGOs shows that more than half think our political culture is not encouraging of political debate.¹⁰

It is important that there are consistent principles regarding advocacy across different contracts and funding arrangements. A core role of settlement services is to advocate for systemic changes that improve settlement outcomes for migrants and refugees. This is a key practice principle for all workers and organisations in our sector. Settlement providers have a commitment to stand up for their communities and clients, and consistency in advocacy principles helps to ensure that these commitments are upheld. When different contracts and funding arrangements have different restrictions on advocacy, settlement providers may find it difficult to navigate and advocate effectively for their clients. By having consistent principles, settlement providers can better understand their roles and responsibilities, and ensure that they are advocating for their clients in a way that is in line with their contractual obligations. Overall, restrictions on advocacy should be removed or only used in exceptional circumstances.

Policy coherence

Policy coherence is essential in ensuring effective governance, and there is a pressing need for greater coherence within government departments and functions responsible for policymaking

⁹ Ibid.

¹⁰ Carson, A., and Maddison, S. (2017) 'Three reasons Australians should be concerned that NGOs' voices are not being heard.' *The Conversation*. <https://theconversation.com/three-reasons-australians-should-be-concerned-that-ngos-voices-are-not-being-heard-88561>

and program management. The current situation is characterised by a disconnect between policy and programs, and there is a lack of a feedback loop that would enable the use of programmatic evidence and experience in informing policy redesign. An example is the need for alignment between the grant administration unit in the Department of Social Services and the policy unit in the Department of Home Affairs in settlement services. The lack of coherence in policy and program management creates inefficiencies and hampers the delivery of services to citizens.

Transparency around evaluations

Transparency and communication around the evaluation of government-funded programs are crucial to ensure that successes and lessons from each program are used to inform future funding arrangements. Currently, there is a lack of consistency in transparency on program evaluations, which has been an ongoing issue for years. This would involve uniformly closing the feedback loop between program managers and policymakers to ensure that evaluation findings are used to inform funding decisions and future program design.

Ensure healthy competition and offer non-competitive contracts when necessary

There are more than 60,000 registered charities in Australia, and many of them compete for a certain amount of funding.¹¹ Competition promises to drive innovation and ensures the best value for money. However, when unchecked, competition may not end in the best outcome for the community sector and beneficiaries.

Competitive tendering processes are often touted as being necessary for sound commercial outcomes. However, it is worth noting that large businesses do not always contract on the basis of competitive tendering processes, and often contract directly with trusted providers as this makes more commercial sense in many instances.

There are many situations when it is not just desirable to channel funds without competitive tendering, but necessary to do so. This includes immediate intervention in emergency situations.

Applications for competitive grants consume a lot of valuable time from already overwhelmed community sector organisations. Research shows that competition generally disadvantages smaller charities and causes that do not have a large public profile. Charities having associations with celebrities tend to attract more funds, which may not necessarily channel funds where they are most needed.¹² Therefore, ensuring healthy competition without overly draining the resources of smaller organisations is crucial. It is essential that grant providers and evaluators have a deeper understanding of the sector and its needs.

Expand investment in regional services

Grants in the community services in the regional areas, including settlement services, require a different approach than the metropolitan areas. Due to geographical distance, limited availability of other public and private services and high operating costs, regional community services might

¹¹ Australian Charities and Not-for-profits Commission, <https://www.acnc.gov.au/>

¹² Waller, D. and Morgan, P. (2022) 'We all lose when charities compete with each other. They should join forces' *The Conversation*, <https://theconversation.com/we-all-lose-when-charities-compete-with-each-other-they-should-join-forces-182754>

cost more than those in the cities. However, the need for services in regional areas might be higher for the same reasons. Recognition that the costs of delivering services in regional areas differ is essential to ensure equitable outcomes across regional and metropolitan areas.

Conclusion

In conclusion, the Settlement Council of Australia's submission underscores the critical need for comprehensive reform in the community sector grants policy, practice and implementation.

Through our engagement with the Settlement CEO Collective and our extensive network of member organisations, we have identified key areas that require urgent attention from the government. These areas include the acknowledgment of sector expertise, the provision of longer-term contracts for sustainability, the need for grant funding that covers real and indirect costs, the removal of restrictions on advocacy, the promotion of policy coherence, the transparency around program evaluations, and the facilitation of healthy competition while ensuring the allocation of funds where they are most needed.

It is evident that the settlement sector plays a crucial role in ensuring the successful integration and well-being of migrants and refugees, contributing significantly to the fabric of Australian society. However, the current challenges and limitations faced by settlement service providers hinder their ability to deliver quality and sustainable support to those in need. By addressing the recommendations put forward in this submission, the government can significantly enhance the effectiveness and efficiency of the community sector, ensuring that vulnerable populations receive the support they require.