A More Transparent, Efficient, Supportive and Innovative Commonwealth Department Grants Process

Homelessness Australia’s submission to the Senate Community Affairs References Committee Inquiry into the Impact on Service Quality, Efficiency and Sustainability of Recent Commonwealth Community Service Tendering Processes by the Department of Social Services

19 March 2015

In this submission Homelessness Australia (HA) is making constructive suggestions about how future grants processes of the Department of Social Services (and other Commonwealth Departments) could be improved. HA makes 11 recommendations for this.

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Recommendations

Within this submission, Homelessness Australia makes 11 recommendations for the improvement of future grants processes of the Department of Social Services and other Commonwealth Departments.

1. Departments need to:
   a. Clearly articulate the evidence for, the reasons for and expected outcomes of, changes to grants programs; and
   b. Consult over a realistic period with appropriate sector organisations that could assist with design and change management associated with a proposed program or initiative.

2. Departments need to develop grants programs with at least two stages in the process:
   a. An expression of interest; and
   b. A detailed application made by a short list from the EOI phase.

3. That organisations invited to submit a detailed grant proposal:
   a. Be given the opportunity to form collaborative partnerships and consortiums with other organisations, based on knowledge of who is, and who is not short-listed.
   b. Where unsuccessful, be reimbursed for the costs of developing the detailed application.

4. Grant criteria need to consider the full range of organisational sizes, focus points, and expertise.
5. The grant applications process needs to be clear and easy to use. Within this recommendation:
   a. Forms for grant applications need to be clear and consistent; and
   b. Online submissions need to have the ability for organisations to access the form prior to submission and to save their application as it progresses through its development;

6. Where a grant is a primary source of income for an organisation departments need to consider closely the whole situation and the implications if the grant scheme or the application may not proceed.

7. That departments develop a clearer and separate assessment process and funding mechanism for organisational funding.

8. Departmental grant criteria and assessments should explicitly consider the complex interrelations of civil society organisations to each other and with government.

9. Departments facilitate collaborative organisational relationships between applicant organisations seeking to do similar work.

10. That grant application processes need to consider ongoing funding for existing programmes in a separate pool to new programs, projects and initiatives. There needs to be a deliberate and strategic allocation of resources to each.

11. Grant funding needs to be set aside for innovation and trials of new programs or initiatives.
**Who is Homelessness Australia?**

Homelessness Australia (HA) is the national peak body providing systemic advocacy for the homelessness sector in Australia. Homelessness Australia works in collaboration with homelessness assistance services, state and national homelessness peak organisations, other peak organisations, government agencies, parliamentarians, and the broader community.

Homelessness Australia was formed in late 1998 as the Australian Federation of Homelessness Organisations (AFHO) by the Council to Homeless Persons Australia (CHPA), the National Youth Coalition for Housing (NYCH), and Women’s Services Network (WESNET).

HA was established with a joint vision to proactively research, develop and promote national policy and action to reduce homelessness and its impact on the diverse range of people it affects. HA aims to achieve this vision by consulting with homelessness agencies nationally, undertaking research and policy development and educating the community about homelessness.

**Introduction**

Homelessness Australia (HA) is pleased to make a submission to the Senate Community Affairs References Committee inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services.

HA sees great value in a close working relationship between civil society, government agencies, and the executive government. This relationship helps to improve the work of these three sections of our society. Peak bodies such as HA provide a conduit between the arms of government and the homelessness sector. Through this role we support the work of both the government and the sector. This perspective informs the suggestions about the ongoing need for funding of peak bodies.

In this submission HA is seeking to make constructive suggestions on how to improve future grants programs initiated by the Department of Social Services. Where comment is made about past activities it is done so as to illustrate the problems that we and our member organisations have encountered during the recent grants process.

In making this submission HA has consulted with our board and member organisations to inform our descriptions of experiences with the grants program.

During the recent grant process, HA submitted six grant applications in its own name for a range of initiatives which would improve the capacity of our members to address the complex issues of homelessness as well as our own organisational capacity. Additionally we formed a partnership with National Employment Services Association to apply for a grant to redevelop a program to support the professional development of homelessness service workers and employment service workers to work collaboratively. These seven grant applications were resource intensive for our organisation, and each was integral to our continued organisational capacity.

In making this submission to the inquiry HA has focussed on homelessness and homeless service organisations. HA broadly support those submissions made by other organisations and peak bodies including the Australian Council of Social Services (ACOSS), National Shelter, the Community Housing Federation of Australia (CHFA), and the Women’s Services Network (WESNET). We also
recognise the detailed submissions made by our member organisations including Saint Vincent DePaul and YWCA Darwin regarding their own particular experiences.

Change needs to be evidence based, explained, and consultative

When change is contemplated and implemented, it should comprehensively involve the sector/s involved. For example, when grants programs fund services in the homelessness sector then the peak bodies (Homelessness Australia and National Shelter) and service organisations should be involved in the development. When the government and the department (in this case DSS) involve the social services sector they can receive valuable assistance in designing effective changes that could enhance the expected outcomes. Additionally, the government could have knowledgeable champions within the sector, supporting the changes.

When changes occur they need to be underpinned by:
- Clearly articulated community outcomes;
- Reasoning for the proposed changes; and
- A well researched publically available evidence-base in support of the changes. Where no evidence base exists, one needs to be established through targeted empirical research on the proposal.

This will articulate the reasons and expectations of the changes, which will help to inspire confidence in and support for the changes. This also helps in evaluating the outcomes at a later date. Clearly articulated outcomes provide the sector, and evaluation teams with clearer criteria on which to assess the success or otherwise of the grants program.

Recommendation 1: Departments need to:
- Clearly articulate the evidence for, reasons for, and expected outcomes of changes to grants programs; and
- Consult over a realistic period with appropriate sector organisations that could assist with design and change management associated with a proposed program or initiative.

The applications process needs to be financially, resourcing and time efficient for applicants and the Department

Homelessness Australia has identified that there is a need for grant applications processes to occur in at least two stages. The first stage should involve an expression of interest for grant money based on broad criteria provided by the department. The second stage is a selection of those EOIs from whom the department is interested in getting a more detailed proposal.

The first stage would be a short description of: what the grant would go towards; what the aims are of the program, initiative or entity to be funded; roughly how much money and resourcing it would require from the government. After this first stage the government should provide a public list of the programs, initiatives and entities that have succeeded in the EOI stage, and those who have not. This will provide an opportunity for entities involved to create collaborative initiatives ready for the more detailed second stage.
The second stage would provide the department (or grant assessing body) with a detailed outline of the general material provided in stage one. This would include sections such as the more detailed description of the aims, outcomes, a detailed set of expected itemised costings, and detailed descriptions of the entities involved and their respective responsibilities. This more detailed stage would require significantly more work than the first.

There is a range of cost implications involved in writing grant applications. Homelessness Australia and our members put significant time, money, and effort into writing applications for the DSS Housing and Homelessness Service Improvements and Sector Support Activity, Round 4.1. The whole “round” was removed during the MYEFO process at the end of 2015. This greatly disappointed those who had applied for grants within it.

There are significant financial costs in making grant applications. These costs include accounting, legal advice, specialist consultants, as well as the labour costs of the submission writer. These costs are particularly significant for smaller organisations such as HA and many of our members.

There also are non-financial opportunity costs associated writing grant applications. Of most concern for homelessness services is that it diverts time from being able to provide the services to their clients. For example, managers in particular must divert time into researching the grant requirements, seeking premises, developing timelines, work schedules and seeking costs of resources and requirements of a program without knowing if their organisation will have a chance of receiving the grant. Choosing to apply for a major (four-year) grants round, such as the DSS grants round, also trumps applying for smaller or shorter-term funding opportunities that may arise at the same time. It is particularly unjust when the grants program is discontinued as all the services miss out on the funding from that program, as well as all the other funding opportunities for which they could have otherwise applied.

A two stage process will enable departments (such as DSS) to better allocate their own resources in reviewing the applications and allocating the funds available. DSS needs to improve their allocation of resources to meet the level of demand from organisations requesting funding. The submission process during 2014 was disorganised in that deadlines had to be extended because of computer system failures. It appears that the servers could not cope with the large number of applications being submitted on the final day. In a two stage process (proposed by this submission) the department will be able to prioritise the EOIs that best fit their perspective on the types of programs, initiatives and organisations that should be funded. Based on the concepts presented in EOIs, government departments can assist organisations to collaborate where their grant ideas are similar. This will thereby reduce the number of detailed applications received in the second stage. It will also provide a definitive number of applications that the department will have to process and review. This will allow the government department to estimate their own needs and allocate the resources required for those processes.

Information technology systems need to be user friendly and used in a manner that allows them to function correctly. For example, the 2014 online application process meant that each line item had to be manually entered for each year of funding, rather than being able to carry them forward and apply an indexation. Furthermore, spreadsheet calculations could not be copied in from excel or other programs that had been used to formulate the application. There are three ways to address this situation, either: allow organisations to submit their own spreadsheets; provide a standard form...
Achieving realistic deadlines is an important requirement on DSS. This helps to make the process efficient and for applicants to get timely information about whether they are successful in their funding applications. When deadlines were extended during 2014 this delayed the assessment process, and thereby the notification of whether applicants were successful. The delay of announcement makes it difficult for organisations to plan long-term. Applicants want a timely response to their grant applications. Too many stages may draw out the process unnecessarily. However, strategically narrowing the number detailed applications in to review in the manner proposed will speed up the second part of the selection process.

Tendering processes for major infrastructure projects, such as the proposed Light Rail in Canberra, utilise a two stage process similar to the one proposed within this submission. This recognises the opportunity for those who are unsuccessful in the expression of interest stage to create partnerships with those entities that successfully make it through to the detailed application stage. It also recognises that we do not want to have too many costly and detailed grant applications for the government to assess. Additionally after the second stage, unsuccessful consortia receive some reimbursement for the significant costs of making their detailed tender bid. In government tender processes this may be called ‘bid cost reimbursement’. HA believes that this should be replicated where community service organisations are involved in detailed application processes which cost them significant financial and opportunity costs.

**Recommendation 2:** Departments need to develop grants programs with at least two stages in the process:

a. An expression of interest; and  
b. A detailed application made by a short list from the EOI phase.

**Recommendation 3:** That organisations invited to submit a detailed grant proposal:

a. Be given the opportunity to form collaborative partnerships and consortia with other organisations, based on knowledge of who is, and who is not short-listed.

b. Where unsuccessful, be reimbursed for the costs of developing the detailed application.

**The grants process needs to be supportive of all organisations**

In the homelessness sector, and wider civil society, there is significant value in the diversity of organisations from small through to large, and specialist through to generalist services. They each provide different benefits to their clients.

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Accessed 18/03/2015.

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Different size organisations have variable resourcing opportunities (financial, property, volunteering etc) and these need to be factored into grant application processes. Smaller organisations may be dependent on a smaller number of funding sources. As explored in the previous section, this may make them particularly vulnerable where they do not receive the funding provided in a grant program. As a result of size, organisations may require different levels of support from government during application processes. They may need more clarification and information on the grant processes.

There needs to be a clear process with a useful set of forms. Grant application processes and forms need to be clear and provide an outline of exactly what information is required for the department to assess the grant applications. This will assist applicants to tailor their applications and better allocate their own resources during the application phase. Organisations have found it a resource intensive process to be a part of grants applications, clear forms and easy to use application tools would reduce the resources required to participate in the process.

The diversity of organisations is an asset to the sector, but selection criteria will need to account for those differences. Different types of initiative need to be funded, and allocation needs to be made so that the sector does not get confined to a particular organisational model dominating the funding pool. We need each of them to be able to provide their services to clients into the future.

Recommendation 4: Grant criteria need to consider the full range of organisational sizes, focus points, and expertise.

Recommendation 5: The grant applications process needs to be clear and easy to use. Within this recommendation:

a. Forms for grant applications need to be clear and consistent; and

b. Online submission needs to have the ability for organisations to access the form prior to submission and to save their application as it progresses through its development.

Special considerations where grants are an organisation’s primary source of income

Special consideration needs to be given by grant providers where the grants may potentially cover, or substantially cover, an organisations primary source of income.

Homelessness Australia and other peak bodies were encouraged to apply for ongoing core/primary funding through the DSS grants round. In the past HA had been funded in a smaller grants-based relationship with the department. This had seen us have funding contracts tied to particular research and organisational outcomes. In exchange, we provided the department with direct access to our members through forums such as our biannual national homelessness conference as well as our monthly newsletter HAppenings. Due to the financial constraints of our member organisations it is difficult for our sector to fund its peak body. HA’s membership fees are set at a level which contribute to our organisational funding, but supports only a small percentage of operational costs. Therefore government funding is important for our organisation to be able to provide support to the homelessness sector, as well as be a conduit between the government and the sector.
When the Housing and Homelessness grant “round” was withdrawn suddenly in December 2014, the department was left without a mechanism from which to fund our organisation. The department itself has publically stated the importance of our existence and work to its ongoing operations and relationship with the homelessness and housing sector. They value the input that HA provides and the opportunities for connection with our sector.

Core organisational funding underpins all of Homelessness Australia’s work. It is required in order to support the process of searching for, researching and preparing applications from which to conduct programs, initiatives and research. Some of these other processes also contribute small additional funding sources that enhance the work of our organisation.

HA believes that grants should generally be for programs and initiatives, rather than core funding for organisations. There should be a clearer funding stream and mechanism for the provision of core organisational funding to community organisations, such as peak bodies. The serious organisational and sector consequences, where organisations do not receive the grant funding for their core work, informs this belief. Grants, and the applications processes associated with them, are better suited to programs and initiatives where there is a need for change and innovation. Core organisational funding is something that needs to be ongoing and predictable. This is particularly so for organisations that have existed for a long period of time. A grant may suit the seeding of an organisation, but not the ongoing funding of that organisation.

When HA (and other organisations) lose core funding, it has significant organisational impacts on staff moral, distraction from core work, and loss of institutional knowledge.

Staff are the most important asset to an organisation and its capacity to function. Staff may feel that the funding provider does not value the work that they have been doing over a long period of time. With funding loss, staff may need to be retrenched, if alternative funding cannot be quickly found to pay their wages and entitlements. It also makes it difficult to recruit quality staff given the uncertainty. An organisation may wish to continue to operate for a period of time on their reserves. In the mean time staff will be looking for work elsewhere to provide their own financial security. It will be nearly impossible to replace those lost staff members during that time.

Institutional knowledge is lost for both the department and the sector where organisations are lost, or staff members leave or are laid off. Peaks are a hub of information and have long-term relationships with government departments and organisations in their sector. Their loss through the withdrawal of a comparatively small amount of funding will have significant impacts on sector and departmental continuity.

Where funding is lost, organisations will need to expend significant effort lobbying to have those funds returned or seeking alternative funding sources. This takes away from the time that they would otherwise be able to devote to the operations of the organisation.

[2] Commonwealth of Australia, Committee Hearing for the Affordable Housing Inquiry, Senate Economics References Committee, 11 February 2015, Parliament House, Canberra, ACT (uncorrected proof of evidence), especially pp. 19-20 (Senator Ludlam; Hand, Ms Felicity, Deputy Secretary, Disabilities and Housing, Department of Social Services; Hefren-Webb, Ms Elizabeth, First Assistant Secretary, Housing, Land and Community Capability Division, Department of the Prime Minister and Cabinet) Online at: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013/Public_Hearings Accessed 19 March 2015.
In a similar manner managerial and staff efforts will need to be redirected to planning for and conducting organisational change processes instead of core work.

With the loss of staff time, effort and organisational certainty it will make it harder to meet ongoing contractual obligations that the organisation has. Additionally, it will be hard for organisations to enter favourable longer term leases or procurement contracts.

HA and other peak organisations provide significant support to government and frontline service. This includes sharing information and experience; conducting research and development; advocating for systemic change within our sector; and educating the community about the sector. We have included a summary document as Appendix 1, which outlines the value of peaks to the government. We produced this earlier in 2015 to clearly show our ongoing value.

**Recommendation 6:** Where a grant is a primary source of income for an organisation departments need to consider closely the whole situation and the implications where if the grant scheme or the application may not proceed.

**Recommendation 7:** That departments develop a clearer and separate assessment process and funding mechanism for organisational funding.

**The interconnected nature of civil society and government**

Grant streams and rounds need to consider the impact that they have as a result of the valuable connections across government and civil society. Grants programs do not sit in isolation to the services, organisations and initiatives that they fund. There are complex connections between each of these entities. This is particularly so for the homelessness sector, where one service may be provided by multiple organisations working in partnership, or alternately, one service may deliver several inter-related, co-dependent programs. Additionally the homelessness sector has close working relationships with other sectors such as job services, education providers, the justice system and health services. The grant allocations to each part of civil society intimately affect the others that work with them.

Governments also work across each sector and the civil society organisations that work within them. Each government department intimately relies on the existence of organisations within other sectors. For example, HA supports the work of the Australian Institute of Health and Welfare run by the Australian government. Without us they would find it much more time consuming to work with individual homelessness services to collect data on people accessing specialist homelessness services.

Peak bodies play an important role in connecting and coordinating civil society and government. We provide a conduit between the government and the sector. Without our existence, the government would find it much more difficult to conduct their work.

Given these complex connections, it is far better that organisations are encouraged to cooperate with each other to achieve mutually supportive outcomes for their clients. Civil society is well suited to providing programs to people experiencing particular circumstances such as homelessness and they need support from government to do so. The cooperation of government and civil society is integral to better outcomes.
Recommendation 8: Departmental grant criteria and assessments should explicitly consider the complex interrelations of civil society organisations to each other and with government.

Recommendation 9: Departments facilitate collaborative organisational relationships between applicant organisations seeking to do similar work.

The role of grants to support development and innovation

Grants provide an opportunity for organisations to develop innovative ideas that develop their service provision, to try new practices, and to conduct effectiveness studies. Development and innovation is important to help address the changing needs of service users and target members of society.

Well-researched and innovative practice takes time to develop. While new ideas and practices are developed it is important to maintain existing programs that are known to work.

Grants (which are generally single instance) are well placed to provide initial seed funding for the development of new programs. Such programs require different criteria and assessment processes from those that have already been in place over a longer period of time.

As a result of the differences it is important that grant programs and rounds consider ongoing funding and seed funding with different criteria and allocate sufficient proportions of available funding to each.

Recommendation 10: That grant application processes need to consider ongoing funding for existing programmes in a separate pool to new programs, projects and initiatives. There needs to be a deliberate and strategic allocation of resources to each.

Recommendation 11: Grant funding needs to be set aside for innovation and trials of new programs or initiatives.

Conclusion

Overall, Homelessness Australia supports the initiative of the Department of Social Services to reform the grants process, making it a more clear process for all. Our submission seeks to further improve the grant application and implementation process with practical recommendations.

Homelessness Australia thanks the Committee for the opportunity to be involved in the Inquiry through this submission. We would be happy to make ourselves available for an appearance before the committee to answer any questions or explain in more detail our recommendations.
References

Commonwealth of Australia, *Committee Hearing for the Affordable Housing Inquiry*, Senate Economics References Committee, 11 February 2015, Parliament House, Canberra, ACT (uncorrected proof of evidence), especially pp. 19-20
(Senator Ludlam; Hand, Ms Felicity, Deputy Secretary, Disabilities and Housing, Department of Social Services; Hefren-Webb, Ms Elizabeth, First Assistant Secretary, Housing, Land and Community Capability Division, Department of the Prime Minister and Cabinet),
online at: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013/Public_Hearings
Accessed 19 March 2015

Victorian Civil Construction Industry (2008) ‘Best Practice Guide for Tendering and Contract Management’ (Civil Contractors Federation, Institute of Public Works Engineering Australia (Victoria Division), and Municipal Association of Victoria, Melbourne),
Accessed 18/03/2015
Appendix 1

The role and importance of peak bodies

A peak body is a non-government organisation that has membership of entities with allied interests.

What does a peak body do?
- Provides a one-stop shop for government and the sector to share information and experience,
- Conducts timely and cost effective research and development for the sector,
- Advocates for change together with its membership,
- Educates the community about the sector.

Some Australian peak bodies are: Business Council of Australia, Housing Industry Association (HIA), National Farmers’ Federation, Australian Medical Association (AMA) and ACOSS through to smaller organisations such as Alzheimer’s Australia, Relationships Australia and Dairy Australia.

Homelessness Australia - the peak body for the homelessness sector

Homelessness Australian (HA) aims to represent the 1300 organisations that work with people who are experiencing, or at risk of, homelessness, including domestic violence services. HA is a peak body with a broad membership base that includes large national multi-focused providers, such as Mission Australia and St Vincent de Paul Society plus small local services like ‘Doris’ a women’s refuge in the ACT. This diversity of members enables HA to identify trends and challenges faced by the sector as a whole and in sub-sectors (eg Youth, domestic violence, older people, Aboriginal and Torres Strait Islander people).

It would be impractical for government agencies to engage with each of these organisations without Homelessness Australia’s conduit role. Importantly, given that HA is not a service provider, and that our membership is broad and diverse, the advice and information we provide to government and others is without bias.

Six key activities of Homelessness Australia:
1. Provide informed policy advice to government and the sector about homelessness and associated topics. This includes strategic input into committees and other organisations,
2. Facilitate sector wide training and development for workers (eg conferences attended by all levels of government, front-line workers and service providers),
3. Community engagement and education, informing them about the issues of homelessness and how to support people experiencing it, and creating links between services and their communities,
4. Provide a two-way channel for information and experience between the homelessness sector and government,
5. Increase sector capacity and develop key resources for use by the sector in partnerships with other organisations (eg HOPE project – with JSA and Tune in now with Beyondblue),
6. Conduct strategic and timely research into homelessness and its relation to other topics to support the above activities.
Appendix 2 – Grant Applications Made by Homelessness Australia

Homelessness Australia made six grant applications in its own name, and a seventh in partnership with the National Employment Services Association. In this appendix we provide a brief summary of each of them. HA could provide more detail to the committee about these applications upon request.

Peak Body Activities – Application ID number 4-AD6BY4

National Homelessness Conference – Application ID number 4-AD69LO

Homeless Persons’ Week – Application ID number 4-AD6DLA

National Homelessness Sector Awards Program – Application ID number 4-PPNQK

Australian Homelessness Clearing House – Application ID number 4-CMTJ02

Rural and Remote Homelessness Consultations and Forums – Application ID number 4-9QI32K

Home Options & Pathways to Employment Project (in partnership with National Employment Services Association who submitted the application)