
Discussion paper

about the

Department of Social Services grants process

2 March 2015

Introduction

On 12 February 2015 the Senate referred the following matter to the Senate Community Affairs References Committee for inquiry and report:

The impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering process by the Department of Social Services (DSS).¹

The due date for submissions is **20 March 2015** and the reporting date is 26 March 2015.

This paper raises some of the issues that Volunteering Victoria has identified, to stimulate further thinking and discussion about what feedback the volunteering sector should provide to the inquiry.

Background

In May 2014, DSS announced new grant arrangements to bring together 18 grants programs from five former Departments into seven larger broad-banded programs. Applications for funding under the new program opened on 19 June 2014 and closed on 23 July 2014. DSS received more than 5,500 applications for grants worth more than \$3.9 billion but only \$800 million in grants funding was available. On 23 December 2014, Volunteer Support Organisations (VSOs) were advised whether they had been successful in obtaining grants or not. However, they were not told the amount of funding being offered until 30 January 2015.

Issues

Based on Volunteering Victoria's own experience of the process and the feedback we have received from stakeholders to date, we have identified the following issues for consideration and discussion:

¹ The full terms of reference are available at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Grants

1. Funding excluded for some types of volunteer sector activities

- Funding was excluded for projects and services with a state focus, such as our state peak body services which support the delivery of volunteer support services, foster innovation projects and facilitate collaboration within the sector. Reducing state peak funding works against key principles that underpin the funding intent of the DSS grants. There was no prior consultation with the volunteering sector about this.

2. Amount of work required to apply for grants

- The administrative burden of applying for grants was very high, especially for such short grant terms (see issue 6 below). This was exacerbated by short time frames (see issue 3 below), lack of information leading into the grant process, and gaps in (and changes to) information during the process (see issue 4 below). This is contrary to the government's original intention to *'make it easier for organisations to apply for funding and allow them to focus on delivering important services instead of filling out forms.'*²
- As a peak body, we did a lot of work to try to support the volunteering sector with information about the new process.
- All VSOs did a lot of work to prepare their applications. Each applicant was asked to record how many hours it took, so DSS should have figures about this.
- All VSOs had to reduce /defer time spent on core business to complete the applications. Some VSOs had to pay staff to work additional hours and/or engage contractors to assist.

3. Shortness of time allowed to apply for grants

- One month was too short to digest all the information about the new process and complete the complex application process.
- It was particularly difficult to research and design new projects for the innovative project grants in such a short period.
- It was impossible to develop collaborative partnership or consortium arrangements in such a short period, even though this was clearly a desired outcome of the new process.

4. 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 last minute.
- Some of the information provided was inconsistent with earlier information (e.g. whether local government could apply for volunteering grants).
- The total amount of information provided was overwhelming.
- The process required consortium members to sign a statement about certain matters but no template was provided for this.

² Government media release *'Long-term certainty and less red tape for social service providers,'* 13 May 2014.

- The online templates were clunky, and the limited formatting made them hard to edit and read.
- The online portal crashed on the final day.

5. Length of time taken to make decision about grants

- It took too long to make decisions about grants (six months - from 23 July 2014 to 30 January 2015). This created great uncertainty about the future for many VSOs, especially because such limited funding extensions were given during the decision-making period.
- VSOs were originally told that decisions would be made from the end of October 2014 onwards. Funded metropolitan VSOs had funding until the end of December 2014 and rural/regional VSOs had funding until the end of June 2015. In late October 2014, VSOs were told that funding decisions would not be made until the end of December 2014, and metropolitan VSOs were given a funding extension to the end of February 2015. Until then, VSOs were in limbo about whether they could continue, or would need to redesign or cease delivery of some services.
- While VSOs were told on or around 22 December which grants they would get, they were not told until on or around 30 January 2015 exactly how much money that would entail. This effectively meant metropolitan VSOs were still in limbo until just one month before their extension expired.
- 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 or not; extend or terminate existing staff and contractors; renew or break leases and other types of legal agreements (e.g. with other funders and sponsors) etc.
- There is a real risk that VSOs may lose staff, clients or funders when there is uncertainty about whether their services will continue.

6. Grants only for 12 to 15 months

- VSOs were originally told that funding may be provided for up to five year terms.³ However, they were only provided for 12 months commencing 1 July 2015 (for new programs and for the extension of existing rural/regional programs) and 15 months commencing 1 March 2015 (for the extension of existing metropolitan programs).
- VSOs will not receive payment until around mid-July 2015, so VSOs cannot fund any additional resources until then, which makes program planning and delivery difficult (or impossible) – especially because programs/services need to be rethought due to the reduced and short-term funding and/or extended territories (see issue 7 below).
- VSOs cannot do appropriate 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 such short funding terms.

³ Australian Government, *Programme information: Families and Communities, Strengthening Communities*, 2014, p.9

7. Grants provide inadequate coverage in Victoria

- While most VSOs who were previously funded received grants, as far as we are aware most received less funding than requested and/or for larger areas and/or for less money than previously received. For example, we only received half the amount requested to provide services in LaTrobe and Gippsland – which does not appropriately recognise the enormous geographic area to be covered.
- There was also some duplication of coverage or splitting of local government areas between VSOs, which makes it more difficult to work with local governments to deliver services. For example, we were not funded for Richmond in the City of Yarra (we think Boroondara were) but we got the remainder of City of Yarra.
- As far as we are aware, few innovative projects were funded for the volunteering sector in Victoria. And projects that had a genuine national application were unsuccessful. There was a lack of clarity about the division of funding between ongoing volunteer support services and one-off innovative projects.
- We are aware that some geographical areas with high volunteer support needs were not funded. For example, Wyndham – which has the largest and fastest growth in all Victorian local government areas.

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About Volunteering Victoria

Volunteering Victoria is the state peak body for volunteering. We provide support to volunteers and volunteer involving organisations, and represent the interests of volunteering in Victoria.

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