



ACOSS Submission to Australian Senate
Community Affairs Committee Inquiry



March 2015



Australian Senate Community Affairs Committee Inquiry: Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services . ACOSS submission

Introduction

In May 2014 the Federal Government delivered its Federal Budget.

The Federal Budget included a range of harsh measures, such as cuts to social security payment arrangements that would negatively and disproportionately impact on people already experiencing poverty and disadvantage in Australia. On Budget night, ACOSS described the Federal Budget as ‘a Budget that divides the nation, young and old, rich and poor.’ As the ACOSS Budget Analysis 2014, *A Budget that Divides the Nation*, explained,

...\$19.2 billion out of 437.2 billion in budget savings over the next four years mainly affect low and middle income earners. Only \$5.7 billion of the 437.2 billion are tax increases of savings in programs mainly affecting people on high incomes.¹

In addition to the harsh and unfair measures impacting on individuals and households, the Federal Budget contributed to decisions that have seen almost \$1 billion in severe cuts to community-based community services across four portfolios, the Department of Social Services, Attorney-General’s Department, Department of Prime Minister and Cabinet and the Department of Health. These cuts to services were to directly impact on many of the same groups of individuals and families to be hit by the cuts to social security payment arrangements.

The Federal Budget ignored one of ACOSS’ core recommendations to the Commission of Audit, being that efforts to address the structural problems with the Federal Budget should not include any reduction in income support and services to people already experiencing poverty and disadvantage.² The Federal

¹ *A Budget that Divides the Nation*, ACOSS Budget Analysis 2014 http://acoss.org.au/images/uploads/ACOSS_2014-15_Budget_analysis_-_WEB.pdf

² *Balancing the Budget*, ACOSS Submission to the Commission of Audit, http://acoss.org.au/papers/acoss_submission_to_the_commission_of_audit_balancing_the_budget



Budget also failed to adopt many of the fair and balanced savings proposals advocated by ACOSS in the lead up to its preparation.³

ACOSS welcomes this Inquiry as an important opportunity to wholly examine the nature and extent of the devastating impacts on the community of the cuts to services within the Department of Social Services which are now being implemented.

The Department of Social Services cuts, commenced just before Christmas 2014, form part of the tsunami of cuts to community-based services which the Federal Government is now implementing, alongside the Attorney-General's Department funding cuts to legal services; and cuts under the Indigenous Advancement Strategy within Department Prime Minister and Cabinet. Cuts to community-based health services have also been foreshadowed to commence in 2015-16.

It is important for the Committee to conduct its Inquiry with this understanding of the broader context of an overall reduction in support and services to people on low incomes and vulnerable communities right around the country.

Background to Department of Social Services Funding Cuts

In 2014 the Federal Government cut funding to the Department of Social Services (DSS) portfolio.

- + Federal Budget 2014-15 (May) introduced a \$241m cut to DSS over four years (incorporating a \$51m cut to DSS in 2014-15).
- + The Budget also foreshadowed a freeze on indexation of community sector funding.
- + Mid-year Economic and Fiscal Outlook (MYEFO) 2014 (Nov) introduced a further \$30m cut to DSS in 2014-15.

As noted above, ACOSS has advocated strongly against these cuts, which will impact upon people and communities most in need. ACOSS also called for Government commitments to support the transitional arrangements for clients and staff of organisations that lost funding through these cuts; or were offered funding that required changes to their organisation or operations.

In the subsequent tender process, DSS reported that 692 organisations were successful in their applications. Of those,

³ ACOSS Budget Priorities Statement 2014-15,
http://acoss.org.au/images/uploads/ACOSS_2104_Budget_Priorities_Statement.pdf



- + 586 orgs had been previously funded by DSS
- + 106 were newly-funded organisations
- + In addition, other organisations were funded through sub-contracting or consortia arrangements with a lead organisation.

Some organisations have been offered more funds than they had received previously, or for longer time frames, enabling more effective operational planning to meet the needs of their communities. Some organisations were also satisfied with the level of funding and the contractual terms attached to it, enabling them to complete their contracting negotiation in a short period of time.

But for many others, this process has resulted in a cut to part or all of their DSS funding; and significant challenges in their ability to contract appropriately with Government to ensure they can meet the needs of their communities.

Throughout this process ACOSS has worked closely with our members to understand the impact of the funding cut and its subsequent implementation, including state and territory Councils of Social Service and national organisations engaged in service provision, representation, policy and advocacy. ACOSS has also been collecting information from organisations across the country that were affected negatively by this process, either through a loss of funding or through a contracting process that has directly undermined their capacity to work effectively within their communities.

This submission is informed by those experiences and addresses the Senate Inquiry's terms of reference with which the ACOSS network has had experience. Organisations have given their permission to have their experience of these funding cuts represented directly.

To discuss this submission further, contact ACOSS Deputy CEO and Director of Sector and Stakeholder Engagement Dr Tessa Boyd-Caine (tessa.boyd-caine@acoss.org.au).

Summary of Concerns

- + The impact of the Government's cuts to community organisations and the extended uncertainty they produced left many organisations without critical government support to provide services to those in need; and to provide policy advice and connection with community over major social and economic priorities.
- + The implementation of funding decisions, including the lack of information about where funding has been cut or changed, has been a significant barrier to smooth transition by organisations supporting people and communities in need; and in meeting their obligations to staff and organisations.



- + Contract terms and conditions have undermined efforts to support and improve community outcomes. Government funding needs to enable the flexibility for organisations to identify the needs of their communities and how best to meet them. Yet contracting terms and conditions have restricted such flexibility.
- + Contract terms and conditions have challenged, and in some cases destroyed, relationships and collaborative partnerships. For some, confidentiality requirements have made it impossible for organisations to identify the level of resources and how best to use them within certain communities or population groups. For others, funding applications that expressed an intention to work collaboratively with other organisations have resulted in contract terms that bind these organisations together, irrespective of their operational independence and distinct missions and governance processes.
- + Welcome reforms supporting exchange of data on outcomes are being undermined by overly proscriptive contractual terms that make it impossible for community organisations to balance the relationship, needs and rights of their clients with the exchange of data on outcomes. The public policy value of outcomes data is further undermined by the inability of organisation to access the data if they don't directly contribute to it.



Recommendations

1. The people who are the most vulnerable in our society should be protected from savings measures.
2. The Government should work with the community sector to develop an agreed process by which to determine adequate funding levels to meet community needs and ensure social and economic participation; and how it will implement investment to meet those funding levels over a five year timeframe.
3. The Government should restore the DSS funding cuts and provide clear and appropriate support to organisations through funding extensions and transitional arrangements that support those who lost funding as well as those offered funding that required changed to their organisation or operations.
4. The Government should publish immediately details on what funding has been lost for social services, on a geographic or population basis as relevant; and which organisations have been offered funding, including for which services, target population and geographic coverage.
5. The Government should work with the sector to implement the recommendations of the Productivity Commission to improve contracting with community organisations (attachment 2).
6. Broad confidentiality provisions attached to Government funding offers for community services must be lifted.
7. Participation in the DSS Data Exchange should accommodate the broader operating environments for community organisations, including the importance of trust, confidence and confidentiality between sector organisations and their clients and communities.
8. The DSS Data Outcomes Exchange should be open to research, policy and advocacy organisations along with non-participating community services.



Submissions in response to the Committee's terms 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;

b. the effect of the tendering timeframe and lack of notice on service collaboration, consortia and the opportunity for innovative service design and deliver;

Following the Budget cuts to DSS announced in May 2014, the Department of Social Services provided evidence on the consequent changes in [funding allocations by program area](#); and [the grants process it would follow](#) for new funding in these areas. These Departmental priorities were generally conveyed via briefing rather than the subject of consultation or contestation by organisations and communities. On the advice we have received from many community organisations, there was a gulf between these geographic and population-based priorities set by the Department, and the sector's own expertise about levels of need and demand for services.

Community organisations are deeply concerned about the impact of these cuts on the people and communities they serve. While DSS set its own priorities for population and community need as part of this funding process, this did not entail evaluation between government and the community sector of existing programs, a marked gap particularly where funding has not been reallocated. The impact of these cuts includes loss of funding to local organisations in many communities that do not have other organisations already active there and able to meet additional needs. Given that one of the sector's unique contributions is its capacity through relationships developed and invested in over time, it is difficult to see how such capacity can be improved through funding new organisations to work in communities in which they have no experience.

FamilyCare in Shepparton (Vic) had been operating a Parent Child Program for 20 years when it was advised just before Christmas that DSS would not provide funding after the end of February. An announcement by new DSS Minister Scott Morrison in January indicated the funding would be extended until 30 June 2015 only. FamilyCare's Parent Child Program provides vital support to parents with young children, in particular through its mother/baby day-stay facility available in Shepparton, Cobram and Seymour. Since 2000 the service has assisted 4,500 families across the region. As well as practical assistance for direct participants, it plays an important preventative role in a network of parental and maternity services. The central question 'is Government funding a comparable service after 1 July' has not been answered.

Our immediate concern is in towns where the only and/or major/primary Emergency Relief service provider has had their DSS funding cut. We are aware of this being the case in Carnarvon, Margaret River and Esperance (two services cut) (WA).



ACOSS has [called on the Government](#) to work with community service organisations to determine adequate funding levels to meet community needs and ensure social and economic participation; and to implement investment to meet those levels over a five year timeframe. Until appropriate funding levels are determined, the Government should restore the funding cut from social services and community infrastructure, including through portfolio savings measures within Department of Social Services and other areas. Community sector funding should include adequate indexation of funding (to wage price index). Government should provide clear and appropriate support to organisations through funding extensions and transitional arrangements (see attachment 2).

The subsequent [open tender process](#) for funding in the discretionary grants program saw more than 5,500 applications seeking over \$3.9 billion in funding, where only \$800 million was available. The Department has indicated it was not expecting such a volume of applications and that the subsequent delays in decision-making reflected this.

It should come as no surprise that there will be a wide range of organisations, activities and dollar amounts seeking funding when funding processes are opened up publicly and competitively,. This was the lesson of the Department of Health only three years ago (2012), when the opening up of the flexible funds that provide for much community sector funding in that Department produced an overwhelming number of applications, far in excess of what the Department was accustomed to or prepared for processing; and which far exceeded the funding available. We are now seeing similar issues raised in the Indigenous Advancement Strategy under the Department of Prime Minister and Cabinet. It is concerning that Government appears to be unable to anticipate the level demand, the range of activities, and the decision-making processes that will be required to respond adequately to competitive tendering for community services.

The extensive response to this tender process lead to successive extensions to existing funding contracts were provided: first to the end of December 2014; then, as the expiry of the first extension neared, by a further two months to end Feb 2015. On 22 Dec funding applicants were advised whether they had been successful in the tender process or not. No further information was received about detailed offers for those who were advised they had been 'successful', leaving organisations waiting for over one month without detailed information about what funding they were being offered and for what activities. On 30 Jan 2015 Social Services Minister Scott Morrison announced a transitional package for many of the organisations that lost funding; and opened the way for DSS to make offers to those who had been successful in the tender process.

The level of uncertainty about the future of contracts put organisations into an untenable position where they could not guarantee the continuation of their activities or could not ensure they were solvent beyond one month. In the face of this continuing uncertainty about capacity to meet obligations to staff and clients, organisations reported to ACOSS they were commencing redundancies by October 2014. ACOSS was actively relaying this information to Government over this period, however decisions on funding



were not communicated until two months later. In a sector that contributes 5% of GDP and 8% of employment nationally, and at a time of rising unemployment, there are significant social and economic impacts of such uncertainty.

Family Support Newcastle was not successful in our submission for Community Mental Health Funding. 5 staff members will be redundant as a result of this change. This is despite having provided the service very successfully over the past 8 years. Because we did not know the outcome early enough, we have been gradually making staff redundant and will be operating a minimal service over the next two months until the new service in Newcastle is established. We can only hope that the new service is even better than the service that we have provided to date, to account for the disruption that this has created both for clients and for

Recommendation 1: The people who are the most vulnerable in our society should be protected from Budget savings measures.

Recommendation 2: The Government should work with the community sector to develop an agreed process by which to determine adequate funding levels to meet community needs and ensure social and economic participation; and how it will implement investment to meet those funding levels over a five year timeframe.

i. the potential and likely impacts on service users concerning service delivery, continuity, quality and reliability;

1. The impact on advocacy services across the sector;

The Government's funding cuts have seen an erosion of peak representative, policy and advocacy capacity in a range of areas including:

- + Housing and homelessness including Community Federation of Australia, Homelessness Australia and National Shelter, which lost all DSS funding halfway through a funded contract;
- + Disability, including funding cuts to Australia Federation of Disability Organisations, Autism Aspergers Advocacy Australia, Blind Citizens Australia, Brain Injury Australia, Deaf Australia, Deafness Forum of Australia, Down Syndrome Australia, National Council on Intellectual Disability, Physical Disability Australia, Short Statured People of Australia and Disability Advocacy Network of Australia.

The cuts have also seen services defunded for programs across a broad range of areas, including:

- + Carer respite



- + Children's, youth & family services
- + Community mental health services
- + Emergency relief
- + Financial Counselling

In addition to organisations losing funding within program areas, a number of programs that were the subject of tenders were subsequently abandoned, despite organisations having invested considerable time and resources in tendering for them. In December 2014, the Government announced no funding would be awarded for the:

- + Housing and Homelessness Service Improvement and Sector Support round;
- + Financial Crisis and Material Aid Sector Support round; and
- + Financial Counselling and Capability Sector Support round (a direct source funding round).

St George Youth Services (NSW) were one of the applicants for the Housing and Homelessness Service Improvement and Sector Support recent DSS grants. After spending all of that time and energy in writing a funding application, including money on staffing hours and an external consultant, we were told afterwards that this program will no longer be continued. This is very annoying and a waste of human resource time and resources in a very difficult climate. We had recently lost our State government funding and we hoped that the DSS grant would be an alternate source of funding for the high level of homelessness needs in our region. We feel disrespected and devalued when the Federal government decides a funding round will be ceased after all of our work has been done; at the very least there should be some reimbursement for this time and resources. The broader question is where is the commitment to homelessness and housing needs by the Federal government?

The [Government's commitment](#) to support the transition of some organisations that lost funding was a welcome step to ensure support for clients and communities affected; and reflected core positions advocated by ACOSS. Emergency Relief and Food Relief providers were offered funding extensions to 31 March 2015; providers of some other community services were offered extensions to 30 June 2015.



However the lack of information about what other services are available continues to be a major stumbling block to smooth transition by organisations receiving this transitional support; while other organisations go without clarity of such support, including those who have lost funding and those who have been offered funding on a different basis to what they sought.

Crossroads has been providing ER in the Sutherland Shire (NSW) since 1986 but has now lost that funding. Over the last 2 years we provided 188 and 181 instances of emergency relief respectively, excluding case management of clients and referral phone enquiries. Over past 2 years have had approx. 180 clients annually. Had one staff 0.2FTE delivering ER; lost that capacity. We tendered on our own and also in a consortium with Sutherland Shire Family Services and Jannali Neighbourhood Aid – none of these applications were successful. We don't yet know who else received the funding, if any. We won't be able to offer payments for rental arrears, bonds and removals, payments for medical bills and chemist costs, cash for travel/fares, food vouchers, payments for telephone bills, funeral assistance and other one off financial payments for other essential living costs.

Recommendation 3: The Government should restore the DSS funding cuts and provide clear and appropriate support to organisations through funding extensions and transitional arrangements that support those who lost funding as well as those offered funding that required changed to their organisation or operations.

- g. analysis of the types, size and structures of organisations which were successful and unsuccessful under this process;*
- h. the implementation and extent of compliance with Commonwealth Grant Guidelines;*
- 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;*

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.



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

Under the previous contract Good Beginnings was contracted to provide services in a particular location. The new contract has more of a restricted area, which is only one part of the previous location. Suddenly we are in a position where we need to go back to more than a dozen families and tell them we are not funded to run this program, and we are not sure who is funded for the area so can't provide referrals at this point. We also have a strong collaboration with the school that used to host the program (they contributed funds to fitting out the space) and if we are unable to operate there we would like to also manage their expectations respectfully. If we are able to have advice about the timeline this would be most helpful. It would also be very helpful for us to know who has been successful in adjacent areas, so we can seek to work with them in the transition. In some locations we have been able to find this information out through networks and in others it is still unknown. Although the contract closure for preferred providers is 28/2/15 an additional 4 months (30/6/15) would mean transition could be managed more effectively with families and make sure that they are supported through the change. The risk of families falling through the cracks and ending up with greater needs is quite high.

The lack of transparency throughout the funding process has also been a significant barrier to working effectively with Government and to organisations being able to respond effectively to community needs. The lack of transparency over who has been offered funding and who has lost it was outlined at iii) above. In addition, organisations who lost funding in this process have reported receiving anonymous responses to their requests for information from the Department of Social Services; and others who were successful in their tenders being explicitly advised their offers are confidential. This is making it impossible for organisations to negotiate with other providers on the ground about how to pick up gaps in services or how to deliver services into new or different areas.

For some in the sector, the continuing extensions to funding have compounded rather than resolved the problems they are facing, and there are no perfect solutions to address the impact of these issues on



communities and organisations. Nevertheless there is currently significant risk of organisations contracting for outcomes that they may find very difficult to meet.

The lack of publicly available information across the breadth of the DSS contracting process makes it difficult to assess the extent to which the Commonwealth Grant Guidelines were adhered to. However it is clear that the intention of reduction of red tape and improvement of simplicity in contracting has not been achieved in this process. While the Standard Grant Agreement now covers multiple program streams, the range of additional documents, the level of detail in each, and the risk averse nature of terms and conditions that tie organisations to a whole range of obligations beyond their core purpose, have simply added to the complexity and confusion created through government contracting with community organisations. Examples of this raised by ACOSS members include the requirement that funded organisations adhere to all DSS policies; and requirements to maintain accurate details of individual workers under certain funded agreements.

In addition the contracting process has severely reduced the flexibility and agility critical to the sector's capacity for effectively meeting community need, such as through the requirement to seek permission for non-budgeted expenditure over \$5000.

Community organisations need to be well-informed about the services being funded in their areas; and to be able to work together collaboratively, free from expectations of confidentiality and practices of secrecy. Current funding offers for new contracts by DSS need to be extended to enable attention to activity requirements and contracting obligations and to develop relationships in communities to support good outcomes. Transitional funding needs to be available for organisations who have been offered funding but need to reorganise their operations, alongside those who have lost funding.

Recommendation 4: The Government should publish immediately details on what funding has been lost for social services, on a geographic or population basis as relevant; and which organisations have been offered funding, including for which services, target population and geographic coverage.



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;

j. the framework and measures in place (if any) to assess the impacts of these reforms on service user outcomes and service sustainability and effectiveness;

2014 reforms to DSS funding processes included contracting on the basis of outcomes, something ACOSS had long called for and welcomed at the time. However some of the current contractual terms and conditions require permission or detailed reporting for activities that ought to be at the discretion of organisations working flexibly to meet their responsibilities. This reflects a consolidation of government funding in terms of a purchaser-provider relationship rather than a shift towards outcomes based relationships and activities. Such requirements include:

- + seeking permission for purchases over \$5000;
- + reporting in-kind and donated contributions to funded activities; and
- + returning surpluses from the project to Government.

Even where not new, such conditions point to a continuing inability by Government to recognise the value it contracts from community organisations in relationships and connections with the communities being served. These are intangible but irreplaceable values: organisations need to be able to invest in social infrastructure like collaboration and networking well beyond the life of any funded activity. The [Productivity Commission](#) found such limitations in Government contracting undermine the outcomes governments themselves seek:

The efficiency and effectiveness of delivery of services by NFPs on behalf of governments is adversely affected by inadequate contracting processes. These include overly prescriptive requirements, increased micro management, requirements to return surplus funds, and inappropriately short-term contracts (PC 2010:XXIV).

Contracting negotiations between government and community organisations should enable the identification and agreement of which terms should remain confidential, while recognising that the capacity of community organisations to which together around the best use of government funding is a key element of collaboration and of the value and contribution made by the community sector. However the application of a broad requirement of confidentiality over DSS contracts in this process has operated to shut down information sharing and collaboration across the sector, directly undermining trust and relationships that have been developed over time between organisations and within communities, and undermining the sector's capacity to use and share resources to the greatest benefit of people in need.

Government funding for community outcomes needs to allow for the flexibility for organisations to identify the needs of their communities and how best to meet them. Contracting terms and conditions



that impinge upon this should be removed from DSS funding. The Government should work with the sector to implement the recommendations of the Productivity Commission to improve contracting with community organisations (attachment 3).

Many community organisations have been working hard to establish partnerships with each other within the communities they support, as they seek to reduce duplication, maximise the value of resources and improve social impact. The delays and lack of information about who has been offered and lost funding has put pressure on local partnerships at both formal and informal levels. This has undermined the social infrastructure within communities, much of which has been hard fought and developed over long periods of investment and effort by community organisations; and which is both unfunded and the very value that governments received from the community sector.

Even once funding offers have been made, the sector's capacity to identify service gaps, and opportunities for partnership and collaboration to address those gaps is being hampered by the requirement to maintain confidentiality over funding offers for those who have been offered funding and for those who have been told there may be a chance of funding, though do not yet have an offer. Such confidentiality requirements undermine transparency of the funding process and severely restrict the sector's capacity to identify community needs and the best ways to meet them, including collaboratively.

We're trying to find out which agencies were successful in the DSS tenders, specifically the Communities for Children Parenting and Playgroups. We weren't successful and want to try to introduce our staff to those successful in the hope of future employment.

These issues are also impacting organisations and programs beyond DSS. Relationships and subcontracts that were already in place are now in doubt as organisations review their operations and funding following the DSS tender outcomes. The secrecy of offers to 'parent' organisations in subcontracting and collaborative relationships is further compounding the uncertainty for organisations and communities.

The confidentiality provisions currently attached to Government funding offers for community services must be lifted.

Recommendation 5: The Government should work with the sector to implement the recommendations of the Productivity Commission to improve contracting with community organisations (attachment 2).

Recommendation 6: Broad confidentiality provisions attached to Government funding offers for community services must be lifted.



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;

ACOSS has been part of the community sector's call to move community service funding to focus on the outcomes we are trying to achieve for people and communities. As such, we welcomed the Department's intent to reform funding process through 2014 to reflect an outcomes-based approach including through the use of data and measurement. However we signalled concerns about the potential conflict between community organisations maintaining client confidentiality and being required to provide details to DSS to participate in its newly established Data Outcomes Framework. Organisations being offered funding are now raising this concern regarding the DSS Data Exchange and their capacity to develop relationships of trust with clients while also meeting the Department's requirements for data exchange.

The move towards data exchange on outcomes needs to accommodate the broader operating environments for community organisations, including the importance of trust, confidence and confidentiality between sector organisations and their clients and communities.

Our primary concern is that if we comply with these requirements, we're effectively no longer providing a confidential service (even if the personal information is only able to be seen by 'technical' DSS staff, rather than other staff). If callers are requested to consent to their personal details being passed on to the government, I suspect trust and confidence in our service and financial counselling in general would be reduced. We come at this from a lawyer-client relationship perspective (and I think the FC-client relationship is similar) where there is an obligation of confidence. Indeed lawyers have professional obligations not to breach client confidence, and many callers to the financial counselling hotline also access legal services (and our data base is shared).

Recommendation 7: Participation in the DSS Data Exchange should accommodate the broader operating environments for community organisations, including the importance of trust, confidence and confidentiality between sector organisations and their clients and communities.

Recommendation 8: The DSS Data Outcomes Exchange should be open to research, policy and advocacy organisations along with non-participating community services.



Attachment 1: ACOSS recommendations to Government for supporting appropriate transition in Government-funded community organisations

- Ensure that new contracts are finalised at least 6 months prior to the end of existing contracts, in accordance with good governance and risk management principles;
- Ensure that there is advance notice of at least 6 months of service procurement processes;
- Where there are significant changes to the size, scope or nature of services tendered, ensure that there is clear and open consultation and collaboration with services concerning program design and service outcomes;
- Support and encourage services to engage service users in service design and evaluation;
- Ensure any funding or tendering process preferences the options of direct negotiation or select tender, with open tender processes only being used in circumstances where clear benefits for competitive processes can be demonstrated;
- Ensure contracts operate with a presumption of a minimum of 5 years funding;
- Ensure no contracts prohibit organisations from participating in independent research, policy development and public debate, including advocacy;
- Provide for industry assistance, including transition funding, and job transfers to reduce the risks of increasing unemployment, and the loss of the expertise and skills of the existing workforces;
- Ensure there is adequate provision for redundancies for staff affected by changes in service procurement.



Attachment 2: Recommendations for improving the effectiveness of direct government funding, ‘Study into the contribution of the not-for-profit sector’, *Productivity Commission, 2010.*

Providing clarity over funding obligations

Recommendation 11.1: Australian governments should, in the contracting of services or other funding of external organisations, determine and transparently articulate whether they are fully funding particular services or activities undertaken by not-for-profit organisations, or only making a contribution towards the associated costs and the extent of that contribution. Australian governments should fully fund those services that they would otherwise provide directly (allowing for co-contributions from clients and any agreed contributions by service providers). In applying this criterion, governments should have regard to whether the funded activity is considered essential, as part of the social safety net or an entitlement for eligible Australians.

Australian governments should ensure that service agreements and contracts include provision for reasonable compensation for providers for the costs imposed by changes in government policy that affect the delivery of the contracted service, for example, changes to eligibility rules, the scope of the service being provided, or reporting requirements.

Recommendation 11.2: Australian governments should ensure that service agreements and contracts include provision for reasonable compensation for providers for the costs imposed by changes in government policy that affect the delivery of the contracted service, for example, changes to eligibility rules, the scope of the service being provided, or reporting requirements.

Recommendation 8.2: The Departments of the Treasury and Finance and Deregulation should jointly conduct a review into the feasibility, the costs and the benefits of requiring value for money assessments for government procurement to consider significant input tax concessions. Such a review should be wide-ranging, including the not-forprofit and for-profit sectors.

Ensuring appropriate independence

Recommendation 11.3: Australian governments funding service provision or making grants should respect the independence of funded organisations and not impose conditions associated with the general operations of the funded organisation, beyond those essential to ensure the delivery of agreed funding outcomes.