

Coalition Senators Dissenting Report

1.1 Government senators acknowledge and appreciate the valuable contribution that community service organisations make in helping those in need in the community. There are numerous examples around the country of great work from frontline services in the community to help those who need it most.

1.2 That said, the government also notes that community service organisations should not always be reliant on enduring government funding to maintain the stability of the sector.

1.3 It is important to note that it is the outcomes delivered to individuals, families, and communities which are important, not just the organisations. The demographic makeup of communities and their needs change, therefore the nature and location of services required also change. It is the job of the government to ensure programs are adaptable to those changes.

1.4 The Coalition members of the Community Affairs References Committee ('the committee') reiterate the concerns raised in the interim report that the majority report ('the report') of the inquiry into the impact on service quality, efficiency and sustainability of the 2014 community service tendering process by the Department of Social Services (the department) is a flawed, partisan, self-serving report that contributes nothing to the real ongoing debate about how the government can best deliver frontline community services. The mere fact that an interim report was delivered on such an issue is evidence of the partisan nature of the inquiry and report.

1.5 The recommendations are based on the presumption that all current grant recipient organisations should continue to receive government grant funding at the same levels or higher, as a matter of course, instead of the focus being on ensuring that services are available to those who need it. This is typical of Labor, who throw money out the door for political gain with no consideration of the effectiveness of programs to deliver on government outcomes. The recommendations from Labor suggest there is no need for service providers to develop more effective and efficient ways to deliver services or to ensure that currently government funded projects are still delivering their desired outcomes.

1.6 The final report also completely ignores crucial evidence, such as the advice provided by the department to inform the sector of the New Way of Working for Grants, or the fact that 5500 applications were received seeking funding of \$4 billion. These types of competitive grant processes will always result in organisations being disappointed at not receiving funding or not receiving the same level of funding as a previous agreement. This does not mean that there are not appropriate services provided for the people who really need them. The fact is vulnerable people in need will continue to receive support, delivered more effectively, more efficiently and with greater innovation by organisations selected on merit.

Context

1.7 The final report, as with the interim report, fails to make any mention of the original context of the Coalition government's New Way of Working for grants, in the 2014 budget. The government inherited a budgetary mess from Labor that meant that, without policy change, there would be \$123 billion in deficits over the next four years and government debt would reach \$667 billion within a decade. Failure to act on the legacy of profligate spending of Labor would put the government's capacity to provide services for our most vulnerable Australians at risk.

1.8 In the written submission from the department highlighted the need for reform of the government grants programs.

'The formation of the Department of Social Services, following the Machinery of Government changes in late 2013, brought together 18 discretionary grant programmes from five former departments. There were 12,900 grant agreements across 120 grant activities, accounting for around \$3 billion in funding each year. This formation highlighted issues with various programmes across the former agencies.'

'The Department's grant programmes also needed to better foster innovation in the community services sector ('the sector'). Some areas of the sector had not been subject to a competitive selections process for a considerable period of time. This has resulted in many new and different community service providers being excluded from funding opportunities. This has resulted in the composition of funded services remaining fundamentally the same for an extended period of time, despite new communities of need having arisen. For example, Emergency Relief services had not been subject to an open selection process since the 1970s and programme reform would allow the opportunity for new providers to apply for funding. It is in this context that it was necessary for savings to be found and productivity to be lifted. By streamlining the DSS Grants process, the Government ensured service providers would not need to spend so much of their time on administrative requirements and would not be burdened by red tape.'

1.9 It was in this context that the New Way of Working for grants program sought to reduce red tape by removing duplication, reviewing priorities and streamlining processes, including reducing reporting requirements and moving towards single agreements - allowing organisations to spend less on administration and more on the services they deliver.

1.10 Changes were also necessary due to recent developments in Australian law as a result of the High Court's Pape and Williams decisions. Many existing grant systems had not been reviewed for many years, including the Emergency Relief sector which had been unchanged for 40 years. The report fails to acknowledge the significant challenges facing the grants system and any difficulties in transition to the new system must be viewed in the context of the necessity for reform.

Process

1.11 The department's new broad-banded program arrangements were announced on 13 May 2014 as part of the 2014-15 Budget. The new program arrangements were

given the title *The New Way of Working for Grants (The New Way of Working)*, which represents the department's commitment to administer grants in a more strategic and effective way.

1.12 According to the evidence provided by the department,

'Information about the new arrangements was made available immediately following the Budget announcement on 13 May 2014 including:

- the publication of the Department's Portfolio Budget Statements on the Department and Treasury websites;
- media releases on the website of former Minister for Social Services, the Hon Kevin Andrews MP; and
- updates to the Department's grant website, which included details on the new grant programme structure, timetable for information sessions and processes for extending existing grant agreements.

As of 14 May 2014 information has been available through:

- a DSS Grants Hotline (1800 625 136) for existing and potential grant recipients to ask questions about the extensions process and the new grant programmes;
- a central enquiries mailbox, the Grants Inbox (grants@dss.gov.au);
- updates to the Department's grants website including detailed programme information documents; fact sheets; details on the extensions process; improved reporting arrangements; frequently asked questions; and information session registration;
- detailed communications toolkits provided to Departmental staff to assist service providers that contact them directly; and
- departmental state offices and policy areas engaging with peak bodies and funded service providers, including relevant state government agencies.

On 17 May 2014 the opening and closing date for applications and details of information sessions were published in advertisements in national and major regional newspapers and updates to the Department's grant website. In addition, subscribers to the website were sent an email advising of the new information available.

On 19 May 2014 an email was sent by the Department to all providers that were in receipt of departmental grant funding to outline the new grant arrangements. Many of these service providers had multiple grants with the Department but received a single email outlining the new arrangements. Where no email address was available, or the Department received an email failure notice, copies of the letter were sent by post.

A copy was also published on the Department's grants website and subscribers to the email alerts were made aware of this addition through the email subscription service.

A second newspaper advertisement was released for print in national and major regional papers to further promote the application dates, on Saturday 7 June 2014.

1.13 As well as information being sent directly to service providers and information being available on both the department website and via national newspapers the department also held consultation sessions around the country between 26 May to 6 June 2014 to provide information on the new grant programs and the upcoming application period. Sessions were held in Adelaide, Alice Springs, Brisbane, Canberra, Coffs Harbour, Darwin, Dubbo, Hobart, Melbourne, Mildura, Sydney, Townsville and Perth. Around 2400 people attended the sessions.

1.14 Applications closed on 24 July 2014, more than two months after the budget measure was announced and information was provided to service providers.

1.15 Notifications to both successful and unsuccessful applicants were sent out between 22 and 24 December.

Continuity of service

1.16 To ensure continuity of services during the process and to allow transition of services the department announced extensions to existing agreements to ensure service delivery continued while new grant arrangements were being implemented. Extension offers were made for the majority of the approximately 4200 grant agreements due to expire on 30 June 2014.

1.17 To ensure critical services were not disrupted, around 1446 grants received six month extensions. Twelve month extensions were offered for specific aged care and disability agreements to facilitate transition into the National Disability Insurance Scheme, the Commonwealth Home Support Programme or other long-term, ongoing initiatives. Approximately 1452 arrangements were extended for 12 months. Extensions were in line with the previous grant arrangement for the service providers and the activities extended totalled \$590 million over 12 months.

1.18 In addition to the six and 12 month extensions, around 380 five-year agreement offers were made for most Family and Relationship Services, Communities for Children - Facilitating Partners services and Family Law Services, aligning to commitments from the previous Minister for Social Services, the Hon Kevin Andrews MP. This totalled \$1.5 billion over five years. Further extensions were offered on 21 October 2014 to ensure services continued to operate until 28 February 2015.

1.19 On 30 January 2014, Minister Morrison announced gap funding for Emergency Relief service providers until 31 March 2015, to ensure that new services could be established. Gap funding was also announced for other services until 30 June 2015. At the same time Minister Morrison announced that the department would undertake a gap analysis to ensure that critical front line services did not fall between the cracks.

1.20 The gap analysis resulted in a further \$40million being provided to more than 100 frontline community services.

Conclusion

1.21 Coalition senators acknowledge the good work of the community service sector in helping those most in need in our society. That is why the government is committed to a continuing grants program that supports community organisations in providing necessary services. Coalition senators appreciate the concerns raised by community groups in the hearings of this inquiry but comprehensively reject the partisan, self-serving nature of the committee's interim and final reports. The government is committed to dealing with the legacy of debt and deficit left by the Labor government and reform of the department's grants process is vital to that ongoing work.

1.22 The Coalition senators agree with recommendations 5 and 6 of the committee's final report:

Recommendation 5

The committee recommends that where possible, five-year contracts should be awarded to ensure stability so the sector can plan and deliver sustainable services.

Recommendation 6

The committee recommends that the privacy concerns raised in relation to the department's data exchange protocols' should be resolved as a matter of priority.

1.23 The Coalition senators also suggest that the Minister consider releasing the final report from NOUS Group.

Senator Zed Seselja

