

3 March 2015

The Hon. Scott Morrison
Minister for Social Services
Parliament House
Canberra ACT 2600
By Email: minister@dss.gov.au

Dear Minister

DSS tender for social services - volunteering

Volunteering Victoria is the state peak body for volunteering in Victoria. We provide support to volunteers, not-for-profit (NFP) organisations that involve volunteers, and volunteer support organisations (VSOs) that promote and develop volunteering in their local communities. We have more than 320 NFP and corporate members, and represent the interests of volunteering across all sectors in our State.

We are writing to express our extreme disappointment with the recent Department of Social Services (DSS) tender for social services. While we intend to put in a detailed submission to the Senate Committee Inquiry, we also wish to directly express our concerns about the process and outcomes to date, and the long term impact on the volunteering sector, people experiencing disadvantage, the broader community, and the NFP organisations that support those people and their communities.

The value of volunteering

In 2010, over 36% of Australian adults (6.1 million people) participated in formal volunteering (through an organisation) and 49% provided informal assistance to people outside their own household.¹ Volunteers give freely of their time to support the community, and the people who need them. Volunteers are the people who step up to the challenge where there is a gap in the system – due to resource limitations, emergencies or otherwise.

¹ Full citations for all statistics quoted in this letter can be found in Volunteering Victoria's information sheet on *Key facts and statistics about volunteering in Victoria* available at <http://volunteeringvictoria.org.au/new-information-sheet-key-facts-statistics-volunteering-victoria/>

The volunteering sector is critical to civil society. Volunteering underpins the delivery of social and community services in our nation, and without volunteers many services (such as those funded by DSS) simply could not function. In 2006, volunteers provided 623 million hours of work to the NFP sector (equivalent to 317,000 full-time positions). Around two-thirds of these volunteers worked for small NFPs that do not have any paid employees.

In 2010, formal volunteering was estimated to be worth \$25.4 billion to the Australian economy and informal assistance was valued at \$59.3 billion. However, even these impressive numbers undersell the real value of volunteering – volunteering has a far greater social value and impact than just the notional cost of paying for that time.

Volunteering plays a key role in strengthening communities by creating networks between people who generate a range of positive social practices. It also has significant benefits for volunteers – it mediates the negative psychological effects of disadvantage, and is important for connecting people to social and economic participation, career paths and labour markets.

We believe the Government, which receives so much benefit from the contribution of volunteers in supporting social services, has a responsibility and an obligation to make a fair contribution to supporting the infrastructure that underpins productive, safe and sustainable volunteering. To fail to do so is quite simply a false economy. It not only undermines the effectiveness of the nation's volunteer effort (which is critical to civil society) but it also disrespects volunteers and volunteering (discouraging future volunteering effort). In other words, a failure to invest in volunteering will result in people doing less of it and doing it less well.

Concerns about the DSS tender process and outcomes

The tender model called '*A New Way of Working*' promised to cut red tape, streamline the application process and provide longer term funding agreements to enable the social services sector to maintain stability, certainty and efficiency. In reality, it did not live up to any of these promises.

Our key concerns about the tender process and outcomes for the volunteering sector are:

1. Large amount of work required to apply for grants

The administrative burden of applying for grants was very high. As a peak body, we undertook a significant amount of work to support the volunteering sector in navigating the new process. VSOs had to do a lot of work to prepare their applications (DSS collected information about the number of hours spent). All VSOs had to reduce or defer time spent on core business to complete the applications, and some had to pay staff to work additional hours or engage contractors to assist - diverting scarce resources away from service delivery. The tender specifically stated that grants are not provided for the costs incurred in preparation of a grant application.

2. *Short time allowed to apply for grants (4 weeks)*

The time allowed to apply for grants was too short. Little detail was provided until the tender opened, then under-resourced VSOs were only given 4 weeks to digest all the information and complete the complex application process. Information sessions provided by DSS prior to the opening of the application process were notable for the number of questions raised, compared to the number of questions answered.

It was particularly difficult to research and design new projects for the innovative project grants in such a short period of time. It was impossible to develop collaborative partnership or consortium arrangements in the timeframe given, even though this was clearly a desired outcome of the new process.

3. *Confusing process for applying for grants*

The process for applying for grants was confusing. 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.

4. *Length of time to make decisions about grants (6 months)*

The period between applying for grants through to the grant announcements and provision of details of grant offers was overly long (six months from July 2014 to January 2015). This created great uncertainty about the future for many VSOs, especially because only two-month funding extensions were given, despite announcements being delayed by at least three months.

While VSOs were told at the end of December which grants they would get, they were not told until the end of January 2015 exactly how much money that would entail. This effectively meant metropolitan VSOs were still in limbo until just one month before their funding extension expired.

In at least one instance the outcome of grants submissions is still not known at the time of writing because of the possible duplication of coverage.

VSOs need much longer lead times between grant funding decisions and the expiry of previous grants to enable them to make decisions about whether to recruit new staff, extend or terminate existing staff, renew leases and make other types of legal agreements (e.g. with other funders). There is a real risk that VSOs may lose staff, clients and funders in light of the uncertainty about whether their services will continue.

5. Grants only given for 12 to 15 months

VSOs were originally told that funding may be provided for up to five year terms. However, they were only provided for 12 months funding from July (for new programs and existing rural/regional programs) and 15 months funding from March (for existing metropolitan programs).

VSOs will not receive payment until around mid-July for new programs, which makes resourcing program planning and delivery before then very difficult. VSOs cannot do appropriate long-term strategic and business planning with such short funding terms. VSOs find it difficult to attract and retain good staff with such short funding terms. VSOs cannot develop and implement new programs in light of such short funding terms, especially when many of these programs need to be redesigned due to the reduced funding received and/or extended territories they were allocated to service (generally without consultation).

6. Funding generally reduced and excluded altogether for some activities

While most VSOs who were previously funded received grants, as far as we are aware most received less funding than requested and/or previously received and/or for larger areas.

We also understand there is some splitting of local government areas between VSOs, which makes it more difficult to work with local governments to deliver services.

As far as we are aware, few innovative projects were funded for the volunteering sector in Victoria, and many projects that had a genuine national application were unsuccessful. We are aware that some Victorian areas with high volunteer support needs were not funded and/or received inadequate funding to service those needs.

We are also aware that in Tasmania a Queensland-based service provider was successful in displacing an established VSO with strong community connections. This provider has plans to expand to other parts of the country, which is a potential threat to future funding for existing place-based VSOs and is at odds with the Government's stated objective of providing '*a foundation for integrated, community-led program delivery that understands and meets local needs.*'

VSOs could only apply for funding to provide specified services and projects, which were narrower than the diverse range of volunteer support services currently provided by VSOs (particularly in rural and regional areas). While this may support the particular objectives of DSS, it will likely have a negative impact on the objectives of other Departments, which is inconsistent with the principle of joined-up government.

Funding was specifically excluded for services and projects with a state focus, such as our peak body services, despite these services supporting activities that the grants were

designed to foster. This fails to recognise the collaborative role that the national and state peaks play in supporting community-based organisations and a healthy volunteering sector across Australia.

Long term impact on the volunteering sector and community

We recognise that, as in any sector, there is always room for improvement. However, at no stage was the volunteering sector consulted about what was currently working well, areas for improvement or work underway to enhance volunteering services – despite correspondence sent to then Minister Andrews and DSS requesting consultation (more than once).

Ultimately what eventuated was a disappointing process, which has had a direct negative impact on volunteering, and on the vital contribution that volunteers make to providing social services to disadvantaged Australians (the very people the grants were designed to support).

We also believe the process will have a broader indirect impact on volunteering and people experiencing disadvantage, arising from the flow-on effect of reduced funding to social service providers. This will result in a greater reliance by those providers on volunteers (as their workforce), at the same time as funding for volunteering support is being reduced. This additional (underfunded) need for volunteering support is compounded by other policies that rely at least in part on significant inputs from the volunteering sector, like *Work for the Dole*.

It is our strongly held view that the ‘new way of working’ has resulted in a disrespectful, wasteful and costly exercise with the added consequence of diverting scarce government dollars away from the disadvantaged communities and people that most need them, and the organisations that support them. Our disappointment in this is profound - not least because an opportunity to work collaboratively with the volunteering sector to achieve excellence in funding and service delivery arrangements has been squandered.

As previously stated, participation in this process, to our knowledge, did not result in any VSO receiving funding beyond the end of June 2016. During this disappointingly short funding term, most are expected to expand their services for less money, and/or create new programs with no assurance of continuation. Our understanding is that other sectors (such as settlement and emergency relief) received between 2 and 3 years’ funding. However, these sectors too have been less than satisfied with the process, funding levels and funding terms.

In addition to being costly and wasteful, the combination of these impacts threaten to undermine the strong network of community-based VSOs across the country – a volunteer support network with a proven track record of collaboration and enterprise, cost-effectiveness and grass-roots innovation. This lack of investment in the sector will result in Australians doing less volunteering, less efficiently and less effectively. The impact of this will be felt by the social service providers who rely

on volunteers to do what they do, and ultimately (and most importantly) by the disadvantaged people who need the services they provide.

What we want from the Government

Our key requests are for the Government to provide the following:

1. *Appropriate funding*

The volunteering sector needs longer funding terms that provide greater certainty, and a realistic funding quantum, which takes into account the complexity and scope of services to be delivered. This is essential so we can plan and deliver sustainable services that meet the needs of our local communities and people experiencing disadvantage. Without funding continuity, programs (especially new ones) have less chance of succeeding because there is insufficient time to build partnerships, consolidate practices, conduct evaluations and implement quality improvements.

2. *Consultation*

If, as the limited funding agreements suggest, it is the intent of the Government to undertake a review of funding for volunteering before the end of June 2016, we request that this review commence as soon as possible and include extensive consultation with the volunteering sector. The sector deserves to be treated with respect and it makes sense that it be consulted on matters about which it is knowledgeable and experienced.

3. *Explanation*

The volunteering sector seeks a full and detailed explanation as to how the new process was designed, and how the evaluation and decision-making process was undertaken. In particular, we want to know:

- What were the intended community outcomes of the changes to the DSS grant programs? What was the evidence base in support of the changes? Why were such significant changes to such a large number of programs undertaken in such a short timeframe? Why didn't the Government and DSS consult with those in the social services sector who may have been able to assist in designing effective changes?
- In clear terms, what practical steps were taken to evaluate the thousands of applications received? Who was involved in the evaluation process? How did DSS assess social exclusion and disadvantage, to ensure grants were allocated to the stated priority groups? How much consideration was given to ensuring equitable service-provision across all geographic areas? How did DSS calculate the amount of funding granted to each successful applicant?
- How much has this process cost to implement and in particular, how much has the 5-month blow-out in timelines cost DSS and tax-payers?

- We request an explanation as to why volunteering sector organisations were restricted to 12 to 15 month funding agreements.

4. Better process

The volunteering sector wants the Government to carefully consider the feedback it receives and the recommendations of the Senate Committee Inquiry, so that a better process is used for future funding rounds. In particular, we want a process that reduces the administrative burden for the sector – by providing clear information, simple procedures for documentation, reasonable time-frames for applications and prompt decision-making.

We look forward to receiving your response to the issues and questions raised in this letter as soon as possible. In the meantime, we plan to make similar submissions to the Senate Committee Inquiry. We will be providing our members and colleagues in the volunteering sector with access to this letter as we know they share our concerns, and are very keen to hear your response and the Committee's recommendations.

We request a meeting with you to discuss these and related matters at your earliest convenience – we will be touch with your office to arrange a suitable time and date. Meanwhile, if you wish to discuss these issues or require any further information, please do not hesitate to contact Sue Noble by telephone on 03 8327 8500, 0408 968732 or by email at s.noble@volunteeringvictoria.org.au

Yours sincerely



Sue Noble
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Robyn Rose
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