



19th March 2015

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

**Submission to Senate Standing Committees on Community Affairs
Inquiry into Impact on service quality, efficiency and sustainability of
recent Commonwealth community service tendering processes by the
Department of Social Services**

The Illawarra Forum operates across the regions of Wollongong, Shellharbour, Kiama and Nowra.

This submission has been prepared following consultations with Illawarra Forum members.

About the Illawarra Forum

The Illawarra Forum, established in 1990, is the peak body working for community services and organisations in the Illawarra and the Shoalhaven. It supports community organisations, promotes expertise and innovation in community development, fosters industry development and provides advocacy for social justice. The Illawarra Forum is an independent organisation governed by a committee of management elected annually by the membership.

The Illawarra Forum represents the non-government community services industry in the Illawarra and Shoalhaven, which consists of approximately 300 organisations which provide support to vulnerable people across the region including:

- Social housing providers
- Homelessness services
- Home and community care services
- People with disability
- Individuals and families with multiple layers of social and financial disadvantage
- Victims of domestic violence and sexual assault
- Youth work programs
- Community health services, including mental health and drug/alcohol services
- Community legal centre services
- Community development and community capacity building programs.

The Illawarra and Shoalhaven regions are areas of particular vulnerability and social and locational disadvantage, with high levels of unemployment including youth unemployment which is above the national average (15.6% in December 2014 against a national average of 13.1%)¹. The region suffers with a vulnerable economy, dependent for much of its history on two key industries; steel manufacturing and coal mining, both of which have been in a state of decline for some time.

General Comments

The Illawarra Forum has been extremely concerned about the viability of service delivery to vulnerable people since the 2014/15 Federal Budget estimated a cut of \$240 million from DSS grants over four years. We were also anxious to see what the service delivery implications would be when the 18 grants programmes were condensed into seven new programmes.

Our concern was compounded when many services were put to open tender in June 2014. June is a very busy month for most service providers, who are generally in the process of preparing for the end of financial year and all of the accountability and evaluation activities associated with that.

Despite the poor timing, organisations scrambled to apply for the available funding. We have subsequently been informed that the department received an unprecedented number of applications totaling an amount of around 5 times the originally designated \$800m.

The number and value of the applications is a clear indication of the level of need in the community. Organisations are also anxious to secure funding to ensure continued service delivery into the future, but there is no indication when any other funding rounds will be available.

We also note that the tender process was obstructive to collaboration. There is growing fear amongst the Boards, management and staff of smaller, place-based community organisations due to the competitive tendering process which effectively pits organisations against each other in the bid to secure funding. At present there has been strong commitment amongst organisations to partner and collaborate, but should the competitive process continue, organisations will become more insular and wary of competitors.

In an era when the number of funding contracts has been greatly reduced, there is also a fear that large organisations will monopolise funding opportunities as they have the resources to write better applications and are able to demonstrate economies of scale.

However, it is most important that Government recognize that small place-based organisations are closely connected to their communities, have strong understanding of community need, and are able to quickly respond to changes in the local environment. These organisations play an important role in building community cohesion and capacity, and add diversity to the unique characteristics of our various communities.

To directly quote one of our members "The grants round caused much alarm for many not-for-profits across the country specifically in small organisations."

Following are responses, developed in consultation with our members, to some of the terms of reference.

a. the extent of consultation with service providers concerning the size, scope and nature of services tendered, determination of outcomes and other elements of service and contract design;

Consultation with service providers was grossly inadequate, and this lack of consultation is reflected in the confusion around the grant processes. Service providers advise they often felt unclear whether they should apply for a service type or not because the information was confusing,

In an unclear funding environment some service providers felt panic stricken and overwhelmed by the lack of time, the lack of consultation, and the inadequacy of the information available.

b. the effect of the tendering time frame and lack of notice on service collaboration, consortia and the opportunity for innovative service design and delivery;

The large number of submissions totaling far in excess of the funds available is evidence of both the immediate need in the sector, and their ability to respond in a short timeframe. However, a six week tender timeframe is unreasonable when the sector is unaware that the tender process is coming and have not previously been made aware of the tender guidelines.

Partnerships, collaborations and consortia opportunities need to be discussed and negotiated. Since many community boards meet once a month, six weeks does not give enough opportunity for these discussions and negotiations to take place, and for the development of innovative services and appropriate partnerships and consortia to be enacted.

Feedback from services indicates that there is a perception that there was little interest in funding new or innovative services.

d. the clarity of information provided to prospective tenderers concerning service scope and outcomes;

There is a strong perception amongst our members that the dearth of information set the DSS tender process up to fail.

Service providers reported that the process was inappropriately designed, and that because multiple funding programs were included; it was difficult to navigate the website to find the information needed. Some applicants thought there was a lack of consistency in documents (e.g. program guidelines and application forms) and that they gave the impression that they were written by different authors and meshed together. As one provider noted “Eligibility criteria in key DSS documentation was inconsistent, hard to understand and made it difficult for many people applying to determine if they were eligible. “

Community service organisations are experienced at making professional judgments in funding submissions, based on the information provided in the funding guidelines. Many of our members reported that the DSS process required services to exercise judgment in a vacuum of information; for example, having to apply for funding without awareness about maximum funding limits, or difficulty identifying the correct areas/regions, as there was a lack of consistency across the different funding programs.

A major concern was the inadequacy of the computer system to cope with the level of activity. Perhaps this may have been expected on the last day of applications being open, but the system was 'crashing' at least 3 days before closing date.

Communication was also very poor, with delayed acknowledgement of submissions, leaving many services unaware whether they had managed to actually submit their application. Also, referees were received emails about funding applications that they had not submitted but were only included to provide references. This added greatly to the confusion and concern about the process.

Quotes from our members included:

"Although the Department's aims and objectives were positive, the implementation of the program fell far short of what it should've been".

"It was evident that from the start that the Department were not 'shovel ready' to administer A New Way for Grants."

e. the opportunities created for innovative service design and delivery, including greater service integration or improved service wrap-around, and the extent to which this was reflected in the outcomes of the tender process;

Feedback from our members has strongly indicated that innovative services were not funded. For example, the Housing and Homelessness Programme had invited applications for innovative programmes to prevent and reduce homelessness. Service providers were excited to have the opportunity to apply for new and innovative projects which were not able to be funded in other ways.

However, on 22nd December 2014, long after applications had been submitted, Minister for Social Services Scott Morrison announced that no grants would be awarded under this funding stream. This announcement not only effectively cut an additional \$20.1 million from the 2015/16 funding pool, but also meant that management and staff in community organisations had wasted time and effort in preparing and submitting their applications.

g. analysis of the types, size and structures of organisations which were successful and unsuccessful under this process;

Analysis of the types, size and structure of successful organisations has been extremely difficult, as there has been no announcement of the successful tenders. When we enquired of the department about which organisations were successful in the region, we were told that the information was not available due to probity issues.

We understand that one reason the grants have not been announced is because many contracts are still under negotiation.

We are, however, aware that the number of providers of Emergency Relief in the area has been reduced from seven to five, but are not yet aware if the amount of emergency relief available will be reduced. What we do know is that many people in need will no longer be able to access emergency relief in their own area, but will be forced to travel to access support. In a region which is plagued by inadequate public transport, this will no doubt force people into situations of greater distress.

The organisations which missed out on their emergency relief contracts are very small, local place-based organisations; and this trend, if it continues would be alarming. Place based local community service organisations are important to their local communities because they possess some key characteristics including:

- Community trust
- Key community and stakeholder relationships
- Sound local knowledge
- Nimbleness and flexibility enabling them to quickly respond to need

There is a strong sense that small organisations are disadvantaged in the competitive tendering model and at a time when the number of funding contracts has been greatly reduced, there is also a fear that large organisations will monopolise funding opportunities as they have the resources to write better applications and are able to demonstrate economies of scale.

i. the potential and likely impacts on service users concerning service delivery, continuity, quality and reliability;

We have heard from several unsuccessful applicants that they have grave concerns for their clients due to contracts being awarded to different organisations. Some organisations reported that they didn't know where to refer clients, because nobody knew who the successful applicant was. Many reported the fear and distress of clients who had built relationships of trust with their provider, and were now faced with 'telling their story again to strangers'.

Continued service delivery, and in particular the value-adding elements will also be greatly affected. For example, the changing of providers for Emergency Relief has had unseen effects in the loss of social capital. A small local Neighborhood Centre which lost the Emergency Relief program which they had been delivering for many years reported that they had built up relationships over many years with local churches and businesses who were able to supplement the emergency relief program in many ways. For example, they ran food drives and donated items for Easter and Christmas hampers. With the loss of this relationship, and Emergency Relief no longer being delivered locally, this value proposition will now be lost, resulting in greater reliance on emergency funds, and poorer resourcing of vulnerable people.

In addition, the transition phase is creating disjointed service delivery for clients, and an uncertain employment future for staff. Both staff and clients have been told to expect a service to wind up by a certain date, only to have that date extended several times because

the contracts have had short-term extensions. This has a negative effect on organisational reputation and culture. One of our members stated “DSS has been providing monthly transitional funding to some services to keep them open while grant decisions are made. This transitional process is highly disruptive to staff, clients and managers. Services need clear transitional plans and funding security.”

Some services reported they applied for projects across large geographical areas, but received contracts for only small sections of the areas they applied for. This makes it impossible to provide the services due to fiscal, resource and human limitations.

Other services reported that where they had previously received contracts to deliver services across a region, the new contracts are for only select areas within a region, and for greatly reduced funding amounts. For example, Southern Youth and Family Services (SYFS) has for many years had been delivering the Supporting Adolescents and Family Team Service across the Illawarra and Shoalhaven. The new Activity (new service provider unknown as yet) is restricted to the much smaller areas of Dapto-Port Kembla and Shoalhaven, and funding has been reduced from \$631,451 to \$361,288. Thus, not only will service users have to break ties with SYFS and develop relationships of trust with a new provider, but the services available will be reduced.

Across the region there is also great concern over the reduction or loss of financial counsellor services. Financial counsellors provide an important supplementary service for clients who also receive emergency relief as it assists clients to gain financial literacy and reduces their reliance on emergency relief services.

Organisations were also concerned that the loss of services in one service delivery type will have a flow in effect for other service types. For example, the loss of young parenting services will increase the demand on youth services, alcohol and other drug services, and accommodation services. As one provider noted “You can’t remove a pieces of the puzzle without consequences.”

k. the information provided to tenderers about how decisions are made, feedback mechanisms for unsuccessful tender applicants, and the participation of independent experts in tender review processes to ensure fairness and transparency;

It is very difficult to comment on how decisions were made as this information has not been made available. But our members expressed the opinion that as the front end process was confusing and unclear, it difficult to see how a rigorous assessment process could be established, given that the front end was based on guidelines that lacked clear assessment parameters.

Services also remarked on the seeming imbalance of giving organisations only 6 weeks to develop and input grant applications, and then 3 months for DSS to provide feedback on applications.

o. any other related matters.

It is difficult to estimate the nett loss of funding for our region following the reduction of the former 18 programmes into 7 new programmes, and subsequent funding round. Perhaps that will become more evident when the successful applicants are announced. However, whatever loss the region does experience will only add to the loss of several key programmes at the end of 2015, such as Youth Connections, the Local employment Coordinator, and changes to Employment Services.

In a region already affected by high unemployment, high levels of housing stress and homelessness, numerous pockets of social disadvantage, and high levels of dependency on Commonwealth benefits, such reduction in community/social services is very concerning.

Thank you for the opportunity to comment on the social housing discussion paper. We would be happy to discuss our comments or recommendations in more detail if required.



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