

The Senate

Community Affairs
References Committee

Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services

Interim report

May 2015

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44th Parliament

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TABLE OF CONTENTS

Membership of the Committee	iii
Abbreviations	vii
List of Recommendations	ix
Chapter 1	
The referral	1
The reform	1
The inquiry to date.....	3
Background.....	3
The rationale for the reforms	4
The interim report.....	6
Chapter 2	
Stakeholders' criticisms of the tender timeframes, the failure to communicate a funding strategy and the lack of engagement with the sector	7
The timeframes	7
The lack of engagement with the sector	16
Reasonable timelines and engagement with the sector	22
The committee's recommendations	22
Concluding comment.....	25
Appendix 1	
Submissions and additional information received by the Committee.....	29
Appendix 2	
Public hearings.....	35
Appendix 3	
Questions on notice for the Department of Social Services	39

ABBREVIATIONS

ACOSS	Australian Council of Social Service
ACTCOSS	ACT Council of Social Service
ANAO	Australian National Audit Office
DSS	Department of Social Services

LIST OF RECOMMENDATIONS

Recommendation 1

2.49 The committee recommends that the Auditor-General consider a review of the 2014 Department of Social Services community service tendering process. This review should include an assessment of how the process fared against each of the Commonwealth Grants Guidelines seven key principles:

- **robust planning and design;**
- **collaboration and partnership;**
- **proportionality;**
- **an outcomes orientation;**
- **achieving value with relevant money;**
- **governance and accountability; and**
- **probity and transparency.**

Recommendation 2

2.52 The committee recommends that the Auditor-General consider reviewing the 2014 community service tendering process conducted by the Department of Social Services (DSS) with a view to updating the Commonwealth Grants Guidelines. Specifically, the committee draws the Auditor-General's attention to the effect that the truncated timelines of the 2014 process had on poor engagement with the sector, which in turn has been expressed in a general sense of stakeholder disenfranchisement.

2.53 The committee recommends that the Auditor-General analyse the 2014 DSS tendering process to assess the need for specific guidance on the following issues:

- **whether there is merit in requiring certain documentation—such as funding priorities and the selection criteria for applicants—to be in the public domain for a certain period of time prior to the commencement of the application process;**
- **whether stakeholders should be consulted at the outset on how best to structure the tendering process when there are multiple program rounds under consideration;**
- **whether there is merit in setting a maximum number of program rounds that can be called for in a given time period;**
- **whether there is merit in setting a standard that requires a minimum period of advance notice of service procurement processes;**

- whether there is merit in setting minimum time periods for the pre-application process, the application period and the period for successful applicants to sign a contract;
- whether there is merit in setting a maximum time period for the commissioning agency to notify successful tenderers and provide feedback to unsuccessful tendered;
- the merit of a two stage process for discretionary grant funding applications, beginning with an Expression of Interest followed by a closed grant round for successful EOI applicants; and
- whether there is merit in setting a standard that requires that new contracts are finalised within a minimum time prior to the end of existing service contracts.

Chapter 1

The referral

1.1 On 12 February 2015, the Senate referred to the Community Affairs References Committee ('the committee') an inquiry into the impact on service quality, efficiency and sustainability of the 2014 community service tendering processes by DSS. The committee was due to report by 26 March 2015. On 2 March 2015, the Senate granted an extension of 12 May 2015. On 11 May 2015, the Senate granted a further extension until 13 May 2015.

1.2 The terms of reference for this inquiry relate to three main issues:

- DSS' engagement with service providers including the clarity of information provided to these providers throughout the process;
- the effect of the tendering timeframe on service collaboration and on service users; and
- the potential and likely impacts of the tendering process on service users and advocacy services.

The reform

1.3 In the May 2014 federal budget, the Government announced that it will implement 'improvements to the system of grants funding'. Community service providers would have to apply for grant funding under the new arrangements. The Portfolio Budget Statement outlined the reforms as follows:

A key focus for DSS in 2014–15 is implementing a new, broadbanded discretionary grant programme structure which will strengthen our capacity to deliver grant programmes, services and support to individuals and families. The broadbanded structure strategically aligns the work undertaken by the former agencies now comprised within DSS. It also maximises synergies across existing discretionary grant programmes to increase the effectiveness and efficiency of grants management. The smaller, and considerably more flexible, programme suite will create grant programmes that are more responsive to the needs of individuals, population cohorts and communities, and deliver improved value for money.

This new programme structure is part of the DSS approach to working more collaboratively with civil society organisations, in line with the Australian

Government's commitments. This approach is based on reducing red tape, providing greater flexibility and respecting the independence of the sector.¹

1.4 The 2014 federal budget also announced a reduction in grants funding of \$240 million over four years. In the December 2014 Mid-Year Economic Forecast, the Government announced that a further \$30 million was to be cut from grants to community service providers.

1.5 In June and July 2014, the federal Department of Social Services (DSS) conducted a competitive tendering process for community service organisations to apply to deliver services. Organisations that wanted to receive funding to provide services would have to apply to DSS and meet the criteria. These criteria required the applicant to demonstrate the community need for the service, how it will achieve value for money, the applicant's experience in planning and delivering the service and its organisational capacity to do so.

1.6 The tendering round offered \$646.06 million in funding spread across 26 program areas. DSS received 5558 applications—a funding request totalling \$4.1 billion. In total, 884 organisations were successful (see Appendix 4).

1.7 The competitive tendering process was a significant challenge for a sector that had limited time and resources to do so. As this report highlights, the process also posed significant logistical and stakeholder engagement challenges for DSS. However, the reasonable expectation of DSS by stakeholders and the wider community is that the process would:

- be fair and transparent, complying with the Department of Finance and Administration's *Commonwealth Grant Guidelines and Rules*;
- provide sufficient time for providers to understand the reason for, and the priorities of, the reform;
- be planned strategically, with a clear sense of the service gaps and areas of geographic need, and be based on an assessment of how the tendering process would enhance the capacity of the sector to meet these needs;
- enable providers to engage with DSS and receive timely feedback to their specific concerns;
- provide sufficient time and support to prepare innovative and collaborative application (as per the government's stated intent);
- provide clear feedback to successful applicants on why and for what they were successful and sufficient time for them to consider and sign a contract;
- provide clear and timely information to unsuccessful applicants; and

1 Department of Social Services, *Portfolio Budget Statements, Budget Related Paper No. 1.15A, Social Services Portfolio*, p. 25
https://www.dss.gov.au/sites/default/files/documents/05_2014/2014-2015_dss_pbs.pdf
(accessed 10 May 2015).

-
- be properly reviewed by an objective third party to consider and judge whether DSS was able to meet all of these reasonable expectations.

The inquiry to date

1.8 This is an interim report. The committee called for submissions by 20 March 2015. It received 97 submissions from a range of peak bodies and community service providers and held a public hearing in Canberra on 21 April 2015 (see Appendices 1 and 2). The committee thanks all those organisations who prepared a submission and gave evidence to the committee at the hearing.

1.9 The committee wrote to DSS in March 2015 to request various data relating to program funding and the number of service providers that applied for and received funding. These questions, and DSS' response, are in Appendix 3.

1.10 The committee received a submission from DSS and had the opportunity to ask questions of Departmental officials at the public hearing in April. On 7 May 2015, the committee received answers to questions taken on notice at the hearing.

1.11 However, a number of key questions relevant to this inquiry's terms of reference remain unanswered. The committee therefore intends to recall the Department after this report has been tabled. These answers, and the committee's full list of recommendations, will be the subject of a further report.

1.12 The committee also flags its intent to conduct a further public hearing to examine the impact of the tendering process at a regional level. Stakeholders have strong concerns that the tender process has created gaps in the delivery of services, particularly at a regional level.

Background

1.13 In December 2013, the formation of DSS under Machinery of Government changes amalgamated 18 discretionary grant programmes from five former departments. In the May 2014 federal budget, the government announced that these programmes will be streamlined into the following seven programmes:

- Families and Community Services Programme;
- Housing and Homelessness Programme;
- Disability, Mental Health and Carers Programme;
- Home Support Programme;
- Residential and Flexible Aged Care Programme;
- Workforce and Quality Programme; and
- Ageing and Service Improvement Programme.

1.14 As an interim measure, the government announced that it would provide six-month extensions 'for the majority of existing grants' from 1 July 2014. There would

be 12-month extensions for grants transitioning into longer-term initiatives such as the National Disability Insurance Scheme.² DSS stated in May 2014 that 1,446 providers were given six-month extensions, 1,452 received 12-month extensions and 380 were offered five-year extensions.³

1.15 In January 2015, the Minister for Social Services, the Hon. Scott Morrison MP, announced that the Government will provide bridging funding to ensure continuity of front line community services. The Minister said:

Providers of ongoing frontline services under the grants programme will have their funding extended to 30 June 2015 while new services are properly established and clients are appropriately referred. For emergency relief service providers we expect a more rapid transition process and will extend current funding arrangements for these services to 31 March 2015.⁴

The rationale for the reforms

1.16 DSS says in its submission that the streamlined arrangements represent the Department's 'commitment to administer grants in a more strategic and effective way'.⁵ The Government's intent is to streamline the grants system and promote value for money through innovation and competition. As DSS told the committee:

...the needs and nature of people and communities have changed over time, as has the availability and the range of services. Some services have been funded by the department for long periods of time without being tested to see if different providers could deliver better or more innovative services to meet the changing needs of their community and clients.

Without an open process new organisations would never get the opportunity to receive government funding for the services or projects that they can and do deliver and have the potential to deliver.⁶

1.17 The 2014 budgetary decision to reduce grants funding by \$240 million over four years was a significant constraint. As DSS put it:

This reduction added a significant constraint on the Department's ability to maintain previous funding levels for services into the future, in line with

2 Department of Social Services, *Budget Fact Sheet—Grants for social service providers*, <https://www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements/2014-15-budget/budget-fact-sheet-grants-for-social-service-providers> (accessed 10 May 2015)

3 Ms Barbara Bennett, Senate Estimates, *Committee Hansard*, 4 June 2014, p. 10.

4 The Hon. Scott Morrison, 'Morrison to fill front line service gaps in Social Service grants', *Media release*, <http://scottmorrison.dss.gov.au/media-releases/morrison-to-fill-critical-front-line-service-gaps-in-social-service-grants> (accessed 10 April 2015).

5 Department of Social Services, *Submission 70*, p. 7.

6 Ms Barbara Bennett, *Proof Committee Hansard*, 21 April 2015, p. 74.

stakeholder expectations, as the existing grants neared their expiry on 30 June 2014.⁷

...

This reduction in funding presented a significant budgetary constraint for the Department to manage while implementing the new grant arrangements. While the Department always takes available resources and community priorities into consideration when conducting funding rounds, this reduction required a particularly strong consideration of high priority areas of need along with alignment to Government and Departmental policy priorities. Funding levels were determined to ensure critical services were available to support Australia's most vulnerable people. With the Department's grant funding reduced, the Department could not maintain previous funding arrangements.⁸

1.18 The Department explained the need to reduce duplication in programs:

The programmes from the former agencies had many instances of duplication across services. This created inefficient policy development for the Department and confusion in the sector, who found it difficult to identify the differences between some programmes that were similar in policy focus. For example, there were instances of duplication in the former children and parenting programmes between state and territory government policy responsibilities and other Commonwealth agency policy responsibilities, particularly as child care and early childhood education are funded by other Commonwealth programmes or agencies. There was also a high degree of locational overlap with other like services funded by former agencies.⁹

1.19 DSS also highlighted the need for the sector to face greater competition:

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.¹⁰

7 Department of Social Services, *Submission 70*, p. 5.

8 Department of Social Services, *Submission 70*, p. 7.

9 Department of Social Services, *Submission 70*, p. 7.

10 Department of Social Services, *Submission 70*, p. 7.

1.20 DSS described the reforms as 'part of the most significant changes that have occurred to grant funding in our department for many years'.¹¹ It added that 'the primary focus of DSS grant funding is and remains to fund services which improve outcomes for people'.¹²

The interim report

1.21 This inquiry has to date received considerable evidence that raises serious questions about the entire tendering process. The committee has concerns that the government's express goals of innovative service delivery and improved outcomes for service users have actually been hindered as a result of the way that the tendering process was designed and executed. This report canvasses many of these concerns. Given the complexity of the issues associated with the tendering process, and that its impact is still to be determined, the committee will deliver its full recommendations at a later time.

1.22 This report focuses on the tender timeframes, engagement and communication with the sector.

11 Ms Barbara Bennett, Proof Committee Hansard, 21 April 2015, p. 74.

12 Ms Barbara Bennett, Proof Committee Hansard, 21 April 2015, p. 74.

Chapter 2

Stakeholders' criticisms of the tender timeframes, the failure to communicate a funding strategy and the lack of engagement with the sector

2.1 The terms of reference for this inquiry include the following issues:

- 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;
- the effect of the tendering timeframe and lack of notice on service collaboration, consortia and the opportunity for innovative service design and delivery; and
- the clarity of information provided to prospective tenderers concerning service scope and outcomes.

2.2 This chapter reviews the committee's evidence on two closely related issues. The first is the timeframes that the Department of Social Services (DSS) set for community service organisations to learn about the new system (37 days), apply for funding (35 days), sign contracts if successful (20 days) and receive feedback if unsuccessful (140 days). The second issue concerns the extent to which these timeframes and DSS' own systems and efforts, enabled genuine stakeholder engagement with the process. As the chapter emphasises, this engagement is a fundamental part of the Commonwealth's guidelines and rules relating to grants funding processes.

The timeframes

2.3 Submitters and witnesses to this inquiry raised a number of concerns in relation to the timing of the grants process. These concerns included:

- the time allotted to lodge grant funding applications was inadequate;
- the timing and limited detail of the initial results was both insensitive and inadequate;
- the lack of time for successful applicants to consider and sign a contract; and
- the period of time that DSS allowed itself to provide feedback to unsuccessful applicants was excessively long.

The pre-application period

2.4 The government announced the revised program arrangements on budget day, 13 May 2014. This gave community services organisations only 37 days before the

commencement of funding applications on 19 June 2014 to understand the new competitive process and the funding system.

2.5 Submitters and witnesses argued that DSS conducted this process particularly poorly. They claimed that not only did DSS fail to identify and communicate service gaps and a funding strategy to identify priorities, but the information it did provide was piecemeal, inconsistent and convoluted for many stakeholders to absorb.

2.6 DSS says in its submission that the bulk of information was released to coincide with the opening of the application process.¹ As a result, stakeholders claimed they did not effectively engage with DSS during the pre-application period. As a consequence, crucial information and interaction between DSS and stakeholders was conducted during the application period which created stress and compromised the quality of the applications.

The five week application period

2.7 This inquiry has received considerable criticism of DSS' truncated timeframe for community services organisations to make considered and innovative grant applications across 26 program areas. Applications opened on 19 June and closed on 23 July 2014.

2.8 In an answer to a question on notice, DSS argued that the 5 week period was chosen 'to provide the necessary balance of providing service providers time to become familiar with the new program and having the new grant arrangements in place as quickly as possible, so that clients could benefit from the *New Way of Working*'.² From this answer, it appears that DSS believed it was the 5 week application period—not the pre-application period—when stakeholders were expected to become familiar with the new arrangements.

2.9 The Department told the committee that the five week timeframe was consistent with the *Commonwealth Grant Guidelines* and the Australian National Audit Office's *Implementing Better Practice Grants Administration* (December 2013).³ The committee contests this claim. The *Commonwealth Grants Guidelines* do not specify a preferred time period for a grants application process. It refers to 'timeliness' of the tendering process only in general terms. The ANAO *Better Practice Guide* comments on the considerations in setting a timeframe for applications. Under a section titled 'Determining the due date for submitting applications', it states:

An important consideration in establishing the due date for applications is whether the time allowed between the public calling of applications and the

1 *Submission 70*, Appendix M.

2 *Response No. 5*, received 7 May 2015.

3 Ms Barbara Bennett and Dr Timothy Reddell, Department of Social Services, *Proof Committee Hansard*, 21 April 2015, p. 82; Ms Chantelle Stratford, Acting Branch Head, Program Systems and Strategy, Department of Social Services, *Proof Committee Hansard*, 21 April 2015, p. 83.

deadline for submission is adequate to provide potential applicants with a reasonable opportunity to develop proposals that are robust and comprehensively respond to the published guidelines. Issues that are relevant in this regard include:

- the nature of projects for which funding is likely to be sought;
- the budgetary cycle of expected sources of co-funding, particularly where this relates to other Australian Government bodies, State or Territory bodies, local government authorities or private trusts and foundations (which often announce funding in annual or periodic rounds); and
- the extent to which factors such as strategic collaboration between entities is identified in the guidelines as improving an application's chances of success.⁴

2.10 The overwhelming evidence from submitters and witnesses indicated that the DSS tendering timeframe of five weeks was inadequate. It was too short a time period not only for the size of the tendering round but also the government's express aim to 'encourage innovation in the sector by conducting open selections...to allow new and innovative service providers to deliver services'. This was a common complaint from submitters and witnesses to this inquiry. The Salvation Army, for example, told the committee:

The feeling of our organisation was that this placed enormous pressure and stress on our meagre resources for preparing submissions of such magnitude and with such serious implications for our future viability to continue to serve in a space where we have had a proven track record for such a long time.

The short time frame severely limited the capacity for organisations to develop partnerships or collaborative relationships with other providers or develop innovative initiatives. While there were briefings sessions countrywide, these were scripted, with questions directed to websites for all to see. But this made the information process frustrating and stilted. The Salvation Army would have welcomed a more comprehensive lead-up consultation with the sector and/or engagement with the sector through an exposure draft to ensure greater clarity, clear information and a more transparent process. Suffice to say that organisations like ours were also preoccupied with the preparation of a response to the draft McClure review of Australia's welfare system, which was due just two weeks after tenders closed for the DSS tender and mostly involved the same staff. So what I am trying to stress here is that it was a very highly stressful time to do things right.⁵

4 Australian National Audit Office, *Best Practice Guide: Implementing Better Practice Grants Administration*, December 2013, pp 46-47, http://www.anao.gov.au/~media/Files/Better%20Practice%20Guides/2012%202013/ANAO_BPG_GrantsAdmin2013.pdf (accessed 21 April 2015).

5 Lieutenant Colonel Kelvin Alley, National Office, Salvation Army, *Proof Committee Hansard*, 21 April 2015, pp 1–2.

2.11 Uniting Care Australia similarly argued that:

...having 26 rounds simultaneously, targeting the same sort of cohort, has probably created this complexity. It might be a question worth asking the department: have they ever done 26 simultaneous rounds with a five-week period for application? I suspect that is the complexity. That is the genesis of the complexity.

You are right to say that tender processes have their own peculiarities and there are winners and losers. I think most of our agencies understand that. The problem is that we spend a lot of time trying to work out what to bid for, how to bid for it and whether we can collaborate, and that chews up a whole bunch of time. By the time you get to the end, you do not know, because you have 26 things that have been running simultaneously. That would be our impression of why this might be more problematic this time round than in previous times.⁶

2.12 Catholic Social Services Australia told the committee that previously, community organisations like theirs had five weeks to respond to one settlement as an activity. For last year's tendering round, the organisation made 11 submissions in the allotted period.⁷

The pre-Christmas notification

2.13 Another point of contention with the timing of the tendering process was the announcement of the successful tenderers—and therefore the unsuccessful tenderers—a few days before Christmas. Coupled with the insensitive timing, there was also concern among stakeholders at the lack of information provided just prior to Christmas and the uncertainty and anxiety that this created. As People with Disability Australia told the committee:

...we were very concerned that the unsuccessful organisations in this particular tender process were notified two days out from Christmas. Obviously, that was very distressing and we felt that was not good planning and it was not good for those organisations, or any organisation, to be trying to deal with having to notify people over that time and to be considering their future over a period which is obviously a shutdown period for most organisations.⁸

2.14 The Salvation Army described a similarly inadequate response from the Department:

It was a matter of days before Christmas when the Salvation Army received an official notification that we had been given preferred provider status but no further detail in relation to the size or distribution of the funding. Other organisations were advised that they were unsuccessful. Our funding was

6 Mr Joe Zabar, *Proof Committee Hansard*, 21 April 2015, p.

7 Ms Sheree Limbrick, *Proof Committee Hansard*, 21 April 2015, p. 7.

8 Ms Therese Sands, *Proof Committee Hansard*, 21 April 2015, p. 37.

extended for a further two months, but this signalled to staff that their employment was certain for only those few weeks and gave no clarity or certainty as to their employment for the future and gave no confidence to the Salvation Army as the employer that we could give appropriate notice to staff under employment agreements if their services had to be terminated. It also frustrated our recruitment processes for replacement staff.⁹

2.15 Uniting Care Australia also explained that the lack of detail had an impact on staff:

The issue for a lot of our agencies was they were told in the week of Christmas that they were preferred providers but that was without detail. What do you then say to your employees: 'We are a preferred provider but we just don't know'? So that also added to some of the complexity in planning and execution of what was going to happen with the projects down the track. So there were some issues there that I think we can learn from and the department could certainly learn from around timing and hopefully this inquiry will give that opportunity to the department.¹⁰

2.16 Catholic Social Services Australia said that the 22 December 2014 announcement was:

...very late. In our settlement service, staff had already suspended groups, and service users were very anxious about what was happening because there was no clarity about whether we were continuing funding or someone else was continuing funding beyond the end of February. When we eventually got the notice, it was four weeks before the grant was due to extend. So we had staff who were looking to move to other employment. We also had clients who were quite anxious about what was going to happen for [sic] them into the future. As others have said, we were very pleased when we got the grant extension, but it did cause huge anxiety for service users and staff alike.¹¹

2.17 The Financial and Consumer Rights Council expressed the same concerns:

I am aware of a national peak body receiving notification several days before Christmas that their direct tender had been unsuccessful. Their agencies in Victoria have largely not been in that situation. They have just had unclear information about when that money would become available and, when it became available, how much would be available. Most organisations, as far as we are aware, have received less than what they tendered for but did not know about that until around that Christmas period as well. Some organisations had planned to terminate worker contracts, for example, and workers were terminated before the extension to the contracts were made known, so there has been quite significant disadvantage in

9 Lieutenant Colonel Kelvin Alley, National Office, Salvation Army, *Proof Committee Hansard*, 21 April 2015, p. 2.

10 Mr Joe Zabar, *Proof Committee Hansard*, 21 April 2015, p. 9.

11 Ms Sheree Limbrick, *Proof Committee Hansard*, 21 April 2015, p. 4.

relation to service delivery and also to organisational planning for the new service delivery.¹²

Negotiating the grant offers

The short time to agree to grant offers

2.18 Further concern with the timing of the tendering process was the short period—20 days—within which successful applicants were expected to sign a contract with DSS. Volunteering Victoria stated that this timeframe had compromised service organisations' ability to plan:

We are concerned that VSOs were only given 20 business days to agree to grant offers, given that there was a significant difference between the scale, scope and geographic area of the tenders they submitted and the contracts they were offered. This does not give VSOs sufficient time to design, estimate costs and negotiate proposed changes to services, or to properly consider whether they should decline contract offers.¹³

2.19 Similarly, Catholic Social Services Australia noted in its submission that its members had felt pressured into signing the contracts and unsure about the impact of the funding cuts on their ability to deliver the service:

The community sector has taken on the risks associated with the unrealistic timeframes throughout the process. Negotiation of grant agreements has been a rushed process with members reporting feeling pressured to sign agreements in the absence of full information about the implications of funding cuts and how these would affect their own overall viability and consortium/other partnership agreements.¹⁴

2.20 The Australian Council of Social Service (ACOSS) also identified various problems arising from the short timeframe within which successful organisations were required to sign a contract:

Community organisations must be given the time and resources to contract appropriately, to ensure effective community services for the people and communities that rely upon them; and to enable due diligence on what organisations are being offered funding for, their obligations on that funding, and their capacity to meet those obligations. The lack of such timeframes in the current contracting round, with organisations being offered less than one month to agree [to] current funding offers, has caused significant problems for organisations across the sector. ACOSS has consistently advocated a minimum of six months' notice before the end or

12 Ms Pasco, *Proof Committee Hansard*, 21 April 2015, pp 17–18.

13 *Submission 24*, p. 12.

14 *Submission 31*, p. 12.

change of funding arrangements: on any revision or reform to funding programs; and as a minimum timeframe for any contract negotiation.¹⁵

Asking for one thing, offered another

2.21 The difficulty of complying within the short period was compounded by confusion about what, precisely, agencies had been successful for. Service organisations reported being awarded a contract for services and regions that differed from those specified in their applications. As ACOSS told the committee:

For organisations offered funding under the current DSS round, a key challenge has been the difficulty to properly negotiate contracts within the one month before their current Government funding runs out, particularly where organisations were offered funding on a different basis from that for which they tendered. There may have been attempts to maintain services and organisational capacity as part of DSS funding decisions, in the context of reduced funding. But the result is that many organisations needed to review their allocation of resources and their service design in the face of funding offers for different amounts or for different activities to those they applied for; while also undertaking due diligence on the contract obligations themselves.¹⁶

Confidentiality of contracts

2.22 Similarly, the confidentiality clauses in the contracts that prevented agencies from revealing the details of their offers with other agencies limited the ability of the tenderers to make an informed decision on whether the contract best served community needs and enhanced collaboration (see 3.14).

2.23 Communicare stated in their submission:

A lack of information about which other local providers were losing or gaining services made it effectively impossible for us to transition existing clients or give them any certainty about whether they would have any ongoing support. Taken together with restrictive confidentiality provisions it also made it impossible for us to negotiate sub-contracting arrangements where we have been asked to deliver services in areas we had not tendered for.¹⁷

2.24 Anglicare WA also told the committee:

A lack of information about which other local providers were losing or gaining services made it effectively impossible for us to transition existing clients or to be able to provide them with any certainty about whether they would have any ongoing support.

15 *Submission 65*, p. 10.

16 *Submission 65*, p. 10.

17 *Submission 11*, p. 3.

Restrictive confidentiality provisions within tender contracts further inhibited any ability to appropriately map service coverage or enable the appropriate transition of service users. The necessity for such provisions remains unclear to Anglicare WA.¹⁸

The 12 week feedback period

2.25 Another concerning aspect of the timing of the tendering processes was the 12 weeks that the Department gave itself to provide feedback to unsuccessful tenderers. The committee was told that those community organisations that wanted feedback were initially given 24 hours (later extended to a week) to apply before their three month wait. DSS told the committee that the feedback will be provided by 12 May 2015.

2.26 The Disability Advocacy Network told the committee:

There is a specific process issue that DSS also should be asked to respond to which is around feedback to organisations. There was a general feedback put out about this particular funding [round]. For specific feedback we had to register by a date in February which they extended by one week. Then they have given themselves 12 weeks after that date—which would take them to the middle of May—to give specific feedback. If they had done a proper selection process—and presumably they have—and they have all the reasons written down as to why organisations were selected or not selected, surely all they should have to do is cut and paste that into an email and send it to us. How can that possibly take 12 weeks, to the middle of May? It makes no sense. Therefore, our cynical assumption is that they were thinking that half of us would have folded and gone away and they would never have to tell us why they did not fund us.¹⁹

2.27 The ANAO's *Better Practice Guidelines* note that the Parliamentary Joint Committee of Public Accounts and Audit has identified the provision of adequate feedback to unsuccessful participants as an important element of grant administration.²⁰ The Guidelines state that there is an expectation that unsuccessful candidates for funding will be provided with constructive feedback that identifies:

- at what stage the application for funding did not progress further (for example, was it assessed as ineligible such that it did not proceed to the merit assessment stage);

18 *Submission 49*, p. 4.

19 Ms Mary Mallett, *Proof Committee Hansard*, 21 April 2015, p. 45,

20 Australian National Audit Office, *Implementing Better Practice Grants Administration, Better Practice Guidelines*, p. 77,
http://www.anao.gov.au/~media/Files/Better%20Practice%20Guides/2012%202013/ANAO_BPG_GrantsAdmin2013.pdf (accessed 10 May 2015).

- if the application progressed to the merit assessment stage, which criteria the application did well against and which criteria it did poorly against; and
- any suggestions in relation to applying for future funding opportunities.

To satisfy this expectation, feedback that is specific to the unsuccessful application can be assisted by agencies:

- planning for the provision of feedback in the design phase of the granting activity;
- outlining the methods that will be employed to provide feedback to unsuccessful applicants in the grant guidelines; and
- maintaining a comprehensive record of the assessment and decision-making process.²¹

2.28 The ANAO Guidelines also recommend that:

...the delivery of feedback should be relevant, informative and accessible. For example, there have been instances where the provision of feedback as to how an application was assessed in terms of the published criteria has led to applicants drawing attention to shortcomings with the agency's assessment. 'On occasion, this has resulted in an application being reassessed and funded once it became evident that the proposal had considerable merit in terms of the published criteria. This result is to the benefit of both the applicant and the granting activity'.²²

Committee view on issues relating to timeframes

2.29 The committee has concerns about the timing of the DSS grants funding tendering process. The timeframe for explaining the new system, applying for funding, requiring successful tenderers to sign contracts and providing feedback to unsuccessful applicants were poorly thought out. It was conducted too quickly, with too many rounds, and was undermined by the initial budgetary cut of \$240 million and the further cut of \$30 million. The timeframes seemed to compound an inherently divisive process: one that stifled opportunities for collaboration and innovation among community service organisations and frustrated and misguided both the successful and unsuccessful applicants in the notification and feedback processes.

21 Australian National Audit Office, *Implementing Better Practice Grants Administration, Better Practice Guidelines*, p. 77, http://www.anao.gov.au/~media/Files/Better%20Practice%20Guides/2012%202013/ANAO_BPG_GrantsAdmin2013.pdf (accessed 10 May 2015).

22 Australian National Audit Office, *Implementing Better Practice Grants Administration, Better Practice Guidelines*, p. 77, http://www.anao.gov.au/~media/Files/Better%20Practice%20Guides/2012%202013/ANAO_BPG_GrantsAdmin2013.pdf (accessed 10 May 2015).

2.30 The committee considers that in light of these failings, the Department of Finance and Public Administration should revisit the *Commonwealth Grant Guidelines and Rules* to include sections covering the due date for applications, the timing and content of notifications and the timing of the feedback to unsuccessful tenderers.

The lack of engagement with the sector

2.31 A hallmark of a properly administered competitive tendering process is timely and adequate consultation with stakeholders. Consultation is more than simply providing information. As the *Commonwealth Grant Guidelines* make clear, a sound grants process is marked by the building of productive relationships through a two-way flow of information and views. The Guidelines also emphasise the importance of building these relationships in order to achieve government policy outcomes:

Officials should work together with key stakeholders, both within government and outside of government, through all phases of grants administration, such as the design and development of grant guidelines and application processes. Officials should build productive relationships with grant applicants and recipients to collaboratively achieve government policy outcomes.²³

...

Accountable authorities have a duty to encourage officials to co-operate with others to achieve common objectives. Officials should work collaboratively with stakeholders, including other government entities, grant recipients and beneficiaries. It is important to consider the needs and interests of grant recipients and beneficiaries. It should not be assumed that the same approach will suit all grants activities and circumstances. Through effective collaboration, shared understanding of expectations and positive working relationships, government policy outcomes can be achieved.²⁴

Concerns with DSS' lack of engagement and strategy prior to the application process

2.32 In its submission, DSS sets out its communication activities prior to, during and after the application period (see Appendices C and M). The timeline is notable for the lack of communication activities prior to the start of the application period on 19 June 2014. The government gave the Department less than five weeks to explain the context and rationale for significant and complex reforms to a diverse group of stakeholders nationwide. Stakeholders have rightly complained that they were not consulted with prior to the application process commencing. The Karralika Program, for one, saw DSS' lack of consultation during this period as remarkable:

I think that in the 25 years I have been in the NGO community services and health sectors I have not seen a tender process where there has not been a

23 *Commonwealth Grant Guidelines*, p. 15.

24 *Commonwealth Grant Guidelines*, p. 19.

consultation with the sector prior to the announcement of a tender. There was no consultation around the strategy or around what the key priority areas would be. There was a declaration of what there was but no consultation with the sector, so for me that made it unique as well.²⁵

2.33 Stakeholders reasoned that DSS should have communicated with stakeholders prior to the tender process a strategy based on which regions needed what services and how partnerships could fill these gaps. The strategy should have been developed by engaging with the sector prior to the tender. However, this does not appear to have happened. As ACT Council of Social Service (ACTCOSS) told the committee:

[DSS] provided us with a reassurance that there would be a gap analysis done now. I suppose we thought that was a bit late—that you might have done that before you had made your decisions.²⁶

2.34 ACTCOSS also noted the general lack of consultation with service providers prior to the application process. Its CEO told the committee:

There was no conversation with the ACT government, who co-fund half these programs. There was no conversation with the other funding organisations—philanthropic funding or other organisations. So there was a huge transformation, a huge change, a huge shake-up, with no consultation with the partners in the funding space—or even conversations.²⁷

2.35 Less than two weeks after the 13 May 2014 budget announcement, the Department commenced a series of 15 'information sessions'. The Department noted that these sessions were a way 'to explain the new way of working and the upcoming application process'.²⁸ There were 2395 registrations (from a possible 2660 places) to these events. While the information sessions were well-attended, they have been criticised by stakeholders for being scripted and non-interactive (see paragraph 2.7). The information sessions therefore were certainly not consultative. DSS took only 297 questions on notice. The committee understands that the conduct of these sessions is now part of the Department's commissioned internal review of the process.²⁹

2.36 Other forms of departmental communication in the lead-up to the application process also failed to engage stakeholders. DSS established its own 'Grants Inbox' on 14 May 2014. It noted that by the commencement of the application process on 18 June 2014, there were only 297 enquiries.³⁰ The committee suspects that most stakeholders did not have adequate time to sufficiently digest the new process and the

25 Ms Camilla Rowland, *Proof Committee Hansard*, 21 April 2015, p. 52.

26 Ms Susan Jane Helyar, *Proof Committee Hansard*, 21 April 2015, p. 60.

27 *Proof Committee Hansard*, 21 April 2015, p. 52.

28 See *submission 70*, Appendix M.

29 Dr Tim Redell, *Proof Committee Hansard*, 21 April 2015, p. 79.

30 See *submission 70*, Attachment A.

opportunities and challenges it would present to them given that more than 2000 emails were received up to 21 July according to DSS.³¹

2.37 Indeed, stakeholders complained to the committee that DSS sent out information before and during the application process without regard to the quality of the communication and how it would be received. As noted earlier, the Salvation Army described the consultation process as 'frustrating and stilted', citing scripted briefing sessions and questions directed to websites.³² Catholic Social Services Australia expressed its concern at the 'overwhelming' amount of information DSS was communicating 'via email, website and over the phone'.³³ It noted that in general, its members found that:

They needed to allocate additional resources to monitor the information coming through to ensure that they did not miss anything.

The information being communicated was reactive to issues and this meant members needed to go back and make changes to their applications as new advice was released.

The Frequently Asked Questions (FAQs) were difficult to access and contained unclear and contradictory advice. The website was changed midway through the process and therefore previous communication was difficult to find and keep track of.

Members received conflicting advice from help desk attendants and FAQs.

The DSS Grants team were unable to provide detailed information in relation to specific programme areas. Depending on the state, some members were able to access programme specific information from DSS state offices.

DSS was not able to give same day response to email queries putting further pressure on the tight timeframes. In several cases members had to go back to clarify inconsistent and confusing information in the answers.³⁴

2.38 The truncated timeframe prior to the commencement of the application process meant that DSS could not identify stakeholders' concerns until well into the application process. An example is DSS' Grant Services Map, which sets out where particular services are funded from within the new program arrangements.³⁵ This should have been publicly available and disseminated information from the outset. However, DSS noted that the map was only published on 1 July 2014 (well into the application process) in response to questions about where particular services were funded from within the new program arrangements. This reactive approach from the

31 See *submission 70*, p. 12.

32 Ms Evelyn O'Loughlin, *Proof Committee Hansard*, 21 April 2015, p. 66.

33 *Submission 31*, p. 13.

34 *Submission 31*, pp. 13–14.

35 See *Submission 70*, Appendix I.

Department reflects the fact that engagement was not properly undertaken prior to the application process.

Concerns with DSS' communication during the application process

2.39 Several submitters and witnesses also expressed their disappointment with DSS' poor communication during the application process in June and July 2014. The Community Housing Federation of Australia, for example, argued that the application process was made difficult by the lack of clear information on the priority areas for funding. It told the committee:

There was a lack of information as well on priority areas of interest—the size of projects, the scope of projects. For example, was a \$50,000 project more viable, something the department was more interested in, as opposed to, say, a \$200,000 project? We could apply for one-year projects or for multi-year projects. Did a one-year project have a better likelihood of being successful than a multi-year project, or is that what they were looking for?

In fact, when I was looking at the DSS submission I noticed they made a comment that, as a result of the budget cuts, they were required to look at the consideration of higher priority areas of need due to the budget. But I do not see how that was conveyed, particularly in our area, because it was not clear what the priorities were. For example, our organisation put in for two projects that had to do with housing and NDIS because that is what our sector saw as being a priority and our sense was that it was also a priority for the government. However, we were not sure whether it would be perceived as a housing priority or as an NDIS priority and perhaps be more suitable for funding from a different pot of money. That was unclear. There was also some confusion and shifting information about the number of proposals that an organisation could submit. At one point, we were told it was only one per organisation but then we were told it was only one per subcategory. There was also conflicting information in written documentation between the overview summary data and the more detailed data that was put out by the department. As it turned out, you could put in as many proposals as you wanted. Our organisation ended up putting in one proposal per category...and for one full-time equivalent staff that is pretty much all they did for a month. We also had to bring in and pay for a private consultant to help us with the final applications.³⁶

2.40 Volunteering Victoria expressed its frustration at the way that information about the process of applying for funding was communicated:

Information about the process came out in a piecemeal manner, right up until the application deadline. There were delays by DSS staff in answering questions throughout the process, and some of the information provided was inconsistent with earlier information. The online templates were

difficult to edit and read. The online portal crashed in the final days as the submission deadline approached.³⁷

2.41 The Chief Executive Officer of Volunteering South Australia drew the committee's attention to what should have been the consultative approach:

You are all aware of the Commonwealth grant rules and guidelines. One of the most important things in here is agency staff should 'build productive relationships with grant applicants and recipients to collaboratively achieve' government policy and outcomes. Staff should work together with key stakeholders to design—sorry, in all phases of grant administration, such as the design and development of grant guidelines and application processes. Nothing could be further from the truth.³⁸

2.42 The Salvation Army noted in its submission that:

The DSS email inbox closed 5 days before the closing date for applications. However, this was when members were encountering the most difficulties with the lodgement system and questions about requirements for example in project budgets.³⁹

Lack of engagement following the application process

2.43 As noted earlier, stakeholders have also complained of a distinct lack of information and engagement from DSS following the tender process. Grants Network Victoria said that:

Despite the Department's continued reporting of the overwhelming numbers of applications received, it has not given any indication that how many applications were deemed ineligible, numbers of duplicate applications received given the issues of online lodgement and confirmation processes (given the widespread confusion throughout the application process), the success rate of applications relative to the numbers submitted, the spread of successful applications across States, nor whether individual applications scoring will ever be released.

For our members, it raises the questions that, because of the size of the Department and numbers of funding rounds it administers, subsequent access to any individualised feedback may never occur and may be entirely dependent on the numbers of application the Department receives. This prospect provides no clear pathway for grant writers in local government wishing to improve their specific applications or supports the sector to prepare strong proposals when only generic information is provided, as indicated in their policy document above.

For our membership, we are unable to determine if tender review processes were in accordance with these Terms of Reference or compliance with the

37 *Submission 24*, p. 12.

38 Ms Evelyn O'Loughlin, *Proof Committee Hansard*, 21 April 2015, p. 66.

39 *Submission 31*, p. 14.

Commonwealth Grant Guidelines. This is especially during the period of tender announcement delays on whether the appropriate makeup and expertise was obtained, given the number of applications received. Question marks for our members therefore remain about the assessment and decision making process. This is primarily around their concerns that they were unable to obtain appropriate individual feedback on their unsuccessful applications, nor obtain any understanding of who and how many successful applicants there were [at] 4 March 2015.⁴⁰

2.44 ACTCOSS told the committee:

Our territory government was sitting at the same table as us, going, 'When are we getting information about who got cut?' The list of organisations that got funded, which we have been asking for since 23 December, arrived on my desk last week [mid April 2015].⁴¹

The benefits of—and the consequences of not—engaging with the sector

2.45 Our final report will further consider the impact of the tendering process on the sector. It is important to note here that DSS' lack of engagement with providers and its failure to conduct a proper assessment and analysis of service gaps is having adverse consequences in terms of service provision. The Western Australian Council of Social Services identified several consequences arising from the lack of consultation with community service providers. Mr Chris Twomey told the committee:

...one of the things that has happened there is that the lack of consultation, both with the services and with the state and territory governments, has actually meant that they are unable to plan for their own investment to see where gaps are opening up and to make sure that they are complementary and integrated services. One of the opportunities there would actually be to identify some specific regions for some specific service or program areas where we could experiment with doing things differently. We could have a co-designed process which is clearly engaging, saying, 'This is the analysis we have got of the level of community need within this region or within this cohort. Let's get people together and discuss what are the service needs to deliver that, what is the most effective and integrated service system that we can develop to do that.' In that process when we have done those things at the state level we have seen much more targeted and effective services being proposed during the competitive part of the tender process and a much higher degree of collaboration between services, many more consortia or many more people specialising in the particular area but then knowing how that links to cross-referrals to other services.⁴²

40 *Submission 45*, p. 11.

41 Ms Susan Helyar, *Proof Committee Hansard*, 21 April 2015, p. 32.

42 *Proof Committee Hansard*, 21 April 2015, p. 57.

Reasonable timelines and engagement with the sector

2.46 This report has highlighted the committee's concern that the Department of Social Services (DSS) did not properly engage with community service organisations. Had it done so, the committee believes that the outcomes of the tender process would have been better. Chapter 2 identified the truncated timeframes and DSS' lack of engagement with the sector as interlinked problems:

- there was no formal consultation on the reforms prior to the Budget announcement;⁴³
- DSS had little more than a month to engage with stakeholders before the application process commenced;
- this contributed to a rushed and confusing five week application period for stakeholders. The bulk of information for stakeholders was given far too late—at the beginning of the application period.

2.47 Had DSS had longer timeframes prior to the due date for applications, the style and the quality of communication from the Department would certainly have been enhanced. Moreover, had more reasonable timeframes been put in place, the sector would have been far better placed to develop the innovative and collaborative proposals that the government wanted. Anglicare put these arguments well:

The lesson from this tender process is that we need to build effective mechanisms to ensure there is a real understanding of the circumstances that government agencies and service providers work within...

In regard to this inquiry, the key indicators of a healthy relationship are so often around the imposition of reasonable timelines as part of a process from which the sector can draw the best expertise.⁴⁴

The committee's recommendations

2.48 The committee believes that the 2014 DSS tendering process should be assessed against the Commonwealth Grants Guidelines and Rules and the ANAO's Better Practice Guidelines. Specifically, this review should focus on whether DSS' process complied with the Commonwealth Grants Guidelines principles for grants administration.

Recommendation 1

2.49 The committee recommends that the Auditor-General consider a review of the 2014 Department of Social Services community service tendering process. This review should include an assessment of how the process fared against each of the Commonwealth Grants Guidelines seven key principles:

43 Department of Social Services, *Submission 70*, p. 7.

44 *Submission 46*, pp 3–4.

-
- **robust planning and design;**
 - **collaboration and partnership;**
 - **proportionality;**
 - **an outcomes orientation;**
 - **achieving value with relevant money;**
 - **governance and accountability; and**
 - **probity and transparency.**

2.50 The committee is concerned that the *Commonwealth Grants Guidelines and Rules* and the Australian National Audit Office's *Implementing Better Practice Grants Administration* do not refer in specific terms to the need for 'reasonable timelines'. The committee strongly believes that these documents should provide more guidance to agencies on the benefits that longer and more strategic timeframes can offer not only in terms of enhancing the quality of applications but also in terms of building productive relationships between applicants and with government.

2.51 The committee believes that the Department of Finance and Administration and the ANAO should review the 2014 community service tendering process with a view to including in their respective documents a section on timelines and stakeholder engagement. The agencies' focus in this review should be on how a commissioning agency should set timelines for a tendering process with particular reference to:

- whether there is merit in requiring certain documentation—such as funding priorities and the selection criteria for applicants—to be in the public domain for a certain period of time prior to the commencement of the application process;
- whether stakeholders should be consulted at the outset on how best to structure the tendering process when there are multiple program rounds under consideration;
- whether there is merit in setting a maximum number of program rounds that can be called for in a given time period;
- whether there is merit in setting a standard that requires a minimum period of advance notice of service procurement processes;
- whether there is merit in setting minimum time periods for the pre-application process, the application period and the period for successful applicants to sign a contract; and
- whether there is merit in setting a maximum time period for the commissioning agency to notify successful tenderers and provide feedback to unsuccessful tendered;
- whether there is merit in adopting a two stage process for discretionary grant funding applications, beginning with an EOI process followed by a closed grant round for successful EOI applicants; and

- whether there is merit in setting a standard that requires that new contracts are finalised within a minimum time prior to the end of existing service contracts.

Recommendation 2

2.52 The committee recommends that the Auditor-General consider reviewing the 2014 community service tendering process conducted by the Department of Social Services (DSS) with a view to updating the Commonwealth Grants Guidelines. Specifically, the committee draws the Auditor-General's attention to the effect that the truncated timelines of the 2014 process had on poor engagement with the sector, which in turn has been expressed in a general sense of stakeholder disenfranchisement.

2.53 The committee recommends that the Auditor-General analyse the 2014 DSS tendering process to assess the need for specific guidance on the following issues:

- whether there is merit in requiring certain documentation—such as funding priorities and the selection criteria for applicants—to be in the public domain for a certain period of time prior to the commencement of the application process;
- whether stakeholders should be consulted at the outset on how best to structure the tendering process when there are multiple program rounds under consideration;
- whether there is merit in setting a maximum number of program rounds that can be called for in a given time period;
- whether there is merit in setting a standard that requires a minimum period of advance notice of service procurement processes;
- whether there is merit in setting minimum time periods for the pre-application process, the application period and the period for successful applicants to sign a contract;
- whether there is merit in setting a maximum time period for the commissioning agency to notify successful tenderers and provide feedback to unsuccessful tendered;
- the merit of a two stage process for discretionary grant funding applications, beginning with an Expression of Interest followed by a closed grant round for successful EOI applicants; and
- whether there is merit in setting a standard that requires that new contracts are finalised within a minimum time prior to the end of existing service contracts.

Concluding comment

2.54 The committee highlights that the truncated timeframes of the 2014 tendering process and poor level engagement with the sector are linked. Future DSS tendering processes must recognise that if genuine engagement is to take place, adequate timeframes are needed to:

- explain the government's strategic funding priorities;
- allow applicants to prepare considered and innovative proposals; and
- allow successful tenderers the time to consider service offers in contracts.

2.55 The committee highlights the options mentioned above to improve the timetable of future tendering processes. These options have important benefits. The longer and more methodical timetable will provide the Department with the opportunity to engage and build relationships with stakeholders. Through this engagement, the sector will be given a genuine opportunity to innovate, target service gaps and deliver a high quality of service. It is of real concern to the committee that the 2014 process not only failed to realise the sector's potential, but has eroded its capacity.

Senator Rachel Siewert

Chair

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

APPENDIX 1

Submissions and additional information received by the Committee

Submissions

- 1** Mr Chris Black
- 2** Bellingen Neighbourhood Centre
- 3** Origins Supporting People Separated by Adoption Inc
- 4** YWCA of Darwin
- 5** Advocacy for Inclusion
- 6** AccordWest
- 7** Carnarvon Family Support Service Inc.
- 8** Professor Myles McGregor-Lowndes
- 9** Manjimup Family Centre
- 10** Action for More Independence and Dignity in Accommodation
- 11** Communicare Inc
- 12** The Mirabel Foundation Inc
- 13** Nican
- 14** Campbelltown City Council
- 15** Name Withheld
- 16** Regional Development Australia, Far South Coast Inc.
- 17** Consumer Action Law Centre and Financial Rights Legal Centre
- 18** Queensland Advocacy Incorporated
- 19** Chinese Australian Services Society
- 20** Royal Society for the Blind
- 21** Community Employers WA
- 22** Ishar Multicultural Women's Health Centre (plus two attachments)

- 23 Kempsey Shire Council
- 24 Volunteering Victoria (plus an attachment and a supplementary submission)
- 25 Gowrie SA
- 26 Karitane (plus an attachment)
- 27 Ms Francine Bartlett
- 28 Financial and Consumer Rights Council
- 29 YWCA Australia
- 30 Blind Citizens Australia (plus an attachment)
- 31 Catholic Social Services Australia
- 32 FamilyCare
- 33 Volunteering Australia
- 34 Australian Services Union
- 35 Community Options Australia
- 36 Victorian Arabic Social Services
- 37 Western Australian Association for Mental Health
- 38 Travellers Aid Australia
- 39 Dads in Distress Support Services
- 40 Volunteering Tasmania
- 41 Federation of Ethnic Communities' Councils of Australia
- 42 Illawarra Forum Inc
- 43 Youth Affairs Council of South Australia
- 44 Ethnic Communities' Council of Victoria
- 45 Grants Network Victoria
- 46 Anglicare Australia
- 47 Chester Hill Neighbourhood Centre
- 48 Womens Health and Family Services

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- 49** Anglicare WA
 - 50** Salvation Army National Secretariat
 - 51** NSW Service for the Treatment and Rehabilitation of Torture and Trauma Survivors
 - 52** Southern Youth and Family Services
 - 53** Outcare Inc
 - 54** Fairfield City Council
 - 55** Community Organisations from the Fairfield Local Government Area
 - 56** Shelter WA
 - 57** Whittlesea Community Connections Inc
 - 58** Navitas English Pty Ltd
 - 59** Family and Relationship Services Australia
 - 60** Sector Connect Inc
 - 61** YWCA of Adelaide
 - 62** Homelessness Australia
 - 63** Junction Australia
 - 64** Bendigo Family and Financial Services
 - 65** Australian Council of Social Service
 - 66** CLAN WA (Community Link and Network) Inc
 - 67** Jobs Australia
 - 68** Western Australian Council of Social Service
 - 69** Volunteering SA and NT (plus seven attachments)
 - 70** Department of Social Services
 - 71** Langford Aboriginal Association Inc
 - 72** Community Council for Australia (plus an attachment)
 - 73** Danila Dilba Health Services
 - 74** Playgroup Australia

- 75 Australian Cross Disability Alliance
- 76 Alzheimer's Australia
- 77 Equality Rights Alliance
- 78 Coalition of Community Boards
- 79 Disability Advocacy Network Australia
- 80 UnitingCare Australia
- 81 Community Housing Federation of Australia
- 82 Community Services Industry Alliance
- 83 Dr Lorraine Harrison (plus two attachments)
- 84 Western Australian Government
- 85 ACT Council of Social Service
- 86 National LGBTI Health Alliance
- 87 Refugee Council of Australia
- 88 Multicultural NSW
- 89 Inclusion Australia
- 90 Cairns Alliance of Social Services
- 91 Financial Counselling Australia
- 92 Australian Federation of Disability Organisations
- 93 Confidential
- 94 South Australian Government
- 95 JFA Purple Orange
- 96 Settlement Council of Australia
- 97 Baptist Care Australia

Additional Information

- 1** Contestability in Public Services: An Alternative to Outsourcing, April 2015, from Jobs Australia, received 21 April 2015
- 2** A Guide for Leaders, Resilience - during the tough times, from Jobs Australia, received 21 April 2015
- 3** Guide to Managing Redundancy, October 2012, from Jobs Australia, received 21 April 2015

Answers to Questions on Notice

- 1** Answers to Questions taken on Notice during 21 April public hearing, received from Catholic Social Service Australia, 30 April 2015
- 2** Answers to Questions taken on Notice during 21 April public hearing, received from Homelessness Australia, 1 May 2015
- 3** Answers to Questions taken on Notice during 21 April public hearing, received from UnitingCare Australia, 4 May 2015
- 4** Answers to Questions taken on Notice during 21 April public hearing, received from the Australian Cross Disability Alliance, 5 May 2015
- 5** Answers to Questions taken on Notice during 21 April public hearing, received from the Department of Social Services, 7 May 2015

Correspondence

- 1** Correspondence endorsing submission 17, from Illawarra Legal Centre, received 23 March 2015

APPENDIX 2

Public hearings

Tuesday, 21 April 2015

Parliament House, Canberra

Witnesses

Salvation Army

ALLEY, Lieutenant Colonel Kelvin, National Secretary

UnitingCare Australia

HOLLAND, Dr Ian Hamilton, Director, Services Development

ZABAR, Mr Joseph, Director, Services Sustainability

Catholic Social Services Australia

LUDWIG, Ms Sue, Director, Member and Network Support

LIMBRICK, Ms Sheree, Director of Operations, CatholicCare

Financial and Consumer Rights Council

PASCO, Mrs Bernadette, Acting Executive Officer

Consumer Action Law Centre

BRODY, Mr Gerard, Chief Executive Officer

Jobs Australia

THOMPSON, Mr David Francis, Chief Executive Officer

Homelessness Australia

ADCOCK, Ms Catherine, Communications Officer

MUDFORD, Mr William Raymond, Policy and Research Officer

Community Housing Federation of Australia

CROCE, Ms Carol, Executive Director

Australian Cross Disability Alliance

FROHMADER, Ms Carolyn, Executive Director, Women with Disabilities Australia;
Member Organisation

SANDS, Ms Therese, Co-Chief Executive Officer, People with Disability Australia;
Member Organisation

Disability Advocacy Network Australia Ltd

MALLETT, Ms Mary, Chief Executive Officer

Australian Federation of Disability Organisations

WRIGHT, Mr Matthew, Chief Executive Officer

VAN POPPEL, Ms Leah, Project Manager, Disability Loop

Advocacy for Inclusion

RYAN, Ms Christina, General Manager

Australian Council of Social Service

GOLDIE, Dr Cassandra, Chief Executive Officer

BOYD-CAINE, Dr Tessa, Deputy Chief Executive Officer

ACT Council of Social Service

HELYAR, Ms Susan Jane, Director

Karralika Programs

ROWLAND, Mrs Camilla, Chief Executive Officer

Western Australian Council of Social Service

TWOMEY, Mr Chris, Director of Policy

Playgroup Australia

MIOCHE, Ms Anne-Marie, Chief Executive Officer

Playgroup WA

ZARB, Mr David, Chief Executive Officer

Financial Counselling Australia

FRANKLIN, Ms Carmel, Chair

GUTHRIE, Ms Fiona, Executive Director

Good Beginnings Australia

MEYER TUCKER, Ms Jayne, Deputy Chairperson, Community Council for Australia, drawing on Good Beginnings examples

Community Council for Australia

CROSBIE, Mr David William, Chief Executive Officer

YWCA Australia

LAMBERT, Dr Caroline, Executive Officer

YWCA of Darwin

RITHERDON, Ms Jillian Alison, Executive Director

Volunteering Australia

WILLIAMSON, Mr Brett, Chief Executive Officer

Volunteering Victoria

NOBLE, Ms Susan Gray, Chief Executive Officer

Volunteering Tasmania

PICONE, Ms Adrienne Elizabeth, Chief Executive Officer

Volunteering South Australia and Northern Territory

O'LOUGHLIN, Mrs Evelyn, Chief Executive Officer

Department of Social Services

BENNETT, Ms Barbara, Deputy Secretary, Families and Communities

LEWIS, Mr Evan, Group Manager, Multicultural, Settlement Services

REDDEL, Dr Tim, Group Manager, Program Office

ANGUS, Ms Laura, Branch Manager, Multicultural and Communities

BOARD, Ms Helen, Branch Manager, Program Performance

BRUCE, Ms Christine, Branch Manager, Program Design and Policy

KENNEDY, Mr Leo, Branch Manager, Program Support and Selections

STRATFORD, Ms Chantelle, Acting Branch Manager, Program Systems and Strategy

APPENDIX 3

Questions on notice for the Department of Social Services



STANDING COMMITTEE ON COMMUNITY AFFAIRS
References Committee

7 May 2015

Ms Barbara Bennett
Deputy Secretary, Families and Communities
Department of Social Services

Dear Ms Bennett,

Inquiry into the grant tendering process by the DSS – written questions on notice

I am writing in relation to the public hearing which was held by the Senate Community Affairs References Committee in Canberra on Tuesday 21 April 2015.

In addition to the questions taken on notice during that hearing, confirmed in my letter to you of 24 April 2015, the Chair of the committee, Senator Rachel Siewert, has identified the attached written questions on notice.

The committee is proposing to hold a second hearing for the inquiry on Thursday 21 May 2015. Senator Siewert requests that you provide a response to these questions by **Wednesday 20 May 2015**, to enable the committee to consider the answers prior to the hearing.

Please don't hesitate to contact the secretariat if you have any questions in relation to this letter.

Yours sincerely,

Dr Richard Grant
Inquiry Secretary

Senate Standing Committee on Community Affairs
INQUIRY INTO THE GRANT TENDERING PROCESS BY THE DSS

Written questions taken on notice – Senator Rachel Siewert (Chair)

Department of Social Services

Question: 1

Was the decision to streamline programs a Government decision or a departmental decision?

Question: 2

Who decided which programs would be streamlined into the tender process in June – Government or the Department?

Question: 3

Did the Minister instruct the Department to open the application process on 19 June and close it on 23 July 2014? If not, who made the decision? Why was the period so soon after the budget announcement and so short a period of time?

Question: 4

On what date did the Department advise the Minister of the need to extend the application window by 24 hours?

Question: 5

On what date did the Department advise the Minister of the need to extend the assessment and decision making period on applications received from October 2014 to December 2014?

Question: 6

Is the practice of informing agencies of preferred provider status one month before providing details of the funding consistent with best practice guidelines or previous departmental practice? If not, why did this occur this time? If yes, please explain how it is consistent? Has the Department received complaints about this process?

Question: 7

Funding available for this tender process was reduced by \$30 million over four years in MYEFO in December 2014. Did this result in further extension of the assessment period?

Question: 8

When did the Department become aware of the need to provide transition funding to providers?

Question: 9

On what date was the Minister advised of the need to provide transition funding to providers?

Question: 10

Has the Department previously managed tendering of 26 funding streams or more at the same time?

Question: 11

Were the tender timeframes consistent with Commonwealth guidelines? If so, how was it consistent?

Question: 12

Was the tender process as managed by the department consistent with best practice guidelines? If so, how was it consistent?

Question: 13

Is it usual practice to publish information about the application process on the day the tender process opens or in the past has information about the application process been available prior to the opening of the application process?

Question: 14

Did the Department receive any request for the information provided in the grants services maps before they were published on 1 July 2014? If so, how many?

Question: 15

The grants services maps were published 12 days after the application round had opened and 22 days before it closed? Is this consistent with best practice guidelines? If so how is it consistent?

Question: 16

Have the grants services maps been made available in previous funding rounds? If so at what stage in the process were they made available?

Question: 17

The application checklists were published on 16 July, 7 days before the end of the application period, is this consistent with best practice guidelines? If so how is it consistent?

Question: 18

How many and of what dollar value and percentage of total funding available are the 5 year agreements from this tender process?

Question: 19

Why were some grants reduced from the promised 5 year agreements to 2, 3 or 4 year agreements?

Question: 20

Was any assessment done of the possible impact of changes and reduced funding on regional centres? If so what assessment was done? If not, why not?

Question: 21

How much was spent on consultants to help with the tendering process? Please provide a detailed breakdown of expenditure against activity?

Question: 22

Did each DSS state office assess the applications from their state? If not, how were state offices involved?

Question: 23

What was the makeup of the expert panel/s?

Question: 24

Were any applicants contacted for clarification of any aspect of their application during the assessment process? If yes, how many? What type of clarifications were sought?

Question: 25

Why were some funding programs such as the Carers support not included in this tender process?

Question: 26

Which funding stream got indexation? Please list with the percentage of indexation. Why did some funding streams get indexation and others not?

Question: 27

Please provide the criteria used for the gap analysis?

Question: 28

What data, evidence base, overarching outcomes framework, analysis or modelling was the basis for decisions about which services have been funded including where service providers have been asked to provide services to different towns or communities or with different funding amounts than tendered? Please provide this information to the committee?

Question: 29

What is the rationale for not sharing the needs analysis, program scope and design or modelling?

Question: 30

Was there an explicit intention to reduce the number of service providers and increase the scope and range of services?

Question: 31

Were there targets set for service size or regional coverage? If so, what were they?

Question: 32

What is the Department's response to the Western Australian Government submission (*Submission 84*) and do you intend to take up the offer of a trial of a partnership approach to service co-design?

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 1

Topic: DSS Grants Process

Hansard page: CA77 – 21 Apr

Senator Siewert asked:

Can you please provide the specific examples explaining the reasons why the 12 grants are not yet executed.

Answer:

As at 27 April 2015, there are nine grant agreements that are not yet executed with the status summarised below:

- The Department is in negotiations with one organisation regarding the terms and conditions within their grant agreement. This agreement remains unexecuted while the Department and organisation continue engaging in discussions;
- Two grant agreements have recently been signed by the organisations and are expected to be received by the Department and executed soon;
- There remains six grants that have not yet been executed related to the Aged Care Service Improvement and Healthy Ageing Grant (ACSIHAG) programme. These are capital works grants which require specially prepared capital grant agreements, and the Department is currently in negotiations with the organisations. These grants are not related to front line service delivery and are therefore not time critical.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 2

Topic: Nous review

Hansard page: CA78 – 21 Apr

Senator Siewert asked:

Can you provide the terms of reference for the Nous review?

Answer:

The terms of the review are attached.

<p>Work specification for the Services</p>	<p>The service provider will assess current project management processes for the grants selection process and provide expertise to establish an in-house project management capability that includes:</p> <ul style="list-style-type: none"> • confirmation / activation of programme governance arrangements • overall programme planning and design • clear accountability for who is delivering activities • development of mechanisms for the identification and mitigation of risks and issues • milestone tracking and reporting arrangements • timelines and schedules, incorporating critical path activities and dates • escalation processes and other project management processes that will ensure effective and timely delivery of your outcomes. <p>Phase 1 – Program set up / Receipt of applications</p> <p>Deliverables:</p> <ul style="list-style-type: none"> • Establish program governance • Shape program design by: <ul style="list-style-type: none"> ○ Confirming existing work ○ Identifying projects of work/activity ○ Develop project plan and critical path ○ Identify interdependencies • Confirm accountability requirements • Establish risk register, conduct high level risk assessment and mitigation strategies • Confirm escalation processes <p>Phase 2 – Assessment of applications</p> <p>Deliverables:</p> <ul style="list-style-type: none"> • Convene program review meeting • Assess Phase 1 progress • Review project plan • Recalibrate project activities and timing (as required) • Review project risks <p>Phase 3 – Finalise agreements</p> <p>Deliverables:</p> <ul style="list-style-type: none"> • Convene program review meeting • Assess Phase 2 progress • Review project plan • Recalibrate project activities and timing (as required) • Review project risks • Further analysis on the finalisation of funding rounds and detailed consideration on Programme Office operating model
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Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 3

Topic: DSS Grants Process

Hansard page: CA80 – 21 Apr

Senator Siewert asked:

Can you please provide the names of stakeholders the department has met with throughout this year to talk through the grants process and when you met with them?

Answer:

The list below shows the meetings between stakeholders and DSS Senior Executives (specifically those witnesses at the hearing on 21 April 2015) regarding the grants process since 1 January 2015. This list shows meetings that occurred both in person, and via teleconference.

In the course of its business, representatives at all levels from the Department have met, and continue to meet, with stakeholders to discuss a variety of issues. These issues include the outcomes of the grants round, the implementation of grant agreements, future directions for policy development and to receive feedback regarding the selections process.

Date	Stakeholder Organisation	Stakeholder Representatives
06.01.15	Playgroup Australia	Anne-Marie Mioche
06.01.15	Australian Council of Social Services	Dr Cassandra Goldie
12.01.15	Lebanese Muslim Association	Samier Dandan
19.01.15	Anglicare	Roland Manderson
20.01.15	Australian Council of Social Services	Dr Cassandra Goldie and Dr Tessa Boyd-Caine
04.02.15	Family and Relationship Services Australia	Jackie Brady
05.02.15	Families Australia	Brian Babington
09.02.15	Playgroup Australia	Anne-Maree Mioche
10.02.15	Financial Counselling Australia	Fiona Guthrie and Carmel Franklin
11.02.15	Forrester's	Sandra Nugent and Ashley Hood

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Date	Stakeholder Organisation	Stakeholder Representatives
11.02.15	Volunteering Australia	Brett Williamson and Rikki Blacka
12.02.15	Australian Council of Social Services (ACOSS)	Dr Tessa Boyd-Caine
13.02.15	Playgroup Australia	Anne-Maree Mioche
13.02.15	Good Shepherd Microfinance	Adam Mooney
16.02.15	Uniting Church in Australia Property Trust	Joe Zabar, Chris Grover and Anne Cross
17.02.15	UnitingCare Australia	Joe Zabar
17.02.15	Salvation Army	Dr Kelvin Alley and Joanne Paull
18.02.15	ANZ	Michelle Commandeur and Tobias Warren
18.02.15	Brotherhood St Lawrence	Christine Morka, Tony Robinson and Marina Tsianakas
18.02.15	The Benevolent Society	Paul Harkin and Cate Lyons-Crew
18.02.15	Berry Street	Patrice Jackson and Peter Grey
18.02.15	The Smith Family	Wendy Field and Cheryl Allen-Ankins
19.02.15	Volunteering WA	Mara Basanovic
23.02.15	The Salvation Army	Netty Horton, Rob Stevens, Pamela Hanney and Janet Saltenberg
04.03.15	Relationships Australia	Alison Brook and CEO's
05.03.15	Relationships Australia (WA)	Terri Reilly
05.03.15	National Australia Bank	Corinne Proske
05.03.15	ANZ	Michelle Commandeur
05.03.15	Good Shepherd Microfinance	Adam Mooney
06.03.15	UnitingCare Australia	Joe Zabar
10.03.15	Australian Council of Social Services	Dr Cassandra Goldie

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Date	Stakeholder Organisation	Stakeholder Representatives
10.03.15	Many Rivers	John Burn
13.03.15	Playgroups Australia	Anne-Marie Mioche
17.03.15	Good Shepherd Microfinance	Adam Mooney and Michelle Crawford
17.03.15	ASIC	Lisa Summers
19.03.15	Mirabel Foundation	Nicole Patton
19.03.15	Anglicare	Roland Manderson
23.03.15	UnitingCare	Lin Hatfield Dodds
24.03.15	Catholic Social Services	Various Staff
25.03.15	Family and Relationship Services Australia	Jackie Brady
01.04.15	Family Relationship Services Australia	Jackie Brady
01.04.15	Australian Council of Social Services	Dr Cassandra Goldie and Dr Tessa Boyd-Caine
16.04.15	Uniting Church in Australia Property Trust	Chris Grover
21.04.15	Catholic Social Services Australia	Sue Ludwig, Sheree Limbrick and Kylie Burgess

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 4

Topic: DSS Grants Process

Hansard page: CA80 – 21 Apr

Senator Siewert asked:

How much will the review undertaken by Nous cost?

Answer:

The component identified within the Department's contract with Nous to undertake the review is \$90,000 (GST exclusive).

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 5

Topic: DSS Grants Process

Hansard page: CA83 - 21 Apr

Senator Bilyk asked:

Does the report that recommends five weeks as being best practice for the submission of grant tenders take into account multiple tenders and multiple rounds or just the one tender?

Answer:

The Commonwealth Grants Rules and Guidelines (CGRGs) stipulate that officials should use the proportionality principle to inform the choice of the application process.

Proportionality in grants administration involves striking an appropriate balance between the complexity of a granting activity, including the ongoing requirements for the grant recipients, and managing the risks for beneficiaries and the Commonwealth.

The five-week period was chosen to provide the necessary balance of:

- providing service providers time to become familiar with the new programme arrangements before they were required to prepare and submit their applications; and
- having the new grant arrangements in place as quickly as possible, so that clients could benefit from the *New Way of Working*.

A five-week application period is consistent with other Commonwealth and state and territory government grant application periods.

- This includes grants advertised by the Department of the Prime Minister and Cabinet for the Indigenous Advancement Strategy (a funding round with multiple programme outcomes) and the ACT Government for their Health and Community Wellbeing Grants.

Although the proportionality principle does not specify requirements for single or multiple rounds, the Department conducted information sessions across Australia to inform the sector of the application period, communicate the Department's expectations of our funded providers and the broader Departmental objectives that would inform selection criteria.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 6

Topic: DSS Grants Process

Hansard page: CA84 – 21 Apr

Senator Bilyk asked:

What approach did Volunteering Tasmania make to the Department and what information was provided to them?

Answer:

On 2 February 2015 Volunteering Tasmania emailed enquiring about the future of their regional funding from the Department of Social Services.

In summary, the Department's response on 17 February 2015:

- provided information on the four applications lodged as part of the 2014 Volunteer Management funding round; and
- confirmed that two of the four applications lodged had been successful and that a funding agreement was attached with revised service areas following the Departmental review.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 7

Topic: DSS Grants Process

Hansard page: CA85 - 21 Apr

Senator Bilyk asked:

Are 'Able Services' and 'Independent Health Care Services' the same organisation?

Answer:

Able Australia Services and Independent Health Care Service are separate organisations:

Able Australia Services (ABN: 83 024 339 234)

<http://ablenew.epublisher.com.au/>

Independent Health Care Service Pty Ltd (ABN: 75 057 369 669)

<http://independenthealth.com.au/>

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 8

Topic: Funding changes to housing organisations

Hansard page: Written

Senator Bilyk asked:

In addition to the three housing and homelessness peak bodies, what other housing organisations or entities or individuals had their funding contracts terminated or not renewed?

Answer:

The Department of Social Services' agreement with the Australian Government Department of Finance for the provision of the Australian Homelessness Clearinghouse is to be terminated two years early, effective from 30 June 2015.

Excluding the three housing and homelessness peak bodies and the Australian Housing and Urban Research Institute (refer to question 9), the remaining agreements will expire as per the terms of the agreement, on 30 June 2015.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 9

Topic: Housing organisations which continue to receive funding and alternative sources of funding

Hansard page: Written

Senator Bilyk asked:

Who did receive funding or is continuing to be funded? If there were successful organisations, how much funding did they receive and for what period? If the Government has ceased funding the Housing and Homelessness Programme effective 1 July 2015, where is the funding coming from to fund these organisations/entities/individuals?

Answer:

The Australian Housing and Urban Research Institute (AHURI) will receive \$4,048,125.40 (GST excl) from the Australian Government over three years to 30 June 2017. This is the only organisation that will continue to receive funding under the Housing and Homelessness Programme beyond 30 June 2015.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 10

Topic: DSS Grants Process

Hansard page: Written

Senator Bilyk asked:

How many staff were dedicated to the development of the Housing and Homelessness Service Improvement and Sector Support Activity grants program? This would include developing the four areas of activity, permissible activities, selection criteria, etc.

Answer:

It is not possible to disaggregate the number of staff dedicated to the development of the Housing and Homelessness Service Improvement and Sector Support Activity (HHSISS) grants programme as the staff were engaged in multiple number of activities including the development of the HHSISS programme.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 11

Topic: DSS Grants Process

Hansard page: Written

Senator Bilyk asked:

How many staff hours were spent on developing the process, the forms, the selection criteria, etc?

Answer:

It is not possible to disaggregate staff hours as staff have a multiple number of responsibilities in addition to those listed in the question.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 12

Topic: DSS Grants Process

Hansard page: Written

Senator Bilyk asked:

How many applications were submitted for the HHSISS programme? What was the total amount of applications?

Answer:

216

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 13

Topic: DSS Grants Process

Hansard page: Written

Senator Bilyk asked:

What was the cost for the development of the HHSISS program, including staff costs, IT cost, outside consultants, etc.

Answer:

It is not possible to disaggregate costs for the development of the HHSISS programme as the staff, IT and outside consultants were utilised across a broad range of activities including the development of the HHSISS programme.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 14

Topic: DSS Grant Process

Hansard page: Written

Senator Bilyk asked:

How many staff were dedicated to the application process? This includes Help desk staff, staff to process the applications, financial staff to undertake due diligence on the budget figures and assess the audits applicants were required to submit.

Answer:

There was an average of 104 FTE over a 12 week period commencing 28 July to 18 October 2014 working within the Assessment Centre to manage the selection process across 26 grant funding rounds.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 15

Topic: DSS Grant Process

Hansard page: Written

Senator Bilyk asked:

1. How much did it cost in staff hours?
2. Were outside consultants brought in to help with the work load?

Answer:

1. There was an average of 104 FTE over a 12 week period commencing 28 July to 18 October 2014 working within the Assessment Centre to manage the selection process across 26 grant funding rounds.
2. No.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 16

Topic: Decision to cease funding

Hansard page: Written

Senator Bilyk asked:

On the decision to terminate funding, who made the decision? Was the decision made outside of DSS? Was it a Ministerial or Departmental decision? Who was consulted in DSS and the Housing Branch? Was there an opportunity for you to influence the decision?

Answer:

The decision to cease funding was made by the Government in the context of the Mid-year Economic and Fiscal Outlook (MYEFO).

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 17

Topic: Funding

Hansard page: Written

Senator Bilyk asked:

Were organisations whose funding was terminated consulted before the decision was made?

Answer:

The decision to cease funding was made by the Government in the context of the Mid-year Economic and Fiscal Outlook (MYEFO), and it was not the subject of external consultations.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 18

Topic: Funding

Hansard page: Written

Senator Bilyk asked:

Were organisations who had longer term contracts made aware that their contracts were in jeopardy, that a termination of their contracts was likely? Were they consulted prior to the decision to terminate?

Answer:

The decision to cease funding was made by the Government in the context of the Mid-year Economic and Fiscal Outlook (MYEFO), and it was not the subject of external consultations.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 19

Topic: DSS groups, branches and sections responsible for housing and homelessness policy

Hansard page: Written

Senator Bilyk asked:

What groups, branches, and sections in DSS have responsibility for housing and homelessness policy now?

Answer:

The Housing, Homelessness and Assurance Group has primary responsibility for housing and homelessness policy in the Department of Social Services. The Group is supported in this work by other groups, branches and sections across the Department, as necessary.

Within this group, responsibility lies with two branches, the Housing and Homelessness Branch, and the National Rental Affordability Scheme (NRAS) and Gambling Branch.

The Housing and Homelessness Branch has four sections; Housing Programmes and Homelessness, Housing Policy, Housing Payments and Housing and Homelessness Data and Analysis.

The NRAS and Gambling Branch has three sections with housing and homelessness-related activities; NRAS Compliance and Audit Review, NRAS Account and Stakeholder Management and NRAS Policy, Budget and Regulation.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 20

Topic: Staffing

Hansard page: Written

Senator Bilyk asked:

What is the breakdown of these in terms of number of staff in each team or branch, e.g. NRAS team, CRA team, housing policy team etc.

Answer:

As at 30 April 2015, there were 66.41 Full Time Equivalent (FTE) staff (including Senior Executive Service) working on housing and homelessness matters in the Housing, Homelessness and Assurance Group.

The number of staff by each team (including SES) is as follows:

- Housing, Homelessness and Assurance Group Executive – 3.72 FTE
- NRAS and Gambling Branch Executive – 2 FTE
- Compliance and Audit Review Team – 1 FTE
- NRAS Systems, Payments and Data – 21.8 FTE
- NRAS Account and Stakeholder Management – 6.8 FTE
- NRAS Policy, Budget and Deregulation – 8.13 FTE
- Housing and Homelessness Branch Executive – 1 FTE
- Housing Policy – 5.83 FTE
- Homelessness, Policy and Programme – 6.33 FTE
- Housing Payments – 5.8 FTE
- Housing and Homelessness Data and Analysis – 4 FTE

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 21

Topic: Staffing

Hansard page: Written

Senator Bilyk asked:

How many front line (i.e. non Senior Executive Service) staff are employed in each of these teams? (In other words, if there are 30 staff overall, but 20 of them are administering NRAS, that means that only a maximum of 10 will actually be working on policy.

Answer:

As at 30 April 2015, there were 63.41 Full Time Equivalent (FTE) staff (excluding Senior Executive Service) working on housing and homelessness matters in the Housing, Homelessness and Assurance Group.

The number of staff by each team (excluding SES) is as follows:

- Housing, Homelessness and Assurance Group Executive – 2.72 FTE
- NRAS and Gambling Branch Executive – 1 FTE
- Compliance and Audit Review Team – 1 FTE
- NRAS Systems, Payments and Data – 21.8 FTE
- NRAS Account and Stakeholder Management – 6.8 FTE
- NRAS Policy, Budget and Deregulation – 8.13 FTE
- Housing Policy - 5.83 FTE
- Homelessness, Policy and Programme – 6.33 FTE
- Housing Payments – 5.8 FTE
- Housing and Homelessness Data and Analysis – 4 FTE

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 22

Topic: Staffing

Hansard page: Written

Senator Bilyk asked:

What is the breakdown for the above three questions 12 months ago, two years ago, and three years ago?

Answer:

The Department is unable to provide the level of detail requested in the time permitted.

The Department provided staffing advice to the Senate Economics Reference Committee Inquiry into Affordable Housing on 23 February 2015 (refer to QoN 9).

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 23

Topic: Homelessness staff

Hansard page: Written

Senator Bilyk asked:

Is there a dedicated homelessness team? Did there used to be? How many people worked on homelessness (1, 2, and 3 years ago)? Is there a dedicated team working on the next National Partnership Agreement on Homelessness?

Answer:

The Department is unable to provide the level of detail requested in the time permitted. The number of staff working on homelessness and the National Partnership Agreement on Homelessness varies over time.

To assist the Committee the Department notes the Housing and Homelessness Branch is responsible for homelessness matters, including the next National Partnership Agreement on Homelessness. This Branch had 22.96 Full Time Equivalent (FTE) staff as at April 2015.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 24

Topic: Community housing policy

Hansard page: Written

Senator Bilyk asked:

Is there a dedicated community housing team? Did there used to be? How many people worked on community housing policy?

Answer:

The Housing and Homelessness Branch in the Housing, Homelessness and Assurance Group is responsible for community housing related issues. There number of staff working on community housing policy varies over time.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 25

Topic: COAG

Hansard page: Written

Senator Bilyk asked:

How many staff were involved in supporting the COAG Standing Committee on Housing and Homelessness?

Answer:

As at the last COAG Select Council on Housing and Homelessness meeting in March 2013, there were 4.36 Full Time Equivalent staff (not including the Senior Executive Service) providing secretariat support.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 26

Topic: Funding

Hansard page: Written

Senator Bilyk asked:

Now that the COAG standing committee is gone, and with it the Housing Ministers' Advisory Council and the Policy and Research Working Group that sat beneath it, what mechanisms exist for coordination and collaboration between the Commonwealth and state and territory governments regarding housing and homelessness policy development?

Answer:

Senior Commonwealth and State and Territory Government officials continue to meet to address shared business needs.

Additionally, a Housing and Homelessness Chief Executives Network has been established as an informal network and has met face-to-face and by teleconference.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Cross

Question No: 27

Topic: DSS Grants Process

Hansard page: Written

Senator Bilyk asked:

Given that there was little or no specific selection criteria available to applicants for HHSISS funds, what internal criteria did DSS plan to use to assess the hundreds of applications it received?

Answer:

The *Housing & Homelessness Service Improvement & Sector Support Guidelines Overview (May 2014)*, the *Housing and Homelessness Service Improvement and Sector Support Funding Summary (June 2014)*, and the Application Form were published on the Department's website.

These documents outline the following Selection Criteria for the Housing and Homelessness Service Improvement and Sector Support funding round:

1. Demonstrate your understanding of the need for the funded Activity in any identified community/ communities and/or for any identified target group/s.
2. Describe how the implementation of your proposal will achieve the Activity objectives for all stakeholders, including value for money within the Grant funding.
3. Demonstrate your experience in effectively developing, delivering, managing and monitoring Activities to achieve Activity objectives for all stakeholders.
4. Demonstrate your organisation's capacity and your staff capability (experience and qualifications) to deliver the Activity objectives in any identified community/ communities and/or for any identified target group/s.

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: Outcome 4

Question No: 28

Topic: Funding

Hansard page: Written

Senator Bilyk asked:

What was the indicative amount of funding per project within the HHSISS funding? What was the distribution of the \$21 million across the four priority areas? How much of that money was already contractually committed to funded organisations and/or projects?

Answer:

The allocation of funding was to be dependent on successful applications.

The organisations that had existing funding were:

- Community Housing Federation Australia – \$325,000 (GST exclusive) in 2015-16;
- National Shelter– \$150,000 (GST exclusive) in 2015-16; and
- Australian Government Department of Finance – \$4,500 (GST exclusive) in 2015-16.

The funding for the Australian Housing and Urban Research Institute will continue until 30 June 2017 (\$1,349,198.78 in 2015-16, and \$1,376,182.70 in 2016-17).

Senate Community Affairs References Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

Outcome Number: 4

Question No: 29

Topic: DSS engagement mechanisms with the housing and homelessness sector

Hansard page: Written

Senator Bilyk asked:

With the termination of all funded housing and homelessness peak bodies, what mechanisms will DSS now use to engage with the housing and homelessness sector?

Answer:

Departmental officials will continue to engage with representatives of the housing and homelessness sector on both a formal and informal basis.

Responses to questions from the Senate Community Affairs Reference Committee request of 4 March 2015

Request 1: *A breakdown of the program funding nationally – with a comparison between 2013-14 and 2014-15 budget allocations.*

Broadbanding of programmes in the 2014-15 Budget streamlined the Department of Social Services' (the Department) programmes and grants. This changed the structure and composition of the Department's outcomes and programmes, bringing together 18 programmes from five former departments into seven streamlined programmes based on common social policy functions. As a result, the 2013-14 and 2014-15 Budget allocations are not comparable between historical and new service delivery arrangements. The diagram at **Appendix A** outlines the programme structure under the *New Way of Working* for grants.

The reduction of around \$270 million to the Department's grants funding is the result of Government decisions made in the context of both the 2014-15 Budget and the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).

Note that the \$30 million returned to Budget in MYEFO was a "decision taken but not yet announced". As such, the breakdown of this measure was not published as part of the 2014-15 MYEFO papers or Portfolio Additional Estimates Statements.

Further information on the allocation of the \$240 million in savings made at the 2014-15 Budget is provided in the Department's 2014-15 Portfolio Budget Statements, at page 36, table 1.2. A summary of which is also reflected below:

OUTCOME	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)	2017-18 (\$m)	TOTAL (\$m)
1. Social Security	0.000	0.000	9.222	9.453	18.670
2. Families and Communities	26.058	42.190	45.906	35.943	150.100
3. Ageing and Aged Care	25.084	13.933	14.857	13.624	67.500
4. Housing and Homelessness	0.700	0.800	0.800	0.800	3.100
5. Disability	0.090	0.180	0.180	0.180	0.630
TOTAL	51.932	57.103	70.965	60.000	240.000

Request 2: *A breakdown of the program funding by state – with a comparison between 2013-14 and 2014-15 budget allocations.*

The 2013-14 and 2014-15 budget allocations are not comparable because of the broadbanding of programmes in the 2014-15 Budget.

However, to assist the Committee, a breakdown for 2014-15 has been provided at **Appendix B**, with funding for 2013-14 provided at the activity level at **Appendix C**. Note that funding is allocated to the state where the head office of an organisation is located. This may not always be where services are actually delivered.

Request 3: *A list of providers who have accepted the funding by service area and the total allocated to each provider.*

A list of providers who have accepted the funding by service area is provided at **Appendix D**. Service areas are mapped in line with the Australian Statistical Geography Standard (ASGS) at the Statistical Area 3 (SA3) level. There are a total of 333 regions at the SA3 level in Australia. The determination for a SA3 level is a region with populations in the range of 30,000 – 130,000.

The Department has introduced the ASGS to provide consistency in the way service areas are described across most programmes. The ASGS is more stable than other boundary sets and is being used by an increasing number of agencies for improved service integration and policy analysis. The funding allocated to each provider is at **Appendix E**.

Request 4: *A list of providers who received grant funding in 2013-14 by program area, state and service area.*

Appendix C provides a list of the 2013-14 organisations by activity and state. The funding is allocated to the state where the head office of an organisation is located, which may not always be where services are actually delivered. Service area information is not available for the 2013-14 funding period.

It is only since the 2014-15 broadbanding of programmes that the Department has begun collecting service areas in grant agreements.

Request 5: *The total number of providers who tendered for services; the total number of providers who applied for funding but were not successful in the recent round; the total number of unsuccessful providers who received funding in the previous four years (by program and by state).*

As at 26 March 2015, a total of 2,679 organisations applied for funding in the recent funding round. Of those, 1,986 organisations were unsuccessful in any funding round.

Of those organisations that were unsuccessful, 1139 are currently receiving funding from the Department.

Due to machinery of government changes, a number of programmes have been transferred to and from the Department. To provide a full analysis covering the previous four years of funding to unsuccessful organisations (*by program and by state*) the staffing resources required would be substantial, and the Department does not have capacity to divert additional staff for this purpose.

Request 6: *The categories of reasons why services were not granted tenders and an indication of how many services were unsuccessful in each category.*

DSS considered each proposal against eligibility requirements and equally weighted selection criteria as stated in the application pack. Only organisations which rated highly in all aspects of the selection criteria were identified as successful applicants.

Feedback summaries on applications for each round are available on the Department's website and can be accessed via the round specific page using the address below.

<https://www.dss.gov.au/grants/closed-funding-rounds>

Appendix List - *All data provided is as at 26 March 2015*

Appendix A: Honeycomb Diagram

Appendix B: Breakdown of 2014-15 Programme funding by State, by Outcome, by Activity

Appendix C: Breakdown of 2013-14 Programme funding by State, by Activity.

Appendix D: List of funded providers in 2014-15 by service area.

Appendix E: List of funding allocated to providers for 2014-15.