



**A stronger, more diverse and
independent community sector -
Response to the DSS Issues paper**

Date: 9 November 2023

About us

Established in 1914 and by [Royal Charter](#), Australian Red Cross is an auxiliary to the public authorities in the humanitarian field. We have a unique humanitarian mandate to respond to disasters and emergencies. This partnership means governments can benefit from a trusted, credible, independent, and non-political partner with local to global networks, who will work to implement humanitarian goals in a way that maintains the trust of government and Australian society as a whole.

Australian Red Cross is one of 191 National Red Cross and Red Crescent Societies that, together with the International Committee of the Red Cross and International Federation of Red Cross and Red Crescent Societies, make up the International Red Cross and Red Crescent Movement (the Movement) – the world’s largest and most experienced humanitarian network.

The Movement is guided at all times and in all places by seven [Fundamental Principles](#): Humanity, Impartiality, Neutrality, Independence, Voluntary Service, Unity, and Universality. These principles sum up our ethics and the way we work, and they are at the core of our mission to prevent and alleviate suffering.

We remain neutral, and don’t take sides, including in politics; enabling us to maintain the trust of all and to provide assistance in locations others are unable to go. Volunteering is in our DNA, and everything we do is supported by thousands of volunteers, helping solve social issues in their own communities. All of our work is inspired and framed by the principle of Humanity: we seek always to act where there is humanitarian need.

Core areas of expertise for Australian Red Cross include Emergency Services, Migration, International Humanitarian Law, International Programs, Community Activities and Programs.

Overview as of 2022:



20,000+
members and volunteers
acting for humanity



131,000
Australians supported during
42 emergency activations

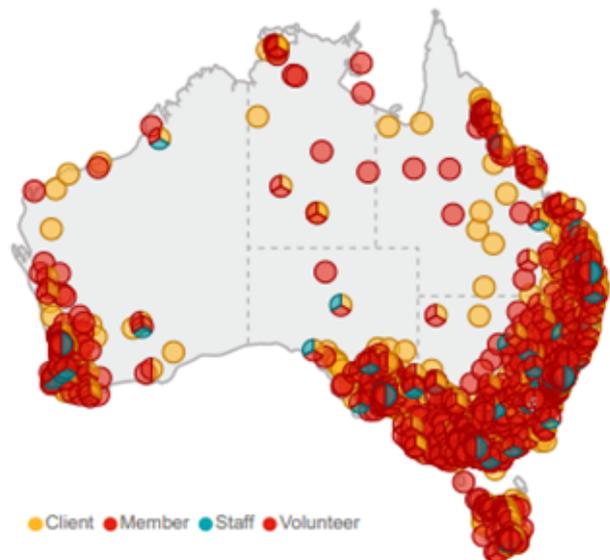


225,000+
social support hours delivered



37,500+
people supported through
emergency relief payments

Location of Red Cross people and clients



Introduction

The community sector plays a critical role in Australian society during these times of growing humanitarian need. As a nationwide community sector organisation (CSO) with a strong local presence, Australian Red Cross welcomes the opportunity to engage in the consultation on a stronger, more independent and diverse community sector, facilitated by the Department of Social Services (DSS). This submission responds to the five priority areas identified in the [DSS Issues Paper](#):

- Giving the sector the voice and respect it deserves through a meaningful working partnership.
- Providing grants that reflect the real cost of delivering quality services.
- Providing longer grant agreement terms.
- Ensuring grant funding flows to a greater diversity of Community Service Organisations.
- Partnering with trusted community organisations with strong local links.

The purpose of this submission is to inform the Australian Government's reform of the operation of community sector grants. The responses focus on Australian Red Cross' expertise, experiences, examples, and practical solutions across each priority area. Australian Red Cross is committed to continue working together with the Government and other CSOs to build a stronger community sector that can respond to the growing challenges faced by communities across Australia.

Summary of recommendations

The following recommendations are ordered in line with the DDS Issues Paper, noting that Recommendations ii – iv represent the Australian Red Cross' highest priorities.

Recommendation i.	The Australian Government adequately funds peak bodies and larger CSOs to act as convenors to facilitate better relationships between the Government, the sector and other stakeholders, as well as build the capacity of smaller CSOs.
Recommendation ii.	The Australian Government ensures its contracts and partnerships with CSOs fund the full costs of delivering social services.
Recommendation iii.	The Australian Government allows a periodic and ad hoc review of contract terms to accommodate changes in the operating environment, including provisions for appropriate indexation, supplementary funding and to accommodate changes in legislation.
Recommendation iv.	The Australian Government adopts multi-year grant agreements to provide certainty for service delivery and sustainability of impact.
Recommendation v.	The Australian Government provides a minimum of 3 months' notice on contract variations or extensions.
Recommendation vi.	The Australian Government increases grant application timeframes to enable innovative approaches and partnerships within the community sector and with other stakeholders.
Recommendation vii.	The Australian Government recognises the benefits of streamlined approaches in place-based program coordination and builds this into grant frameworks, including streamlined coordination across multiple sites.
Recommendation viii.	The Australian Government amends the standard indemnity clauses used in funding contracts.
Recommendation ix.	Australian Government departments and CSOs collaborate on the challenges and aspirations set out in the DSS issues paper with a broad and diverse range of other stakeholders, including the corporate sector.

Giving the sector the voice and respect it deserves through a meaningful working partnership.

1. What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community look like?

1.1. Australian Red Cross recognises the potential for peak bodies and larger CSOs to be empowered and resourced to convene networks that facilitate better partnerships between CSOs, government, and other key stakeholders. Australian Red Cross, drawing on its status as an auxiliary to the public authorities in the humanitarian field, and guided by its Fundamental Principles (particularly independence, neutrality and impartiality) is well placed to take a guiding role. Such a convening role should include:

- Establishing clear goals and objectives: The partnership should have well-defined, measurable, and mutually agreed goals. These goals should align with the Government's policy objectives and the community sector's mission.
- Policy alignment: Government policies and regulations should support the work of CSOs. Collaboration should extend to policy development, with both parties working to create an enabling environment for positive outcomes.
- Data sharing and impact measurement: The partnership should involve sharing non-identifiable data and information to assess the effectiveness of programs and initiatives, and to ensure resources are directed towards where they are needed most.
- Community engagement and co-design: Involving the community from service ideation through to implementation is crucial. Designing with communities (and allowing time for this to occur), including the perspectives of lived experience, will greatly increase community buy-in and help ensure that services are responsive to the community's needs and preferences.
- Sustainability planning: Long-term sustainability should be considered. Partnerships should explore options for securing funding beyond the initial stages of collaboration, as an impactful partnership requires the ongoing investment of time and resources.
- Cross-sector collaboration: the competitive tendering model does not strengthen collaboration between service providers. As an alternative, the Government could incentivise and fund service providers running the same program to be convened to learn and build solutions to challenges together.

2. How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence, and inform in a timely and efficient manner?

2.1. Australian Red Cross values the role of technology to support sector information sharing and collaboration. Further enhancing the role of technology will require establishing good practice, and data protection, including:

- To ensure the security of sensitive information, it is advisable to consider secure channels for sharing, such as exploring secure cloud solutions for data storage and sharing. Utilising cloud platforms offers advantages such as flexibility, scalability, and remote access while upholding data.
- Open data initiatives should be encouraged where non-sensitive, anonymised data is made available to the public, researchers, and community members. This will promote transparency and innovation.
- Promoting client ownership and access to their data.
- Systems that support clients only telling their story once and having one assessment for a range of services.
- Real-time data accessible for CSOs, governments, and other stakeholders to see emerging needs and work together to address those (for example, in times of disaster).

3. How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?

- 3.1. Ideally, Government could provide resources to enable community and CSOs to contribute to, and participate in, program design. This is especially crucial when designing with community members who are excluded from accessing services, as they require time to build trust and resources to consult face-to-face. CSOs should be funded to complete this work, as they often have built trust and relationships with relevant communities. Inclusive design principles should be adopted to enable multiple approaches (face-to-face, individual, group, online, etc.), and allowing sufficient time to provide context and follow up with outcomes.
- 3.2. Australian Red Cross encourages the Government to leverage the convenor role that larger CSOs, including Australian Red Cross, can play in the community. Larger CSOs, through their client and volunteer networks, can provide extended opportunities for people – including those experiencing vulnerabilities – to contribute to program design.
- 3.3. Australian Red Cross recognises that CSOs spend considerable resources on contributing invaluable advice to government consultations. Consultation opportunities need to be:
 - Clear: The intended role and outcomes need to be communicated to enable organisations and others to participate fully.
 - Timely: Organisations need to be given sufficient time to participate in consultations (e.g. short windows to provide significant submissions place enormous stress on CSOs).
 - Resourcing: the Government should resource CSOs' involvement, including travel and time contributed. Importantly, there is a need to allow funding for contributions from people with lived experience (without negative impacts on Centrelink payments and tax).
- 3.4. Adequately funding peak bodies and larger CSOs to act as convenors can improve the involvement of the community sector, including smaller CSOs and service users and those not able to access services, in program design.

Recommendation

- i) The Australian Government adequately funds peak bodies and larger CSOs to act as convenors to facilitate better relationships between the Government, the sector and other stakeholders, as well as build the capacity of smaller CSOs.

Providing grants that reflect the real cost of delivering quality services.

4. What would adequate and flexible funding look like?

- 4.1. For funding to be adequate, it is crucial that all costs are fully covered by funders. Governments, and indeed any private funders, need to invest in the true costs of delivering sustainable and impactful social services, as set out in the [Paying what it takes](#) report (Social Ventures Australia & Centre for Social Impact, 2022). Those costs include, but are not limited to, co-design with communities, project establishment and delivery, systems, volunteers, administration, reporting, management of risk and compliance, program design, evaluation and impact measurement.
- 4.2. Flexible funding can be realised through contractual relationships based on trust and partnership with government agencies. Such a relationship should enable projects to be co-designed with communities and include contract terms that allow sufficient flexibility in accommodating external changes that are outside the control of the service provider but have a significant impact on the cost of service delivery. For example, the rising cost of living, housing crisis, changes in government policies, risk landscape or community needs, disasters, pandemics, and other emergencies.

- 4.3. For funding to be flexible, contract terms should provide an opportunity to adapt and re-negotiate project plans and expected outcomes in line with changes in the external operating environment or people's needs (based on program evaluation). The review of contracts is recommended on a periodic basis, as well as in response to emerging challenges and opportunities. Additionally, flexible funding mechanisms that enable the release of additional funding due to a changing environment or community need should be adopted.
 - 4.4. Reasonable exit clauses should be made available not only to funders but also to the service providers, to allow adaptation to emerging challenges and opportunities.
 - 4.5. For positive and constructive examples of Australian Red Cross' experiences with adequate and flexible funding, please refer to the response to question 7.
- 5. What administrative and overhead costs are not being considered in current grant funding?**
- 5.1. As highlighted by the [Paying what it takes](#) report, low indirect costs carry the risk of reduced capability and effectiveness of CSOs.
 - 5.2. There is often a cap of 10% (or similar) on administrative and/or overhead costs, which prevents organisations from being able to cover the full costs of service. At times, grant guidelines stipulate that such costs are ineligible to be included in the budget.
 - 5.3. For certain grants, administrative/overhead costs are only eligible where they can be directly attributed to project delivery. Given that project support functions for CSOs (such as Human Resources, Information Technology, Legal, Risk, etc.) are shared across multiple projects to enable efficiencies and increase value for money, it is often challenging to demonstrate how the administrative/overhead costs directly attribute to service delivery.
 - 5.4. Other costs are often overlooked or not fully considered. Those include monitoring and evaluation (M&E), volunteer recruitment, training, support and retention (full volunteer lifecycle), increasing costs of compliance and safeguarding, investment in IT systems, management of cybersecurity risk, and data privacy.
 - 5.5. Moreover, different government departments have inconsistent definitions of what constitutes 'indirect', 'administrative', and 'overhead' costs, and which of these are eligible for funding. This creates additional work and cost for CSOs who hold contracts with different departments.
- 6. How are rising operational costs impacting the delivery of community services?**
- 6.1. Rising operational costs have a detrimental impact on CSOs, including Australian Red Cross, and the ability to deliver service outcomes. Inflation, wage increases, cost of living, housing affordability and availability have seen our operational costs increase significantly. This results in the need to source supplementary funding, including from already restrained public funds.
 - 6.2. Rising costs not only impact the costs to operate a program but also result in increased challenges experienced by clients in meeting their own basic needs. This leads to more complex client needs and a greater number of people requiring social services.
 - 6.3. When costs and needs are rising, but there is no additional funding to supplement those, CSOs may experience compounding pressure to deliver services. This pressure often has negative staffing implications, including higher levels of turnover. As a result, the ability to drive quality service delivery as well as continued improvement and innovation is limited.
 - 6.4. The above-mentioned challenges are echoed by many in the sector and are evidenced by external reports, such as [Perpetual's 2023 Australian Philanthropy Insights Report](#).
- 7. What have been your experiences with, and reflections on, the supplementation and change to indexation?**
- 7.1. Australian Red Cross welcomes the Government's measure to provide supplementary funding over four years from 2022-23 to support CSOs. Our positive experience across two different contracts administered by DSS has been as follows:

- Supplementary funding was provided for the Support for Trafficked People Program and the Temporary Visa Holders Experiencing Violence Pilot in recognition of additional cost pressures flowing from the Fair Work Commission's minimum wage decision, superannuation, and higher inflation affecting CSOs' cost of doing business.
 - In addition, DSS increased the Support for Trafficked People Program funding in recognition of evidence-based recommendations and an increased number of clients. This enabled us to improve the experience of victims and survivors of trafficking through the provision of increased client allowances, longer duration of support, additional assistance for clients with dependents, and post-program touchpoints.
- 7.2. While the supplementary funding for the above-mentioned contracts has provided some relief, this approach is yet to be extended broadly across all contracts, including other government departments and jurisdictions.
- 7.3. In our experience, some long-term contracts contain limited provisions for the Consumer Price Index, Fair Work Award increases and other legislative changes, for example upcoming changes to maximum term contracts. This is particularly challenging when those terms are coupled with other provisions, such as the unilateral right by the Government to extend contracts under the same terms yet limited contractual rights to renegotiate funding.
- 7.4. Analysis of one Australian Red Cross contract found Award increases by the Fair Work Commission rose by 37% over the financial years 2018-2024 (not including changes to superannuation), while only receiving an indexation of 10.41% over the same period. As a result, Australian Red Cross has experienced significant shortfalls in revenue in some programs, which has seen a need to reduce other critical programs for Australian communities in vulnerable situations.
- 7.5. Therefore, there should be adequate provisions for indexation, supplementary funding and in response to legislative changes, which enable the sector to adapt to changing service delivery environments.
- 8. How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?**
- 8.1. The Government could consider following solutions to streamline reporting requirements:
- Establish consistent minimum (and maximum) reporting requirements (including data definitions), depending on the nature and size of a project. This will allow CSOs to be familiar with reporting requirements and encourage efficiencies in their systems and processes, regardless of the funding entity.
 - Request data only where necessary and throughout project delivery, so there is resourcing available to respond.
 - Provide support and training to CSOs to be able to provide required information.
 - Adopt those requirements across all grant funding mechanisms and levels of government (federal, state and territory).
 - Work with service providers to determine reporting requirements and modes of reporting based on the systems used and ways to extract data.
 - Reimburse CSOs for their time to fulfill the reporting requirements when this is not sufficiently covered under existing contractual arrangements.

Recommendation

- ii) The Australian Government ensures its contracts and partnerships with CSOs fund the full costs of delivering social services.
- iii) The Australian Government allows a periodic and ad hoc review of contract terms to accommodate changes in the operating environment, including provisions for appropriate indexation, supplementary funding and to accommodate changes in legislation.

Providing longer grant agreement terms.**9. What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?**

- 9.1. Our experience at Australian Red Cross is that multi-year grant agreements provide certainty for service delivery and sustainability of impact. However, multi-year contracts need to contain relevant clauses allowing for changes in terms or reasonable exit as well as periodic and ad-hoc reviews (as per Recommendation iii).
- 9.2. The exact length would depend on the expected project outcomes (and at what point those are achievable), organisational capability, and sustainability of the project. However, in Australian Red Cross' experience, 12-month grant agreements (or shorter) provide limited opportunity for stability and long-term impact. A multi-year grant agreement with a potential extension window upon agreement could be a more desirable duration for CSOs.
- 9.3. Our funding for our international humanitarian law division was extended from a three to five-year grant agreement in 2019. As this first five-year agreement comes to an end, we have noted a significant reduction in administrative time and associated costs over the course of the grant, as well as having the time to set more ambitious, longer-term goals.

10. What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?

- 10.1. The exact timeframes depend on the size and complexity of a contract and other considerations, such as service transition timeframes.
- 10.2. To avoid undue pressure on service providers, staff, and clients, the Government should aim at providing a minimum of 3 months' notice. This will ensure workforce planning, continuity of care, sufficient transition, and management of risk.

11. What funding flexibility do CSOs require to enable service delivery and innovation?

- 11.1. Equitable and flexible funding arrangements will allow CSOs to better plan for service delivery innovation. Innovation, including new ways of working, can be built into program plans and strategies if there is certainty around funding. Flexibility to review and evolve outcomes and modes of delivery throughout the contract length will enable services to be responsive to community needs, ensure money is being spent most effectively, and enable greater impact.
- 11.2. To enable service delivery, the Government should enable equitable and flexible funding agreement clauses for the mutual benefit and protection of parties. For example, it is common in most agreements for there to be no reasonable exit clauses for service providers, yet there are often exit clauses for Government. In addition, CSOs need the ability to renegotiate contracts in circumstances beyond their control, as referenced previously.
- 11.3. To enable innovation in service delivery, resources and time need to be incorporated into funding agreements, particularly during the establishment phase. Allowing 3 to 6 months of funding (depending on the complexity of what is being designed and the level of innovation required) before implementation of a new funding contract will allow for co-design with community

members, the establishment of strong M&E frameworks with clear intended impact and the development of innovative tools.

- 11.4. The Government could consider establishing an innovation fund specifically created for CSOs to build, test, and iterate new ideas. This would enable CSOs to resource the development of new service models and spend adequate time and resources to run community and other stakeholder consultations.
- 11.5. The Government could adopt a systems thinking approach to the design and development of new service models and tender scope with service providers (and where appropriate, businesses) to enable a collective and holistic response. Active involvement between the Government and service providers to collectively develop service models and be involved in the co-design with communities will create stronger, community-led approaches.
- 11.6. To embed successful innovative approaches, resources and long-term funding need to be allocated to M&E. This will enable CSOs to review, iterate, and strengthen approaches throughout the funding period. It will also allow for longitudinal studies, in collaboration with academic institutions, that track impact over time.

Recommendation

- iv) The Australian Government increasingly adopts multi-year grant agreements to provide certainty for service delivery and sustainability of impact.
- v) The Australian Government provides a minimum of 3 months' notice on contract variations or extensions.

Ensuring grant funding flows to a greater diversity of Community Service Organisations.

12. How can the government ensure opportunities are available for new and emerging organisations to access funding?

- 12.1. Australian Red Cross acknowledges the significance of ensuring that new and emerging organisations have access to the necessary funding and resources. Government plays a pivotal role in fostering an environment where these organisations can thrive. An integral way to do this is by investing in the true costs of delivering sustainable and impactful social services including necessary systems, infrastructure, and supports, as set out in the [Paying what it takes](#) report (Social Ventures Australia & Centre for Social Impact, 2022).
- 12.2. The need to ensure that funding opportunities are available to a diverse range of CSOs must also be balanced with the need to ensure that limited funds are not spread so thin as to impact the delivery of meaningful outcomes or the ability to leverage economies of scale.
- 12.3. To enable opportunities for new and emerging organisations to access funding, larger CSOs could partner with those organisations in a consortium arrangement. This will encourage sector collaboration for greater impact. However, the currently tight grant funding timelines and indemnity clauses pose a significant barrier to forming those partnerships.

13. What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?

- 13.1. Larger CSOs, including Australian Red Cross, are uniquely placed to support smaller CSOs to collectively address cross-cutting issues like climate change adaptation, disaster resilience, and other complex problems.
 - For example, drawing on our significant experience and expertise in community resilience, Australian Red Cross is working to strengthen community resilience through building cross-sector leadership, relationships, and best practice. This involves convening a range of stakeholders in fora such as Leadership Groups and Communities of Practice to work together to build shared community resilience knowledge, capacity, and capability.

14. How could larger CSOs support smaller CSOs? What are the barriers to providing this support?

- 14.1. As previously noted, Australian Red Cross recognises the opportunity for larger CSOs to act as convenors across the sector thereby strengthening the capacity and amplifying the voice of smaller CSOs. This happens through capacity-building opportunities, advocacy, and policy support, as well as facilitating research and data sharing.
- 14.2. Our work to support Red Cross National Societies in the Asia Pacific to prepare for, respond to, and recover from disasters, through our long-term partnership with the Department of Foreign Affairs and Trade (DFAT), is a successful example of this model.
- This year, with our support, National Societies in Fiji, Indonesia, Mongolia, Myanmar, Papua New Guinea, Solomon Islands, Timor-Leste, Tonga and Vanuatu were strengthened through a series of capacity building activities which focused on organisational development and disaster preparedness.
 - [A mid-term review of our 2019-2024 International Program](#) highlighted the speed and comprehensive nature of the disaster response activities carried out by our partner National Societies. The levels of trust they enjoy, their extensive reach, and their skilled volunteer networks were recognised as critical factors to their success. The importance of continued investment in organisational strengthening and retaining and sustaining volunteer led workforces were recognised as needing ongoing attention.
- 14.3. The barriers to providing this support include insufficient funding in recognition of this work. Peak bodies and larger CSOs acting as convenors should be funded to continue strengthening the capacity of smaller organisations. This includes building into frameworks the true costs, expectations, and benefits of collaboration.

Recommendation

- vi) The Australian Government increases grant application timeframes to enable innovative approaches and partnerships within the community sector and with other stakeholders.

Partnering with trusted community organisations with strong local links.

15. What is your experience with and reflections on place-based funding approaches?

- 15.1. Australian Red Cross has a significant portfolio of community programs that respond to local needs by leveraging our volunteers and members.
- Australian Red Cross successfully operates high impact place-based programs in the following communities of interest: Galiwinku and Tiwi Islands (NT), Bridgewater (TAS), Wallaga Lake (NSW), Kwinana (WA), Ceduna and Tiraapendi Wadli (SA).
 - Our program is based on Australian Red Cross staff living and working in the local community. These staff are trusted facilitators with local knowledge, relationships, and the ability to work with First Nations people to identify priorities and develop local solutions.
 - We have supported a broad range of initiatives, including operating community hubs in Ceduna and Tiwi Islands, a youth justice program in Katherine, emergency preparedness programs in Daly River, and youth community building projects in Wallaga Lake.
- 15.2. Australian Red Cross First Nations leadership team highlights the following reflections on the benefits of place-based approaches:
- Place-based programming can make learning and community development more relevant to participants because it is directly tied to their local environment, culture, and history.

- When people can see the direct impact of a program on their own community or environment, they are often more motivated to participate actively and take ownership of the outcomes.
- By engaging community members in a shared project or initiative, place-based programming can strengthen social bonds and build a sense of community. It can also foster collaboration and collective problem-solving.

16. What innovative approaches could be implemented to ensure grant funding reaches trusted community organisations with strong local links?

16.1. To implement innovative approaches, larger trusted CSOs with strong local links, like Australian Red Cross, could partner with other trusted community organisations to co-design solutions and leverage each other's strengths. However, short grant application timelines and other restrictive parameters in grant guidelines pose a barrier to forming those partnerships and creating space for innovation. Investment of time and flexible funds is needed to resource the development of such partnerships to enable testing and iteration of new models.

16.2. The centralised coordination of place-based programming will allow CSOs to effectively use their resources and plan innovative approaches to meet local needs. While recognising the importance and benefit of place-based programming through its own work, Australian Red Cross has also experienced the benefits of streamlined coordination across multiple sites. In our experience, this enables:

- Innovative approaches to planning and delivery.
- More effective allocation of resources, such as funding, staffing, administration, corporate support, and materials. It allows for strategic planning and distribution of resources to different programs and communities based on their specific needs and priorities.
- Cost-saving and improved efficiency through economies of scale.
- Standardised processes, guidelines, and best practices for place-based programming, which ensures that all programs adhere to a consistent framework, making it easier to monitor and evaluate their effectiveness.
- Better risk management, quality control and oversight. This can ensure that all programs meet certain standards and objectives, leading to more reliable and successful outcomes.
- Better collaboration and knowledge sharing among different programs and communities. This can create opportunities for peer learning, resource sharing, and the transfer of successful strategies from one place-based program to another.
- Improved data collection and analysis, making it easier to assess the impact of place-based programs across various locations. This, in turn, can inform evidence-based decision-making and continuous improvement.
- Standardised reporting and data collection processes that can simplify the reporting requirements for individual programs and communities, reducing administrative burden and ensuring that essential information is consistently collected.
- Scalability. When a successful model or approach is developed in one place, central coordination can facilitate the scaling of that model to other locations, potentially benefiting a broader range of communities.

Recommendation

- vii) The Australian Government recognises the benefits of streamlined approaches in place-based program coordination and builds this into grant frameworks, including streamlined coordination across multiple sites.

General questions

17. What are the programs or challenges you think have been overlooked? What are the solutions?

17.1. The existing standard indemnity in Commonwealth funding contracts goes far beyond what is within a charity's control. Currently, charities can be held responsible for actions by 3rd parties over which the charity has no control. This means that charities are exposed to unlimited legal and financial risks, which can lead to delays in the contracting process and decision-making. Charities, big and small, are put in an unenviable position as to whether they proceed and accept these unreasonable risks, and the cost to invest to mitigate those risks, or refrain from applying for a contract. If an indemnity is needed, it should be more balanced.

17.2. In order to truly innovate and achieve the aspirations in the DSS issues paper to create a strong and sustainable community services sector, Government agencies and CSOs must collaborate with other critical stakeholders including the corporate sector. Trying to solve the challenges set out above without bringing in a broad range of diverse stakeholders will likely only result in smaller scale improvements within the current status quo. This of course, does not negate the primary responsibilities, expertise and collaboration required between Government agencies and CSOs.

Recommendation

- viii) The Australian Government amends the standard indemnity clauses used in funding contracts.
- ix) Australian Government departments and CSOs collaborate on the challenges and aspirations set out in the DSS issues paper with a broad and diverse range of other stakeholders, including the corporate sector, in order to shift the status quo and develop innovative approaches to responding to growing community needs.

Glossary of acronyms

CSOs	Community sector organisations
DSS	Department of Social Services
M&E	Monitoring and evaluation

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**Australian
Red Cross**