Inquiry into the Impact on Service Quality, Efficiency and Sustainability of Recent Commonwealth Community Service Tendering Processes by the Department of Social Services

March 2015

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia.

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About Financial Counselling

Financial counsellors assist consumers in financial difficulty. They provide information, support and advocacy to help consumers deal with their immediate financial situation and minimise the risk of future financial problems. The majority of financial counsellors work in community organisations, although some are employed by government. Their services are free, confidential and independent.

About Financial Counselling Australia

Financial Counselling Australia is the peak body for financial counsellors in Australia. FCA is a federated organisation and its members are the eight State and Territory financial counselling association.

Contact Person for This Submission

Fiona Guthrie
Executive Director

APRIL 2015 UPDATE:

An Important Note About Funding for Financial Counselling Australia

Financial Counselling Australia (FCA) is a small organisation with two full-time staff, together with some part-time administrative and accounting support. We drafted the bulk of this submission in March 2015, but with other work pressures, it was not finalised until mid-April. We apologise for the delay in its completion and late lodgement.

At that time of the initial drafting, funding for FCA remained uncertain. In mid-April, we were advised verbally that it was likely that the Government would be re-funding FCA. This was of course very welcome news. We are hopeful that we will be advised more formally soon as well as the level of funding that may be involved.

We have not re-drafted the section of this submission that relate to FCA's funding – Section 3 - in the light of this latter information however. The issues outlined in that Section remain relevant to the DSS tender process.

1. Introduction

Key Points

- We wrote this submission to:
    - put on record the concerns that our sector has had with the tender process
    - encourage the government to work in collaboration with the financial counselling sector in the future and to develop a debt advice strategy for Australia.
- There are direct quotes from financial counselling agency managers throughout this submission.
- The DSS tenders for financial counselling involved $30 million in funding.
    - The sector is now funded under a program called "Commonwealth financial counselling and financial capability". The inclusion of financial capability workers in the tender was new and signalled a change in direction.

1.1. Why We Wrote this Submission – There are two major problems

We put this submission together for two reasons. First, while we understand that a competitive tendering process is inevitably going to be unsettling, it can be an appropriate mechanism for governments to use in ensuring that public monies are spent wisely. However, this particular process has had two major problems and it is important to place them on the record:

1. First, the tender process has had, and is continuing to have, a negative impact on the financial counselling sector. The sector is now in a weaker position than before the tender.

2. Second, in many ways the tender has been a missed opportunity. What we need to do is think strategically about the future of financial counselling. This thinking could be done in collaboration with the financial counselling sector, based on the principle of "co-design". It is not too late to do this and our submission describes how this could occur.

In putting this submission together, we asked financial counselling agency managers for their comments. These direct quotes are included through this submission where relevant. The comments are anonymous. Appendix 1 includes all of the actual quotes.

1.2. Background to the Tenders

The DSS tenders involving the financial counselling sector were as set out in the table below. Funding of approximately $30 million was involved.

Funding was for the "Commonwealth financial counselling and financial capability program". The inclusion of financial capability workers in the tender was new and signalled a change in direction for the program.

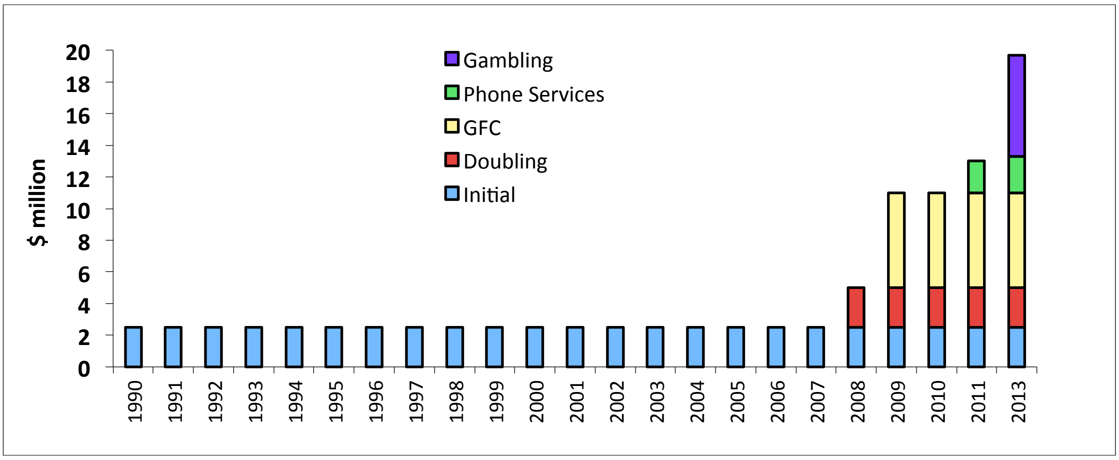
Tender Type	Amount	Comments	Dec 2014 announcement
National Phone Service			
Direct	$6 million	There is a separate phone financial counselling service in every State and Territory in Australia. They are linked by the one phone number: 1800 007 007.	No impact
Face-to-Face (Generalist Services)			
Competitive	$15.3 million	Existing financial counselling services were asked to tender for this funding in a competitive process in June 2014. Section 3 has more information about how this funding is allocated per region in Australia.	Funding for NT ($1.4 million) and WA-outback ($554) areas not going ahead at this stage.
Problem Gambling Face-to-Face			
Direct	$8 million	Allocated in 50 locations across Australia. Funding was allocated originally based on factors such as the number of electronic gaming machines, level of socio-economic disadvantage and geographic issues (such as distance to travel between service delivery areas).	No impact
Sector Support			
Direct	$920K	Financial Counselling Australia asked to tender to provide sector support to the financial counselling and financial capability sectors.	Government advised that they were not going ahead with this tender. FCA's funding would therefore cease at 28th February 2015.

1.3. Financial Counselling "At a Glance"

The table below has some key statistics and information about the financial counselling sector.

Funding	Federal Government – approx. $30 million State Governments – approx. $23 million
No of Federally funded agencies	104 (prior to the 2014 tenders)
No of financial counsellors	850
No of clients	Federally funded financial counsellors assisted 77,000 clients in 2013-14
Structure	Peak body is Financial Counselling Australia. FCA's members are each of the eight State and Territory financial counselling associations.
Regulatory environment	Regulated by ASIC. Financial counselling agencies are exempted from holding a credit licence and an Australian Financial Services Licence as long as certain conditions are met.

Federal Government funding for financial counselling commenced in 1990 with funding of $2.5 million. The "funding timeline", showing how funding has changed since that time, is illustrated below. There have been significant injections of funding since 2008.



2. Impact of the Tender on the Financial Counselling Sector

Key Points

- There were problems at every step in the tender process.
- We are still unclear as to whether the amount of funding in the June 2014 tenders, was what was actually offered to agencies.
- Anecdotal reports suggest that some geographic regions will not have access to the same level of financial counselling services as in the past.
- There has been a significant shift in the strategic direction by DSS, with the same bucket of funding now available to employ either financial counsellors or a new group of staff - financial capability workers.
    - There is a risk that overall financial counsellor numbers – and the number of clients receiving financial counselling assistance – will reduce because of this.

2.1 Tender Process Itself

The experience of the financial counselling sector during the process itself was probably very similar to that of the community sector as a whole. The comments below are direct quotes from agency managers and indicate problems at every single point of the process.

Tender timeframes were too short – "difficult and stressful" and there was "inadequate time to collaborate"

"The relatively short time allowed to prepare submissions. It made internal and external deliberations and liaison challenging. In a larger organisation there can be a number levels of governance to go through to get approvals and this short time period made it difficult and stressful."

"Time frame for preparing the applications was very short and coincided with 6 monthly reporting requirements which already places a significant time burden on community organisations. For organisations wishing to partner or collaborate with other organisations there was very little time to meet and discuss potential arrangements.

"Whilst tender processes do often have a 6 week turn around time in this circumstance it was totally inadequate because:

- *the whole program was undergoing such enormous change and organisations needed time to understand the requirements of the new structure and how they could best provide services within the model*
- *the application process coincided with the six monthly performance reporting period which is already an onerous task for agencies*
- *the Government seemed to be encouraging collaboration between organisations to deliver more holistic service delivery so additional time should have been given to allow organisations to work together."*

The application form – overlapping questions with poorly constructed word limit settings

"The actual application form asked specific and often overlapping questions with limited opportunity to explain the model an organisation proposed or the benefits it offered … The word limit on the online form included spaces, commas, numbering etc. Many of us had written our responses in a word document and then when we went to copy the info into the online form we discovered we were over the word limit and had to rewrite the information. There should have been a bit more flexibility about the limits."

Duplicated effort

"Many organisations had to fill in multiple applications for in effect the same thing (for example general financial counselling or gambling financial counselling). This meant there was a huge amount of repetition in each application but also the need to provide specific information relevant to the particular position. It also meant providing multiple budgets which was very time consuming

Financial counsellors and financial capability workers – confusion over what the department was looking for which made it difficult to tender

"There was never clarity about whether an organisation needed to provide both financial counselling and financial capability work under the 'Financial Wellbeing and Capability Program' so it was difficult to know

what services to outline in the tender document and whether there was any advantage or disadvantage in offering only one of these services."

Information during the tender was of little use – helpline and email help address unanswered

"There was a lack of targeted useful information to assist organisations during the application process. Whilst there was a constant stream of emails referring agencies to the DSS website for updates, most of the information provided was scripted (as was the one information session offered), general and repetitive without offering any really useful information on how the applications would be dealt with or the time frames for finalising the process. This was enormously frustrating for organisations trying to appropriately manage future budgets and staff arrangements …

DSS established a helpline and a designated email address but it was extremely difficult to get a response from either. The helpline number did not even allow for messages to be left so a lot of time was wasted trying to call over and over to ask a question. It was clearly not resourced appropriately ….

No clear timelines for knowing tender outcomes

The communication during the period when applications were sent and decisions made was also inadequate. There was never any clear message about when we would know the outcome of the tender process or how the tenders were being assessed. Again the information on the website, whilst prolific, was general and not particularly useful – not sure who chose the FAQs!"

The December 2014 announcement – cruel just before Xmas

"Providing information about what organisations were successful or unsuccessful 2 days prior to Christmas was a particularly cruel act. As a manager, needing to tell staff that their positions were at risk at this time seemed like an unnecessarily unfair thing to do. This seems especially unnecessary because the successful agencies did not have any indication of what their contract would entail."

Actual funding offers provided no $ amounts so more uncertainty

"When letters were finally sent to preferred providers on 22nd December, no information was provided on the amount of funding being offered. Applicants were invited to apply for an amount up to the maximum allocated for each region (SA4). Successful applicants did not find out the amount being offered in the agreement until the end of January 2015.

As a preferred provider who was offered less than the amount we applied for, no information was given as to why the lower amount was offered. The obvious reason is that there were more than one preferred provider in the region. However feedback on the basis for the funding allocation decision would have been useful…. And polite!

Tender assessment took too long – disrespectful to organisations

"Despite the short turnaround time for organisations, DSS took an enormous amount of time to assess the applications and provide feedback to agencies on the outcome of their applications."

"We are disappointed that feedback will not be given in person with the opportunity to ask questions. Given the financial and time commitment that organisations make to the tender process we would see this as an essential element of a fair tendering process."

After taking a long time to decide, new contractors were given too short a time to get new services up and running. There was scrambling instead of order and planning.

"The very short time frame for the commencement of services after the funding has been announced. This is common but again puts unnecessary pressure on services and staff. At least 3 months from the date of announcement is needed."

New contracts are only for two or three years – this makes recruitment and retention difficult and hard to obtain affordable lease agreements. The tender document specified 5 years

"Even now since the funding has been allocated, the contracts are only to 6.16 and 6.17, when there was initially talk of having four and five year contracts. This again puts unreasonable pressure on staff and agencies, it also makes recruiting difficult."

"All indications in the tender documents were that contracts of 5 years would be offered so that organisations would have some certainty about their funding position going forward. In fact we were invited to specify the amount we were tendering for through to 2018. When agreements were finally sent to preferred providers they were for a period of less than 2.5 years. It is completely unreasonable to expect organisations to go through this onerous process again in 2 years' time. It makes things like recruitment difficult when contracts are time limited and creates problems when trying to negotiate office space. My recent experience is that

landlords will offer better lease arrangements if you are willing to lock in for 3 years or longer.

Defunding of sector support causes problems for services as they rely on this support

"The defunding of the sector support and training programs. Services made funding applications based on the knowledge that sector support would be available. This support is no longer available, at least at the level it should have been, and it puts further pressure on budgets and agencies to deliver services without appropriate support.

Since the funding offers – hard to get clarification with long delays in getting replies

"The communication since the agreements have been offered has similarly been very poor with long delays in responding to emails and phone messages. This is very disconcerting when agencies are trying to get clarity around reporting expectations, client confidentiality issues and service coverage areas.

Fracturing of relationships – agencies pitted against one another means collaborative relationships are damaged

"… Pitting agencies against each other might assist in creating efficiencies on the one hand, but breaks down the ability of agencies to work together on the other hand.

Lack of consultation – new services are re-inventing the wheel and duplicating infrastructure

"There has been no consultation by DSS, or agencies replacing existing services (thus requiring a duplication of infrastructure to replace those existing services) with existing services."

A detrimental effect on staff. We lost good people because of the poor process. There has been a blanket of doom and gloom.

"Currently the DSS tenders do not affect me directly as we have state funded services, however indirectly the whole process has shed a blanket of doom and gloom on the industry, portraying that there may not be a future for financial counselling. The prolonged waiting to hear the results has been uncaring and unprofessional."

"One of the biggest issues was the very long period of uncertainty for staff. It goes back really to the beginning of 2014, staff did not have security of employment for more then a few months in advance because

of the expiration of funding agreements and the concern initially that the overall program may not even be refunded, then of course there was the submission process and the lengthy delay to get outcomes. It is not a high paid sector and there are enough challenges without such uncertainty existing."

"The extensions to existing contract took away some pressure but many workers were understandably worried about their future employment so starting looking for other jobs. This has led to an exodus of experienced and qualified staff from the sector. It is impossible for organisations to fill any vacated positions when there was no certainly of funding beyond Feb 2015."

2.2 Tender Implications - numerous negative impacts

"In the financial counselling area there seems to be inconsistent allocation of services across area of Australia with no explanation as to the reasoning behind this."

2.2.1 Funding: Is it the Same Amount?

At the date of this submission (March 2015), we are still unclear as to whether the amount of funding in the June 2014 tender was the same as what was actually offered to services. There are anecdotal reports from agencies that were successful in the tender were offered less than the amount for which they had tendered.

2.2.2 Funding locations – reports that areas currently serviced are going to be without financial counsellors

There are three problems:

1. We are still unclear whether some geographic regions are going to be adequately serviced under the new arrangements.

2. There are reports from agencies, some of which have serviced their local areas for many years, that while they have lost funding, there does not seem to be an agency that is stepping into the breach. Agencies and staff are also understandably distressed at the loss of connections to their local communities.

3. It is not clear to what extent the tender decisions took into account existing state services or service delivery models. State-funded services are not going to be in a position to fill the gaps left when a federally-funded service closes.

2.2.3 Financial Capability Workers are funded out of same bucket and this may reduce financial counsellor numbers

The Commonwealth Financial Counselling Program began in 1990. These tenders signalled a significant change in strategic direction, with the funding now covering the provision of both financial counselling and financial capability interventions.

The tender documents describe financial capability workers as follows:

> "Financial Capability workers deliver financial literacy education, information and coaching and maintain a strong focus on supporting consumers to change their behaviour and 'learn by doing'."

Financial capability workers clearly have important roles and their work will often complement that of a financial counsellor. But the funding of more financial capability workers, will not, as some people have suggested, have any serious impact on reducing demand for financial counselling. The main causes of financial difficulty are unemployment, relationship breakdown, illness and poverty. A lack of money management skills may be one factor, but is rarely the primary reason. We are unclear therefore as to the strategic thinking driving the change.

The extension of the funding to include financial capability workers also dilutes the funding that will go toward financial counselling. Agencies could tender for example to provide say all financial counsellors or all financial capability workers, or a combination of both with the funding.

Financial capability workers require less training and will have a lower salary rate than financial counsellors. We are very concerned that a consequence of the tenders, perhaps unintended, is that there will be far fewer financial counsellors on the ground. This would be a very concerning outcome.

3. Impact on Financial Counselling Australia

UPDATE - Please note that since this section was drafted FCA has been advised verbally that it is likely that the organisation will be re-funded. The comments below however are still relevant in considering the tender process.

" Services made funding applications based on the knowledge that sector support would be available. This support is no longer available, at least at the level it should have been, and it puts further pressure on budgets and agencies to deliver services without appropriate support."

Agency Manager

Key Points

- In June 2014, FCA was asked to respond to a direct tender of $920K to provide sector support to financial counselling and financial capability sectors. In December 2015, the Government decided it would not go ahead with this tender.
- FCA's funding will cease at 30th June 2015.
- Without a peak body, there is no national organisation able to support the delivery of front-line financial counselling services.
- This will mean the loss of services including: the coordination of the national phone financial counselling service, development of resources and tools to help financial counsellors in their jobs, and mechanisms for government and industry to consult with the financial counselling sector or to share information.

3.1 FCA and the Tender Process

At the date of this submission, FCA has no funding beyond 30th June 2015. It will also take two months to wind down FCA's funded operations This means that the winding up process needs to start at the end of April/beginning of May. The FCA Board will also need to give notice to FCA's Executive Director at this point.

This situation is completely the reverse of where FCA expected to be. In June 2014, the Government requested FCA to respond to a direct tender for $920,000 to provide peak body support to the financial counselling and financial capability sectors. FCA lodged this submission on 23rd July 2014. We were asked to tender for an expanded role, presumably based

on our past record and ability to deliver. It is worth noting that an enormous amount of time and effort was spent in responding to the tender, including the development of a comprehensive business plan (see attached) and budgets.

On 22nd December 2014, FCA was advised that as a result of MYEFO, the Government had decided not to go ahead with this direct tender. This decision meant that FCA's funding would finalise at the end of February 2015. In other words, instead of planning for an expanded role – and substantial work had gone into this - we immediately had to plan for the opposite situation.

At the end of January 2015, we were grateful to learn that FCA's funding had been extended until June 2015. However, as noted above, we have no certainty of funding beyond that. This has been a very difficult time for staff and it also makes it very difficult to manage a number of projects either currently underway, or that could have started, if there had been funding certainty. Examples include work on a new website for the national financial counselling helpline and setting up, and resourcing, a national training function for the financial counselling sector.

To reiterate, as at the date of this submission, FCA's funding ceases at 30th June 2015.

3.2 Reduced training and diminished support to financial counsellors is of great concern

"We are especially concerned about the reduction of services during the tender process. At the start of the tender process the various 'resource worker' roles that were in a number of states were combined into one direct tender. This reduced the state specific support and training to financial counsellors, but did at least ensure that there was some level of professional development and sector support available at a national level. Once the tenders were submitted it was announced that this direct tender was not going to be awarded, abolishing this sector support completely. This is a significant blow to the advances that the sector has made over recent years in ensuring professionalism and gaining respect amongst creditors and the like.

We are also concerned that given ASIC's role of ensuring that financial counsellors operate according to their exemption under the credit code that funding to monitor and ensure this at a national level has been removed."

Agency Manager

Funding for four organisations that had been providing some training, support and resourcing to the financial counselling sector was not continued in the June 2014 tender round. These services had been in place for around 30 years. For example, these organisations:

- provided professional supervision for financial counsellors
- delivered distance training, which is very important for rural and remote financial counsellors
- organised face-to-face professional development, and
- published regular newsletters and bulletins that kept financial counsellors up to date with changing laws and developments and shared information

Funding for these support services, and the majority of their functions, was to be taken over by FCA. With FCA's de-funding there is no longer any sector support at all. This has serious implications for the professionalism of the financial counselling profession and the quality of service delivery.

Financial counselling agencies have a legal obligation, imposed by the licensing exemptions under the credit law[1] and the Corporations Act,[2] to ensure their staff are adequately trained. This will now be much harder for agencies to meet this obligation. It also exposes the sector to greater risk of negligence actions.

3.3 What Will be Lost – a major setback and loss of important services

FCA's role is to support front line financial counselling services, by ensuring financial counsellors have access to high quality resources, information and training. In doing this, we help to ensure that the Government's investment in financial counselling is protected and that services are of the highest quality.

The services we provide are outlined below. Without a funded peak body, these services will cease. In the longer term, there will also be no organisation able to provide strategic input into the future direction for financial counselling.

[1] Regulation 20(5), National Consumer Credit Protection Regulations 2010. This provides an exemption from holding a credit licence.

[2] ASIC Class Order 03/1063, Licensing relief for financial counselling agencies under Paragraph 911A(2)(1) of the Corporations Act 2001. This provides an exemption from holding an Australian Financial Services Licence.

[2] ASIC Class Order 03/1063, Licensing relief for financial counselling agencies under Paragraph 911A(2)(1) of the Corporations Act 2001. This provides an exemption from holding an Australian Financial Services Licence.

[3] For example, the ABS found around 13% of households could not raise A$2,000 in a week

- Coordinating the **national financial counselling helpline** (1800 007 007)
  - *Example*: developing common policies and procedures

- Managing the **consumer-facing website** www. debtselfhelp.org – this site acts as a one-stop shop for people in financial difficulty and is a gateway to financial counselling
  - *Example:* keeping over 50 fact sheets up to date, reviewing the debtselfhelp tool

- Acting as a **communications hub**, disseminating information to financial counsellors across Australia and between industry, government and the financial counselling sector.
  - *Example:* industry and government assistance available after natural disasters

- **Working with industry** to improve responses to financial hardship
  - *Example:* Pilot of the National Hardship Register with the debt collection industry, which assists people in long term hardship. Inclusion on the register means that debt collection activity will cease.

- Developing **training and other resources** for the financial counselling sector
  - *Example:* online training module on the new credit reporting system
  - *Example:* maintenance of a password-protected website for financial counsellors that has resources, such as standard letters, that help them to do their jobs more effectively

- Developing **common policies** for the financial counselling sector
  - *Example:* membership and accreditation standards

- **Raising the profile** of financial counselling and financial literacy
  - *Example:* informed comment in the media on issues relating to consumers in financial difficulty

- Contributing to **policy development**
  - *Example:* Input to the ASIC/ACCC debt collection guidelines, membership of consultative bodies
  - *Example:* Working with the major banks, Beyondblue, Mental Health First Aid Australia and the financial

counselling sector to develop National Mental Health Guidelines for use by the banking industry and our sector.

- Supporting eight State and Territory **financial counselling associations**
  - *Example:* providing administrative support and running national planning forums

- Holding an **annual conference** that brings the financial counselling sector together to share knowledge and ideas, undertake training and planning
  - *Example:* over 500 registrations at the 2014 conference, organisation of separate meetings pre-conference for financial counselling agencies, for registered training organisations

- Supporting financial counsellors and financial capability workers that work with **Aboriginal and Torres Strait Islander clients**, many of whom are in rural and remote Australia
  - *Example:* Management of an email discussion group to share information and resources
  - *Example:* Assistance in organising an annual Forum for this group

4. Putting the Process Behind Us: What Needs to Happen Now

Key Points

- Financial counselling has developed organically over the past 30 to 40 years.
- If we are serious about making a difference and helping more Australians in financial difficulty, the time is now right to develop a debt advice strategy for Australia.
- This would cover matters such as: funding sources, service delivery model, use of technology.

As noted in the introduction to this submission, one reason for taking the time to write it was to set out a plan for the future. Financial counselling has developed in a piecemeal fashion over the last 30 to 40 years. There has been no overall plan about where the sector should be going and the role it should fulfil. This is against a background where there are large numbers of Australians in financial difficulty[3] and more and more organisations attempting to take advantage of this, such as credit repair agencies and debt negotiators.

The time is right to develop a debt advice strategy for Australia. This would best be done collaboratively to involve the financial counselling sector, the Federal Government, State Governments and ASIC (as the regulator).

The strategy would consider factors such as:

Strategic context	• How big is the need? • How is this being met now? • What trends, factors will influence this in the future? • Current state of the financial counselling sector
Funding	• Including exploring other options – such as industry contributions

[3] For example, the **ABS found** around 13% of households could not raise A$2,000 in a week for something important and 17.9% had at least one cash flow problem in the last 12 months. The Australian Council of Social Service (ACOSS) estimate that 2.2 million people (12.8% of the population) live below the poverty line ("Poverty in Australia", Paper No 194, 2012).

	• State and Federal contributions
Service delivery model (using a co-design approach)	• One agreed model, but across all service delivery mechanisms eg phone, F2F, web • Triage approach • Linkages between the different forms of financial counselling • Linkages between Federal and State funded agencies • Promotion of financial counselling • Debt repayment services
Technology	• How can the financial counselling sector harness technology to improve service delivery?
Measuring success	• What does success look like and how do we measure it?

5. Conclusion

As noted in the Introduction, we understand why the Government would consider re-tendering for financial counselling services. It is difficult at this point of time however to see what has been achieved, other than to reduce the number of service providers. What was the intended outcome of this process?

There has been enormous uncertainty and stress for many staff for well over 18 months now – after the election of the new Government in 2013, the financial counselling sector was not even sure whether funding would continue. The announcement of continued funding, albeit with a small cut in May 2014, was a great relief, but the uncertainty has continued.

At the moment, the sector has lost a number of good workers and organisations, some or which had been serving their local areas for 30 years or more. The successful tenderers were published on the DSS website in mid-March, but we still do not know which locations they are covering.

The big unknown is the impact of including "financial capability workers" into the funding mix for the first time. There is definitely a role in the community sector for people who can impart money management skills. However if the strategic intent was to reduce demand for financial counselling, this is misguided. The most common causes of financial difficulty are unemployment, illness, relationship breakdown and poverty, not a lack of financial literacy (although this can be a factor and financial counsellors may often impart financial literacy skills).

Having said all this, the community sector is resilient. We want to learn from this experience and move on. We are very keen to take a strategic approach to development of debt advice services in Australia. We look forward to working with the Government on the development of a comprehensive strategy for this in the future.

Attachment 1 – Comments from Financial Counselling Agency Managers

I have worked in the community sector since 1986, working in predominantly community housing services, and then subsequently Financial Counselling since 2000. I have managed Financial Counselling, Emergency Relief and NILS programs with in excess of $800,000 per annum, with a staff that included paid, qualified staff and volunteers. I have held these roles in two agencies since 2003.

The advent of the Kennett Government in Victoria, and the general trend of Coorporatisation of work places everywhere, led to major shifts in community service delivery. That shift led to a tighter prescription of work roles for practitioners, often at the expense of community education, or staff development opportunities. At an organisation level, increasing resources were reallocated from service delivery to meet a growing level of bureaucracy and management objectives, required to manage and monitor, ever tighter prescriptive contracts. Funding rarely met the increased cost of meeting these objectives, but practitioners faced ever increased demand for growing outputs, as at the same time, less resources were available to them.
Management structures can also become and end in themselves, generating their own demands for resources at further costs to service delivery.

At the same time, competitive tendering contributed to growing mistrust at agency level, between agencies. Practitioners, ever with an eye to assist with their client positions, worked through these tensions at practice level, however, increasing aloofness between services contributed to poorer outcomes for clients, as joined up service delivery broke down, and continues to be subject to the vagaries of inter agency political decisions as one agency attempts to posit itself favourably with political masters against others.

The Victorian government responded to this fractiousness within the community service sector in family support and child protection by creating a mandatory system of agencies working together to deliver better outcomes for clients. This started in the mid 2000's culminating in the Child First system.

At the same time, significant beneficial changes have also taken place, for example, funding contracts have increased in length.

Practitioners, ordinarily, are subject to significant trauma of their clients. The increasing appetite for "Corporatised" management structures has led to less resources being available to practitioners. In the Financial

Counselling sector this has led to an emphasis on “bums on seats” and fractured the ability of the sector to coordinate itself, and practitioners to be aware of their own personal health and safety and process the issues around vicarious trauma.

There has been no consultation by DSS, or agencies replacing existing services (thus requiring a duplication of infrastructure to replace those existing services) with existing services.

The destabilising influence the tender process has had on the whole industry.

Currently the DSS tenders do not affect me directly as we have state funded services, however indirectly the whole process has shed a blanket of doom and gloom on the industry, portraying that there may not be a future for financial counselling. The prolonged waiting to hear the results has been uncaring and unprofessional.

- One of the biggest issues was the very long period of uncertainty for staff. It goes back really to the beginning of 2014, staff did not have security of employment for more then a few months in advance because of the expiration of funding agreements and the concern initially that the overall program may not even be refunded, then of course there was the submission process and the lengthy delay to get outcomes. It is not a high paid sector and there are enough challenges without such uncertainty existing.

- Even now since the funding has been allocated, the contracts are only to 6.16 and 6.17, when there was initially talk of having 4 and 5 year contracts. This again puts unreasonable pressure on staff and agencies, it also makes recruiting difficult.

- The relatively short time allowed to prepare submissions. It made internal and external deliberations and liaison challenging. In a larger organisation there can be a number levels of governance to go through to get approvals and this short time period made it difficult and stressful.

- The very short time frame for the commencement of services after the funding has been announced. This is common but again puts unnecessary pressure on services and staff. At least 3 months from

the date of announcement is needed.

- The defunding of the sector support and training programs. Services made funding applications based on the knowledge that sector support would be available. This support is no longer available, at least at the level it should have been, and it puts further pressure on budgets and agencies to deliver services without appropriate support.

Issues

- Time frame for preparing the applications was very short and coincided with 6 monthly reporting requirements which already places a significant time burden on community organisations

- For organisations wishing to partner or collaborate with other organisations there was very little time to meet and discuss potential arrangements

- There was a lack of targeted useful information to assist organisations during the application process. Whilst there was a constant stream of emails referring agencies to the DSS website for updates, most of the information provided was scripted (as was the one information session offered), general and repetitive without offering any really useful information on how the applications would be dealt with or the time frames for finalising the process. This was enormously frustrating for organisations trying to appropriately manage future budgets and staff arrangements

- The communication during the period when applications were sent and decisions made was also inadequate. There was never any clear message about when we would know the outcome of the tender process or how the tenders were being assessed. Again the information on the website, whilst prolific, was general and not particularly useful – not sure who chose the FAQs!

- The actual application form asked specific and often overlapping questions with limited opportunity to explain the model an organisation proposed or the benefits it offered

- The word limit on the online form included spaces, commas, numbering etc. Many of us had written our responses in a word document and then when we went to copy the info into the online form we discovered we were over the word limit and had to rewrite the information. There should have been a bit more flexibility about the limits

- DSS established a helpline and a designated email address but it was extremely difficult to get a response from either. The helpline number did not even allow for messages to be left so a lot of time was wasted trying to call over and over to ask a question. It was clearly not resourced appropriately

- There was never clarity about whether an organisation needed to provide both financial counselling and financial capability work under the 'Financial Wellbeing and Capability Program' so it was difficult to know what services to outline in the tender document and whether there was any advantage or disadvantage in offering only one of these services.

- Many organisations had to fill in multiple applications for in effect the same thing (for example general fc or gambling fc). This meant there was a huge amount of repetition in each application but also the need to provide specific information relevant to the particular position. It also meant providing multiple budgets which was very time consuming

- Despite the short turnaround time for organisations, DSS took an enormous amount of time to assess the applications and provide feedback to agencies on the outcome of their applications.

- The extensions to existing contract took away some pressure but many workers were understandably worried about their future employment so starting looking for other jobs. This has led to an exodus of experienced and qualified staff from the sector. It is impossible for organisations to fill any vacated positions when there was no certainly of funding beyond Feb 2015.

- All indications in the tender documents were that contracts of 5 years would be offered so that organisations would have some certainty

about their funding position going forward. In fact we were invited to specify the amount we were tendering for through to 2018. When agreements were finally sent to preferred providers they were for a period of less than 2.5 years. It is completely unreasonable to expect organisations to go through this onerous process again in 2 years' time. It makes things like recruitment difficult when contracts are time limited and creates problems when trying to negotiate office space. My recent experience is that landlords will offer better lease arrangements if you are willing to lock in for 3 years or longer.

- When letters were finally sent to preferred providers on 22nd December, no information was provided on the amount of funding being offered. Applicants were invited to apply for an amount up to the maximum allocated for each region (SA4). Successful applicants did not find out the amount being offered in the agreement until the end of January 2015

- As a preferred provider who was offered less than the amount we applied for, no information was given as to why the lower amount was offered. The obvious reason is that there were more than one preferred provider in the region. However feedback on the basis for the funding allocation decision would have been useful…. And polite!

In the financial counselling area there seems to be inconsistent allocation of services across area of Australia with no explanation as to the reasoning behind this

The communication since the agreements have been offered has similarly been very poor with long delays in responding to emails and phone messages. This is very disconcerting when agencies are trying to get clarity around reporting expectations, client confidentiality issues and service coverage areas

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- We are disappointed that feedback will not be given in person with the opportunity to ask questions. Given the financial and time commitment that organisations make to the tender process we would see this as an essential element of a fair tendering process.

- ·We are not in a position to respond to the Senate Inquiry at this stage about "g. analysis of the types, size and structures of organisations which were successful and unsuccessful under this process" due to the successful organisations not yet being announced.

- We are especially concerned about the reduction of services during the tender process. At the start of the tender process the various 'resource worker' roles that were in a number of states were combined into one direct tender. This reduced the state specific support and training to financial counsellors, but did at least ensure that there was some level of professional development and sector support available at a national level. Once the tenders were submitted it was announced that this direct tender was not going to be awarded, abolishing this sector support completely. This is a significant blow to the advances that the sector has made over recent years in ensuring professionalism and gaining respect amongst creditors and the like.

- We are also concerned that given ASIC's role of ensuring that financial counsellors operate according to their exemption under the credit code that funding to monitor and ensure this at a national level has been removed.

- Providing information about what organisations were successful or unsuccessful 2 days prior to Christmas was a particularly cruel act. As a manager, needing to tell staff that their positions were at risk at this time seemed like an unnecessarily unfair thing to do. This seems especially unnecessary because the successful agencies did not have any indication of what their contract would entail.