

13 March 2015

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

**Submission to the Senate Committee Enquiry on the impact of service quality, efficiency and sustainability of recent Commonwealth Community service tendering processes by the Department of Social Services.**

**Term of reference A:** The extent of consultation with service providers concerning the size, scope and nature of services tendered, determination of outcomes and other elements of service and contract design.

Comment:

Our Agency was not aware of any consultation by DSS regarding any of the critical elements of the service and contract design. As tenders were advertised in the press we learned that existing contracts were up for open tender, and other key community areas was de-funded.

There was no explanation given, nor was there any discernible coherent logic as to why some services contracts were rolled over with a longer time frame, while others were either subject to an EOI process or an open tender.

These decisions by DSS appear to have been made with no forethought or regard for the potential impacts on children, families, service providers, local schools using services, staff and the integrity of the local service system. The subsequent chaos that ensued is a direct result of the inordinate length of time it has taken to assess the submissions. Consultation with the sector and better planning would have resulted in a far better process. We were surprised that the DSS staff with the responsibility of managing the process would offer as an explanation for the time the process has taken that they did not anticipate the level of interest, or expect to receive the number of submissions they did. Our understanding is that they had to resort to buy in the help of a Consulting firm at considerable cost to complete the assessments.

Other impacts that were not anticipated and planned for included:

- Significant loss of planned, essential services as they began to wind down services in local communities including school communities.
- The loss of experienced management and frontline staff as a result of existing service providers being unsuccessful with their submissions and losing funding;
- The need to provide contract extensions as a result of the delays in finalising the process to ensure continuity of service;
- The severe impact on morale of staff of existing providers who have had to cope with prolonged uncertainty creating high levels of anxiety about their own future and that of the clients they serve;
- The inability of service organisations to plan effectively within their catchment.
- Increased and unfunded business costs which have eroded the financial sustainability of community agencies including the cost of staff redundancy.

We believe that another feature of the lack of consultation is the decision by DSS not to consult with their state colleagues regarding the submissions, the process and decision making. Not only did this impact significantly on agencies' ability to get support and information readily, but the assessment and decision making process itself lacks a local context that would have enhanced the final decision regarding preferred providers. The explanation by DSS that the decision not to consult their state colleagues was made because of probity concerns is difficult to understand, especially when other referee comments are requested.

**Term of reference B:** The effect of the tendering timeframe and lack of notice on service collaboration, consortia and the opportunity for innovative service design and delivery.

Comment:

The tendering timeframe had a major impact on medium sized organisations who have to take staff offline to prepare tenders. We had rushed conversation with service partners who were now competitors.

Some organisations had not realised the program we provide was in fact funded by the DSS grant advertised program. In preparing a submission they did not realise they would be competing for a program they currently rely on for referrals. Effective service system referral pathways and integrated services have been destroyed because the outcome of the grants defunded the established service provider with the funding awarded to a new provider. As the new provider does not currently deliver such services, and it will be a different service, it is not possible to "transition" the service for clients or relationships for service integration.

The Community and agency has therefore lost a valued unique service for children, lost reputation with the community and other providers (why were they not re-funded?) and wasted our precious donated and earned financial resources, including in kind resources built up over time, adding value to government contributions.

The timeframe also appears to have impacted on DSS who did not anticipate or have the resources required to efficiently manage the process.

The open tendering process is a poor vehicle for achieving a collaborative and well integrated service system and contributes to exacerbation in a sector that is already fragmented with many agencies working in isolation. The joint launch of “Opportunity Child” in 2014 by Foundation Ten20 and ARACY highlighted the fact that despite the huge amounts of money being poured into social programs by all levels of government, the Philanthropic sector, and the non for profits, most of the indicators are moving in the wrong direction. One such example is family violence. The increasing incidents cannot solely be explained by better reporting.

The issues facing vulnerable and disadvantaged families and communities are very complex and require new, highly collaborative and innovative approaches. Unfortunately the nature of the DSS process simply reinforces competition rather than collaboration. This is contrary to the best practice approach of collective impact which leverages capital, talent, time and large scale impact. Collective Impact is the coming together of business, philanthropy, the three levels of government, the community sector and people whose lived experience is the issue at hand to help each other reach a common understanding of an issue and agree on, how together, it will be tackled. New skill and methodologies are required. It is our view that DSS should explore with local communities how best to resource and support such a process rather than wasting money on tendering processes that focus on competition.

**Term of reference C:** The evidence base and analysis underlying program design

Comment:

There is lack of clarity regarding the weight given in the assessment process to the articulation of the evidence base and underlying program design. As the existing provider for services we had a robust evidence base with the program design, the subject of an external evaluation report, peer-reviewed journal article, as well as national and international conference presentations-yet the program was not successful. Economies of scale have also been eroded, increasing the service unit cost of the remaining program.

**Term of reference D:** The clarity of information provided to prospective tenderers concerning service scope and outcomes

No comment

**Term of reference E:** The opportunities created for innovative service design and delivery, including greater service integration or improved service wrap-around, and the extent to which this was reflected in the outcomes of the tender process

Comment:

We believe the opportunities were available for submitters to demonstrate the elements described in terms of reference 'e', however we do not believe this was reflected in the outcomes of the tender process. In the absence of detailed feedback on specific submissions, which DSS have indicated they will not provide, it is difficult to comment on how this is demonstrated in the tender outcomes.

In fact the grant process appears to have been used to actually implement budget cuts in both the reduced funds offered for existing services, and then in further reductions we have heard have occurred as part of contract negotiations.

Further, innovations detailed in submissions for improving response to Homelessness were just excluded from the grants process with a decision to withdraw that funding area. Another waste of effort, time and resources for our community agency.

**Terms of reference F:** The extent to which tenders were restricted to not-for-profit services, the clarity of these terms and whether they changed during the notification and tender.

No comment

**Term of reference G:** Analysis of types, size and structures of organisations which were successful and unsuccessful under this process.

Comment; There is no transparency about the overall funding distribution and changes.

We believe such an analysis is important to ensure an equitable distribution of resources, and that the delivery of services is not monopolised by a few large organisations. Large does not necessarily equal quality, innovation, best practice, and efficiency.

**Term of reference H:** The implementation and extent of compliance with Commonwealth grant guidelines.

No comment

**Terms of reference I:** The potential likely impacts in service users concerning service delivery, continuity, quality and reliability.

Comment:

The potential for a significant impact is high. Many years of established strong relationships with local agencies, Courts, schools, and vulnerable and disadvantaged populations within the catchment, one of which is the local aboriginal population, have been lost with the unsuccessful grant outcome. Strong collaborative working relationships have been forged locally. We have been able to achieve this with the support of its internal Aboriginal Advisory Committee chaired by a senior elder. As a result, a high level of trust has developed between agency staff and local aboriginal people and resulted in the agency exploring how its services can be more responsive to aboriginal culture and values. The introduction of a new provider without these links and relationships will come at the cost of service continuity, reliability and quality.

It is difficult to see in this re-tendering process a focus on the welfare of service users- particularly the most vulnerable.

We were advised that other services which were defunded as part of the announcements of the Grants process could be applied for under other grant categories.

Our staff worked long hours to develop proposals under the Child and Parenting submissions to translate existing program expertise to align with the new program and submission guidelines.

In all we developed 10 submissions. Not one was successful.

**Term of reference J:** The framework and measures in place (if any) to assess impacts of these reforms on service user outcomes and service sustainability and effectiveness.

Comment:

No information has been provided to the sector by DSS regarding any framework or measures in place to assess the impact of their grant system restructure and process on service user outcomes. It is critical that the impact of such significant changes on services users (as well as the sector as a whole) be thoroughly assessed and understood. If the framework and measures are in place then DSS should be encouraged to be transparent and share these with the sector. If not, they should be encouraged to consult with the sector in their development.

**Term of reference K:** The information provided to tenderers about how decisions are made, feedback mechanisms for unsuccessful tender applicants, and the participation of independent experts in tender review processes to ensure fairness and transparency.

Comment:

Our agency sought further specific feedback (in addition to the generalised feedback on the website). Apart from general feedback provided on the DSS website there has been a refusal to provide specific feedback on all of the submissions made.

The failure to provide specific feedback by DSS not only lacks transparency regarding the decision process it also demonstrates a disrespectful attitude to the sector. All submitters put in significant time to write the submissions and to receive a flat refusal in some instances for feedback engenders disillusionment about fairness and transparency.

**Term of reference L:** The impact of advocacy services across the sector.

Comment:

We believe that the move to integrated and comprehensive, effective services requires a move away from issue specific advocacy. However, rather than lose expertise through de-funding, a facilitated consultation process to bring different organisations together to form a new advocacy approach would deliver a better result for the Australian community and particularly vulnerable Australians. Government policy needs to be informed by those with the lived experience of social issues and efforts to solve those issues. Government can leverage the goodwill and commitment of advocacy groups to streamline and evolve a collaborative approach.

**Terms of reference M:** Factors relating to the efficient and effective collection and sharing of data on outcomes within and across program streams to allow actuarial analysis of program, cohort, and population outcomes to be measured and evaluated.

Comment:

A separate process developed by DSS to progress towards a Lifecycle Outcomes measurement framework is endorsed by us, as is the establishment of the Panel of Experts and funding support for providers to engage in evidence informed program design and evaluation.

This has the potential to lift everyone's capability and improve accurate and useful data collection.

It is unclear whether these initiatives are continuing.

**Term of reference N:** The extent of contracts offered, and the associated conditions, to successful applicants.

Comment:

We have only been offered one ongoing contract as an outcome of the DSS Grants process which is for 2 years and we have no certainty about the future having been advised that it depends on the impact of the Williams case.

Prior to the DSS submissions, we were very pleased to have the Federal Government recognise the need to provide business continuity and make 5 year contracts for Family Support Program and Family Law Services. The context of these committed funds did provide some stability for managing areas of uncertainty.

**Term of reference O:** Any other related matters

Comment:

We recommend that the following questions arise out of the comments above and should be asked during the enquiry:

1. What additional expenditure was required for government to process and respond to the submissions for the DSS discretionary grants process?
2. Was the grants review and recommendation process outsourced to an independent third party?
3. What was the cost of the DSS grant process compared to previous tender or EOI processes assessed by departmental staff?
4. What is the administrative cost of the two contract extension processes? How does this compare with the total amount of funding being allocated to services as an outcome of the DSS grant process?
5. Was the internal expertise of DSS State and Territory Officers consulted in the submission assessment process for information about providers and previous performance as well as local service issues?
6. How is government assessing value for tax payers funds as an outcome for the DSS grants process?
7. How will the cost to providers of the DSS grants process be assessed including redundancies, disillusionment within the sector, increased costs of doing business with less units of services, business interruption and transition planning and management costs?
8. What measurable public benefits have been achieved from the DSS Grants process?
9. What consideration if any was given to the inevitable financial impact of redundancy payments arising out of funding decisions?

We would like to offer a final recommendation that any government department embarking on significant change such as the new grants process be required to develop an impact statement for the Minister's consideration. This statement should be developed in consultation with the sector's peak organisations.