

## **Response to the Senate Inquiry into Community Service Tendering by the Department of Social Services**

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## About Shelter WA

Shelter WA is the peak body for social and affordable housing in Western Australia. Shelter WA is also committed to the elimination of homelessness across the state, through provision of social and affordable housing and support services to prevent homelessness and/or assist people to transition out of homelessness.

Shelter WA was founded in 1979 as an independent community based peak body committed to accessible, affordable and secure housing for Western Australians. It provides a link between government and the community through consultation, research, systemic advocacy, policy advice and community engagement. Our role is to provide an independent voice on housing rights and options in the state along the housing continuum, based on stakeholder engagement, consultation, and research of housing market and homelessness trends. Our work focuses on promoting the development of appropriate affordable housing options for low to moderate income earners, those who are otherwise disadvantaged in the housing market and people experiencing homelessness.

Shelter WA promotes a diverse range of affordable housing options including social housing, affordable housing within the private rental market and affordable home ownership. Shelter WA also provides community education, disseminates information and undertakes housing and homelessness policy development. Our development of policy recommendations is based on sound research and consultation with housing consumers and organisations working on housing and related issues.

## Response to Inquiry

Shelter WA is pleased to submit a response to the *Senate Community Affairs Committee Inquiry into the Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services*. In developing our response, Shelter WA consulted with organisations that applied for funding under the community services tendering process, including a number of member organisations and peak bodies including National Shelter (NS) and Homelessness Australia (HA).

It is clear the tender process has been ineffective for the community sector and the Department of Social Services (DSS) alike. This can be seen through the significant number of applications, more than 5,500, requesting more than \$3.9 billion where only \$800 million was available. Shelter WA seeks to work collaboratively with government to inform future tendering processes with an aim to achieve positive results for government, community services and the public.

## Impact of DSS Tendering Process on Services

The recent tendering process by DSS caused significant confusion, uncertainty and insecurity for many community service providers. This was due, in part, to funding cuts to DSS leading up to the funding round. The 2014-15 Federal Budget introduced a \$241m cut to DSS over four years (including \$51m in 2014-15). The Mid-Year Economic and Fiscal outlook (MYEFO) also led to a further \$30m cut to the DSS in 2014-15. As a result of the MYEFO, and despite many organisations investing time and resources into tendering for DSS funding, there was an abandonment of three funding rounds, including the 'Housing and Homelessness Service Improvement and Sector Support' round.

As a peak body for social and affordable housing, Shelter WA's concern with the DSS tendering process is the impact it has had on service providers and their clients, researchers and advocacy organisations. Shelter WA was also directly impacted by the DSS process in terms of staff time spent preparing an application, in collaboration with the City of Stirling, to develop affordable housing options in the private rental sector for women exiting refuges. The project would have led to better utilisation of housing in the private sector, freeing up critical space for women in need of crisis accommodation.

The application process was resource intensive for many organisations. The DSS housing and homelessness round encouraged the development of innovative services, and many organisations sought to work with local councils, other community organisations and the private sector to meet changing needs. The abandonment of that round represents a lost opportunity for DSS to trial new innovative services and pilot projects.

Shelter WA coordinates an Advisory Committee on Homelessness. Representatives on the Committee include housing and homelessness, research and service delivery organisations. Many organisations represented on this Committee applied for funding under the DSS community services tendering process. Overall they reported that the DSS tendering process negatively impacted their organisations in terms of staff time and resources expended to develop applications, when these applications were then not considered. This included developing relationships and partnerships, designing programs, developing budgets and writing applications. The DSS process has left many of these service providers confused and uncertain about the future of currently funded services and stifled in terms of developing new, innovative services that work creatively with government and the private sector.

For future rounds, DSS may wish to consider developing a grants program with two stages: (a) an expression of interest (EOI) and (b) a detailed application by those short-listed from the EOI phase. This would reduce the amount of time and resources spent by organisations during the initial EOI phase. DSS should also communicate clearly with the sector about the funds available for each type of grant.

## DSS Tendering Process in conjunction with other funding cuts

The DSS tendering process and funding reductions, including the abandonment of the 'Housing and Homelessness Service Improvement and Sector Support' round must be viewed in a broader political and fiscal context. Committee members expressed concerns about the abandonment of the DSS homelessness and housing funding round as part of broader shift by the Commonwealth government to minimise its involvement in housing and homelessness. This includes the Reform of the Federation White Paper, ongoing uncertainty about the future of the National Partnership Agreement on Homelessness, recommendations in the National Commission of Audit to replace the NAHA with CRA to public housing tenants, the elimination of the National Housing Supply Council, and disbanding the Prime Minister's Advisory Council on Housing and Homelessness. Collectively these actions foreshadow the Commonwealth government's retreat from housing and homelessness in favour of devolving responsibilities to the states, which has contributed to uncertainty in the sector.

## Lack of clear communication

On 22 December 2014 funding applicants were advised whether or not they had been successful in the tender process. Successful applicants were left without detailed information about what funding was being offered and for which services. Other organisations were informed they were not funded at all, while others were funded, but for services for which they did not apply. The community services sector contributes up to 5% of GDP and 8% of employment nationally, and employers require certainty to plan ahead, recruit and retain staff, continue to serve existing clients or transition them to other services.

## Impact on advocacy services across the sector

Systematic funding cuts have led to an erosion of peak body representation, policy and advocacy capacity across the country. Peak bodies play a vital role in providing information and policy advice to government and the community sector, conducting research, advocating for change together with

**National Shelter** is Australia's peak housing advocacy organisation. It is dedicated to a more just housing system, particularly for low-income Australian households. National Shelter was encouraged to submit proposals for project funding. It submitted three applications for project funding to the DSS, but was not awarded any of the funds, instead being defunded as of June 2015.

their members and educating the community about their sectors. Defunding National Shelter, Homelessness Australia and the Community Housing Federation of Australia is likely to lead to a significant reduction in the capacity of these organisations and the sector to provide a voice to government on critical issues relating to affordable housing and homelessness. The State-based peak representatives will be left to advocate for people experiencing homelessness, in housing stress, or who are otherwise disadvantaged in the housing market. However, many state-based organisations are themselves in a precarious funding position.

Organisations such as peak bodies require core organisational funding, which can be used to undertake research and apply for specific project-based activities. A reformed tendering process could include a clear mechanism to fund core organisational activities and a separate funding stream for projects.

**Homelessness Australia** aims to represent the 1300 organisations that work with people who are experiencing, or at risk of, homelessness, including domestic violence services. Homelessness Australia submitted seven grant applications to DSS for a range of activities aimed at improving the capacity of its members and its organisation. These included a project aimed at the professional development of homelessness service workers and employment service workers to work collaboratively. These applications were resource intensive for the organisation, and each was integral to its continued organisational capacity. None of the projects were funded, and HA was in fact de-funded as of June 2015.

Another casualty of the DSS tendering process was research on housing and homelessness, which is essential to inform evidence-based policy decisions and target resources and policy interventions to where they can be used most effectively.

Shelter WA believes the Commonwealth must provide leadership on housing and homelessness policy and funding, along with the States, as the under-supply and un-affordability of housing is exacerbated by Federal and State mechanisms (i.e. negative gearing, capital gains exemptions, stamp duty, planning systems). Australia is also a signatory to the UN Covenant on Social Economic and Cultural Rights which includes, at article 11, the right to adequate housing. Without Commonwealth leadership this Covenant cannot adequately be satisfied. Peak bodies are essential in engagement of dialogue between the community and Government, and to offer policy advice at a national level.

## Recommendations

Shelter WA seeks to work together with government to improve tendering processes which will deliver positive outcomes for the community sector and government alike. In order to do this, Shelter WA recommends:

1. That government works with community services to determine the amount of adequate funding required to meet needs and enable social and economic participation, and works to implement plans to meet those funding needs over a five year timeframe.
2. DSS develops a grants program with at least two stages in the process: (a) an expression of interest (EOI) and (b) a detailed application of short-listed applicants from the EOI phase. This would reduce the amount of time and resources spent by organisations on the initial application phase.
3. That organisations invited to submit a detailed grant proposal be given the opportunity to form partnerships and consortiums with other organisations, based on knowledge of who is, and who is not, short-listed.
4. Grant criteria need to consider the full range of organisational sizes and expertise. Small organisations cannot easily undertake grant applications, while also providing core services at the same time. This must be acknowledged and incorporated into the tendering process.

5. The grant applications process, including timeframes, needs to be communicated clearly to applicants.
6. That grant application processes consider ongoing funding for existing programs in a separate pool to new programs, projects and initiatives with a deliberate and strategic allocation of resources to each.
7. That grant funding is set aside for innovation and pilots of new programs or initiatives, as these grants provide an opportunity for organisations to develop innovative and cost effective solutions to service provision.
8. That DSS develops a clear and separate mechanism for organisational funding. Organisations such as National Shelter, Homelessness Australia and the Community Housing Federation of Australia have all been affected by the abandonment of the 'Housing and Homelessness Service Improvement and Sector Support' funding round. This may not have occurred if assessed under such a mechanism.
9. That the DSS communicate with service providers well in advance of any changes to funding, so organisations can be involved in the negotiation process, and make necessary changes to staffing and budgets in a timely manner.

Shelter WA thanks the Senate Community Affairs Committee for the opportunity to provide this information and offers its services to participate in reforming the DSS community services tendering process in the future.