



19 March 2015

Senator Rachel Siewert  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

**Transmitted via email: [Community.affairs.sen@aph.gov.au](mailto:Community.affairs.sen@aph.gov.au)**

Dear Senator Siewert,

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

We are writing in response to the call for submissions to the Senate Inquiry into the DSS tender. CEWA's input will be twofold, to voice the concerns on the tendering of many of our 130 employer members and to provide some recommendations on how such tenders could be improved in the future.

By way of brief background, CEWA attended a DSS sector briefing in WA on 29<sup>th</sup> May 2014, advising of the upcoming tender. Documentation for the tender was then released by DSS on 19<sup>th</sup> June 2014 with a closing date for submissions of 24<sup>th</sup> July 2014. Organisations were given only 5 weeks to prepare detailed submissions for the \$800M of grants being offered. As we know, incorporated in this, was the announcement of a reduction of \$271M in funding and a broad-banding of grants from the existing 17 areas to 5.

### **Commonwealth Grant Rules and Guidelines**

In July 2014, the Commonwealth Grant Rules and Guidelines (CRGC) were revised and updated. The CRGC details seven key principles for grants administration that apply to all forms of granting activities and all processes of grants administration. For the sake of brevity, we will focus on two of these principles.

#### **1) Robust Planning and Design.**

Logically, when embarking on a tender of this size and breadth, it would be reasonable to expect a detailed analysis to be undertaken of the historical data, forecast demographic and industry changes and a variety of other statistical information. Building an evidence base for future investment and allocation of funding is a commonly accepted principle in most well run

organisations and an expectation of boards and stakeholders more broadly. Additionally, consultation with industry leaders often provides valuable feedback on what is working, on increased areas of need and of developments at state, regional and local levels.

**We are not aware of any consultation by DSS with service providers and the outcomes in terms of the awarding of some grants and the defunding of others, demonstrated the opposite.** For example, some regional grants for emergency relief were allocated to organisations which were based over 100kms from where the current provider and the people supported were located. The tender also defunded a number of financial counsellors – one of the key roles for preventing increased future demand on community services such as housing, relationship counselling, family support and emergency relief. There are numerous other examples which demonstrate a lack of consultation, planning and analysis of the sector.

The Media release by the Minister in January 2015 stated that “the Government has focussed on delivering support to front line services in areas of greatest need”. Given the lack of consultation, we are perplexed as to the basis for this assessment. Further, the release stated that “The Government has also sought to focus on areas of primary Federal responsibility”. One would assume from this that there was strong planning and co-ordination with the State Government, to ensure a common approach and open lines of communication on programs which are jointly funded. In our discussions with the WA State Government, we have not been made aware of any such consultations prior to or post the tender.

## **2) Collaboration and partnership.**

The Not-For-Profit Community Services Sector in Western Australia has worked hard for many years to develop an environment of collaboration and partnership. The establishment of the Partnership Forum in 2010 and the work with Funding and Contracting for the delivery of sustainable services and on red tape reduction, have seen significant inroads into improving service delivery and outcomes for people in need. All of this has taken considerable time and resources on the part of many, but has been done in a spirit of good faith and preparedness to engage in a meaningful way.

**Again, we are not aware of any evidence that DSS consulted with the sector,** apart from the briefing session in May 2014.

### **Timeframes for submissions**

As mentioned previously, DSS gave the sector 5 weeks to complete submissions. With the change to the areas of focus, for most service providers this resulted in significant work in terms of deciding what service areas they would tender for, whether they would expand their existing services and developing a comprehensive costing of those services. As evidenced by the 5,500 applications, many service providers saw this as a ‘one off’ opportunity to secure long term government funding and consequently adopted the position of broadening their delivery opportunities.

**The 5 weeks for submissions was clearly inadequate, unfair and disrespectful for the sector.** All organisations need to go through a detailed process to prepare such submissions. This generally includes gathering and analysing existing client or sector data, seeking clinical, accounting, human resource and industrial relations input, preparing and testing financial models and budgets, and preparing board papers for approval. Very few organisations in the sector have a team of people

to allocate this work to, so in addition to their often already stretched workload, they were required to go through a major tender process in an unrealistically short timeframe.

One of the outcomes of the inadequate timeframe, was an inability for service providers to actively consider partnering with other organisations. Unless there was an existing alliance or partnership, the 5 weeks simply didn't allow time for approaching other service providers to look at joining together in submitting a tender. We believe this was one of the several missed opportunities caused by the process adopted by DSS.

### **Timeframes for announcements**

In October 2014, once the realisation of the workload in processing the 5,500 submissions was appreciated, and the reported 104 DSS staff in Canberra who were allocated to reviewing the tenders hadn't completed their work, the sector was advised that the announcements would be held over to mid-December for implementation by 1 March.

Consequently, many organisations remained on edge, unable to make any medium to long term decisions about employing staff, extending contracts, signing leases for properties, investing in services, refurbishments or new capital and in implementing strategic plans. In essence, it made it extremely difficult to manage and govern with the uncertainty of future funding.

Then, the week before Christmas, news started filtering out from DSS advising service providers that they were successful or unsuccessful. For those who were successful, there was no specific detail on what they had been awarded, on amounts, terms or other details. For the unsuccessful tenderers, the information was equally vague. No indication was given at the time as to why they were unsuccessful (some after over 20 years of service provision in their local communities), nor who the successful providers were. Again, this was highly disrespectful of the sector and the work put in by many over a long period of time.

For many, the uncertainty continued well into January and February 2015 and some are still working through the implications and trying to find out who the successful parties were and how the clients are going to transition across to new providers.

### **Grants details and Feedback**

Information about the grants has been scant to date, with no published list of successful applicants. Anecdotally, the grants offered to some service providers were significantly different from what they tendered – with some regions included and some excluded. Additionally, in some cases, the grants were only for 2 or 3 years, rather than the indicated 5 years which had been widely promoted by the government and at the briefings.

One member has advised that they were allocated half the money they were previously receiving from DSS, and they have a new requirement to report on case management of clients – more reporting and less money to do so. For that organisation, their turn-away rate for people seeking emergency relief and welfare has risen 70% in the last 12 months.

Another member lost their funding after 15 years and is also in a high needs area of Perth. They have advised their 5 staff that their hours will be cut back and are trying to keep their doors open in an increasingly difficult environment. Several members indicated that there was a very limited window to accept the Grant offer and that it was on a take it or leave it basis, with no capacity to negotiate.

**In our discussions with service providers, terms used to describe the tender process included: horrendous, abomination, debacle, ridiculous, unconscionable and unprofessional.** There remains much angst and disenchantment with the process and the outcomes.

Feedback to service providers to date has been minimal and it is hoped that DSS will spend time working with unsuccessful applicants to explain the decision process. It is unclear as to whether there have been new for-profit service providers who have won grants. In the WA NFP Sector, there is a strong feeling that the level of consultation with the local DSS office was minimal and that decisions were Canberra based with negligible input from external sources.

### **Potential implications**

The impacts of the tender are yet to be fully understood or absorbed. Many employers are currently reviewing their staffing numbers and budgets, together with advising their clients that they won't be able to support them beyond the 31<sup>st</sup> March or 30<sup>th</sup> June depending on their services. Those who have been awarded a new service are more likely to try and incorporate it into their existing activities such as emergency relief and welfare funding.

As part of the tender, there is a new data exchange system to be put in place and many providers are trying to understand how that will work, access levels and reporting requirements. Some have expressed concern at the broad access the Auskey will provide to all staff and there are issues to work through with DSS.

### **2009 Senate Inquiry**

It is interesting to note that a similar Senate Inquiry was held in 2009 following the 2008 DEEWR tender process to award employment services contracts. There were a number of findings and recommendations made following that inquiry and it would be worthwhile for the Committee to review those. We also note that there were 140 successful tenderers for those contracts and that there are now an estimated 80 providers in the Job Services Network.

Consolidation in the Community Services Sector continues to be of significant concern as it is often the smaller, localised providers who are squeezed out. This has many consequences including a loss of innovation, a loss of local support and a change to the dynamics of community, amongst others. Our observation is that the same is happening with the Government's current tender processes where larger providers are favoured, not because they are better, but because of size and scale. **As noted in the 2009 report, it is important that diversity of the sector is maintained with greater support being given to smaller organisations, and that past performance is given appropriate weighting. We are yet to establish if this was the case with the current tender.**

### **Recommendations**

**CEWA believes the tender was a significant missed opportunity for DSS.** There was great potential to work with service providers in co-designing models, to look at areas of best practice locally and globally in bringing services together in a holistic way, in providing a platform to strengthen service delivery rather than fracture it. All these and more have been damaged or lost by the processes adopted and the hap-hazard and ill-timed manner in which announcements have been made.

It is apparent that the findings and recommendations of the 2009 Senate Inquiry were largely ignored, and we would recommend that these be reviewed by the Committee and DSS, with a view to them being adopted.

CEWA's recommendations in relation to future tenders are in some ways a restatement of the Terms of Reference of this Inquiry:

1. To encourage meaningful and extensive consultation with service providers well before any tender – this may well include co-design of services
2. To set realistic timeframes for questions, tender submissions, responses, announcements, feedback, transitions and implementations in consultation with the sector
3. To provide incumbent service providers with at least 6 months notice before a new service provider is to be engaged and to have a minimum 3 year term for grants
4. To utilise evidence based analysis when seeking to allocate funds to programs
5. To provide tenderers with an opportunity to engage, to demonstrate competency beyond the completion of a detailed submission where all too often there is limited evidence or verification apart from the words and numbers
6. To give more recognition to long term incumbent providers and smaller organisations who are delivering quality services
7. To focus on localised service provision rather than looking for a broad-brush approach
8. To be respectful of service providers through communicating with them in a meaningful and engaging way, rather than saying "I don't know" all the time or deferring to head office
9. To empower localised DSS engagement and input into decision making
10. To provide detailed and meaningful feedback to unsuccessful tenderers
11. To recognise the importance of peak bodies in the work they do on behalf of service providers to improve reporting, train and build efficiencies and effectiveness.

We would also recommend that the Government and DSS remain open to revisiting some of the funding allocations made, to find ways to support a number of the smaller and regional based organisations who have been impacted so significantly by the decisions. CEWA and the Peak Bodies would be pleased to talk further with DSS on these.

**Finally, for us to collectively achieve the best outcomes for the people the sector supports, whilst utilising resources effectively, we recommend that the relationship between the government and NFP Community services sector be redefined in a more respectful and consultative way.**

Yours sincerely,



John Bouffler  
Executive Director



Chris Hall  
Co-Chair

Community Employers WA is a registered Employer Organisation with the Industrial Relations Commission of Western Australia, and represents non-government, not-for-profit employers in the community services sector of Western Australia. CEWA now has over 130 members comprising many of the largest and smaller Community Services Sector employers in WA, and continues to grow in numbers and influence. Our members employ in excess of 10,000 staff and are in turn supported by over 10,000 volunteers.

## **CEWA MEMBERSHIP LIST AS AT 28 FEBRUARY 2015**

Aboriginal Legal Services of WA Inc  
Accordwest  
Activ Foundation Inc  
Advocacy South West Inc  
Advocare  
Albany Youth Support Association  
Alzheimer's Australia WA  
Anglicare WA Inc  
ARAFMI  
Armadale Community Family Centre  
Association for Services to Torture & Trauma Survivors (ASeTTS)  
Association for the Blind WA  
Asthma Foundation WA Inc  
Australian Red Cross WA  
Baptistcare  
Beehive Industries of WA  
BJL Connecting Communities  
Bluesky Community Group  
Brightwater Care Group  
Bunbury Community Legal Centre  
Bunbury Pathways '92 Inc.  
Burdekin – Youth in Action  
Calvary Youth Services Mandurah Inc  
Care Options  
Centacare Employment and Training  
Centacare Family Services  
Centrecare Inc  
Child Inclusive Learning and Development Australia Inc (CHILD Australia)  
CLAN WA  
Coeliac Western Australia  
Communicare  
Community Housing Coalition of WA  
Community Legal Centres Association (WA) Inc  
Community Vision Inc  
ConnectGroups  
Consumers of Mental Health WA  
Continence Advisory Service of WA  
Cyrenian House  
Derbarl Yerrigan Health Services Inc  
Escare Inc  
Ethnic Communities Council of WA  
Ethnic Disability Advocacy Centre  
Extra Edge Community Services  
Family Support WA Inc  
Financial Counsellors Association of WA Inc.  
FPWA Sexual Health Service  
Fremantle Multicultural Centre Inc  
Good Samaritan Industries  
Gosnells Women's Health Service  
Headwest  
Health Consumers Council (WA) Inc  
Holyoake The Australian Institute For Alcohol & Drug Addiction Resolutions  
Hope Community Services  
Identity WA  
Inclusion WA  
Interchange  
Ishar Multicultural Women's Health Centre Inc  
Key Assets WA Inc  
Kids Camps Inc  
Koolkuna (The Eastern Region Domestic Violence Services Network Inc)  
LAMP Inc  
Lifeline WA  
Linkwest  
Margaret River Community Resource Centre Inc  
Meath Care Inc  
Melville Cares Inc  
MercyCare  
Metropolitan Migrant Resource Centre  
Midland Joblink Inc.  
MIFWA  
Mission Australia  
Mosaic Community Care Inc  
Multicultural Services Centre of Western Australia Inc  
National Disability Services WA  
Ngala Family Resource Centre  
Nulsen  
Outcare (Inc)  
Palmerston Association Inc  
Parkerville Children Youth Care Inc  
Pat Thomas Memorial Community House Inc.  
Patricia Giles Centre  
Peel and Rockingham Volunteer Resource Centres  
Peel Community Living  
People with Disabilities (WA)  
Perth Home Care Services Inc  
Relationships Australia (Western Australia) Inc  
Richmond Fellowship  
Rise Network

Rocky Bay Inc  
Ruah Community Services  
Secca  
Serenity Lodge  
Shelter WA  
Silver Chain  
South Coastal Women's Health Services  
South West Refuge Inc  
Uniting Church in the City  
Valued Independent People Inc  
Vincentcare  
Volunteer Task Force Inc.  
WA Blue Sky Inc  
WA No Interest Loans Inc.  
WANADA  
Wanslea Family Services Inc  
We Can Community Services  
Westcare Inc  
Western Australian Association for Mental  
Health  
Western Australian Council of Social Service  
Inc  
Women's Council for DFV Services (WA)  
Women's Health Resource Centre

Women's Health Services  
Women's Healthworks  
Yaandina Family Centre  
YMCA Perth  
Youth Focus  
Youth Futures WA  
Southcare Inc  
Southside Care  
St Bartholomew's House  
St Patrick's Community Support Centre  
St Vincent de Paul Society  
Swan City Youth Service  
Swan Emergency Accommodation  
Technology Assisting Disability WA  
Tenancy WA  
The Gowrie (WA) Inc  
The Salvation Army  
The Spiers Centre Inc  
The WA Aids Council  
Therapy Focus Inc  
Uniting Aid  
UnitingCare West