

## **Coalition Senators Additional Comments**

1.1 It is the view of the Coalition members of the Community Affairs References Committee ('the committee') that the majority interim report ('the report') on the inquiry into the impact on service quality, efficiency and sustainability of the 2014 community service tendering process by the Department of Social Services ('DSS') is a flawed, partisan report that contributes nothing to the real ongoing debate about how the Government can best deliver frontline community services.

### **Context**

1.2 The report from the outset fails to make any mention of the original context of the Coalition Government's 2014 budget announcement on the community grants tender process. 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.

1.3 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.

1.4 This was done by carefully considering appropriate and proportional efficiencies such as 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.

1.5 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.

1.6 It is important to note that in this challenging context, the Coalition Government made almost \$20 billion available across all grants activities in DSS over four years. Under the tender process discussed in the report, DSS received an overwhelming response and the selection process was heavily over-subscribed. There were more than 5,500 applications for grants worth around \$4 billion. With such significant oversubscription, it was inevitable that many organisations would be unsuccessful in their applications and the Government understands this has resulted in disappointment for many in the sector.

## **Process**

1.7 Government Senators acknowledge and appreciate the contribution that community service organisations make. There are numerous examples of good frontline work being done in the community services sector that helps those in need.

1.8 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.

1.9 It is important to note that it is the services to individuals, families, and communities which are important, not just the organisations. The demographic makeup of communities change, and therefore the services required also change, it is the job of the Government to ensure systems are adaptable to those changes.

1.10 The Government understands that whenever there are changes in how a Government delivers a service or funding there can be challenges in working through the transition period and the extension of funding to many organisations in January 2015 was a recognition of those transition needs. Providers of ongoing frontline services under the grants programme had their funding extended to 30 June 2015. For emergency relief service providers current funding arrangements for these services were extended to 31 March 2015. This reflects the Government's consultations with the sector and flexibility in responding to the sector's needs.

## **Conclusion**

1.11 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 nature of the committee interim report. The Government is committed to dealing with the legacy of debt and deficit left by the Labor Government and reform of the DSS Grants process is vital to that ongoing work.

**Senator Zed Seselja**

**Senator Linda Reynolds**

**Senator the Hon Arthur Sinodinos AO**

**Senator Chris Back**