Outsourcing Community Service Delivery

Organisation: Community Transport Organisation

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Position: CEO

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The Committee Manager
Committee on Community Services
Parliament House
Macquarie Street
Sydney NSW 2000

RE: Submission into the Outsourcing Community Service Delivery

Please find attached the Community Transport Organisation's (CTO) submission in relation to the current Legislative Assembly inquiry conducted by the Community Services Committee into the contracting out of service delivery, such as housing, disability and home care services, from the Government to the non-Government sector.

The Community Transport Organisation would welcome the opportunity to discuss any of the matters raised in this submission with members of Legislative Assembly Committee on Community Services and the CTO has no objection to its submission being made publicly available.

Should you or any or your colleagues require any further information or clarification in regard to the submission please do not hesitate to contact the office on 9635 8980.

Yours sincerely

Helen Battelino   David Atkins

Helen Battelino   David Atkins
Chairperson   Executive Officer

Overview

The Community Transport Organisation

The Community Transport Organisation (CTO) is the peak body for Community Transport in New South Wales. Community Transport provides transport services to the frail aged, people with disabilities, their carers and other people in NSW that are transport disadvantaged.

The CTO is the current leader in best practice for the provision of Community Transport services and is supported through State and Federal funding and membership fees.

The CTO activities are Developing Policy and Advocacy, Providing Advice and Information, Consulting Broadly, Building Sector Capacity, Promoting Partnerships and Collaborations, Demonstrating Leadership and Innovation.

The CTO vision is to ensure that all people understand how vital Community Transport is.

Community Transport Providers

There are approximately 130 Community Transport providers most of which are members of the Community Transport Organisation in New South Wales. These specialist Community Transport providers are in rural, regional and metropolitan areas. The location, structure and resources of each Community Transport provider reflect the structure and needs of their community.

Some Community Transport providers are auspiced by local town or shire councils; others are standalone not-for-profit services, some are multi-service outlets and others are auspiced by large faith based charities.

Vehicle type and fleet size varies in relation to the accessibility of resources, funding and need. Most Community Transport providers have a diverse range of fleet vehicles. Over 3,000 Volunteer Drivers offer their time and are utilised to perform this service. 2,000 of these Volunteer Drivers use their own cars to deliver services. There are over 1,000 employed drivers in Community Transport. In 2009-10 it is estimated that 35 million kilometres of service were driven providing nearly 3 million trips to around 200,000 clients across NSW.

Community Transport programs provide transport to disadvantaged groups with access to services and social contact where conventional public transport systems are not generally viable or appropriate.

Community Transport is an essential service for the promotion of wellness, integration and enablement for people that are transport disadvantaged.

Devolution and Outsourcing of Housing, Disability and Home Care Service Delivery from the Government to the Non-Government Sector

a) State Government processes, outcomes and impacts of transferring housing, disability and home care services from Government to non-Government agencies

The outsourcing of Government services to non-Government agencies has to be considered carefully as there are many advantages and disadvantages as well as important considerations around the quality and level of service delivery to the community.

Increasing competition and devolving Government services into the community may in some cases decrease costs, increase service flexibility but it also directly reduces the ability of Government to control, monitor and regulate services.

Self-regulation has proved problematic in many areas of outsourcing and requires the Government to instigate a more proactive stance and stringent control of the compliance mechanisms in order to maintain continuous quality improvement and best practice.

There is considerable evidence that the non-Government sector can deliver services in a more cost effective manner, provide greater flexibility required, enhance innovation and focus on client centred care. The quality of care should override the cost of care.

Devolving and outsourcing of housing, disability and home care services should not be driven by value for money considerations but the primary consideration of whether the service being supplied meets the best standard of care that is expected by the community and the client.

Competitive tendering and outsourcing (CTC) increases competitive neutrality and establishes a contractual framework whereby the most appropriate service organisation provides the most appropriate service to the people who have the greatest need.

Throughout NSW Community Transport provides services to people on behalf of the Government. It achieves this service provision efficiently and effectively through contract arrangements. Community Transport provides services directly to people utilising public housing, disability and home care services. Without access to Community Transport many people utilising these services would remain isolated, disconnected and disadvantaged. It is crucial to the Government's thinking that Community Transport is acknowledged as an enabler for people to access a broad range of services in their communities.

Research has proven that people can remain in the community longer and avoid premature institutionalisation by access to Community Transport. 'Ageing in Place' is recognised as beneficial not only for the people engaged in the process but also for Government. Community Transport is an integral part of this process and should be factored into any devolution or outsourcing of Government servicing. Without this consideration the process will have a negative impact on all stakeholders involved.

b) The development of appropriate models to monitor and regulate service providers to ensure probity, accountability and funding mechanisms to provide quality assurance for clients

The development of appropriate models should consider viability issues that occurred with the tendering of the Victoria Ambulance Service (VAS) and Commonwealth Employment Service (CES) throughout Australia. In Peter Abelson Report on the "*Outsourcing of Public Services in Australia: Seven Case Studies*" profound issues of fairness, probity, transparency and accountability where raised.

The development of appropriate models will require significant structural and legislative reform across the sector. Transparency and accountabilities, especially in relation to the funding mechanisms and tendering must occur to ensure efficacy.

All contracts should have a series of mandatory performance indicators in place to measure the level of compliance of the contractor within the requirements of the specifications. Reporting requirements and an annual assessment would require the establishment of an independent body to oversee contractual arrangements. The cost of which would impact on the efficiencies of the funding streams as regulated systems are complex and expensive to administer.

There is now an opportunity, through the Committee, for Government to develop strategies systematically that will make a positive contribution to the health and wellbeing of NSW residents. It is also essential to recognise that no service type stands alone. Interdependencies of service networks, especially those that exist between housing, home care and people with disabilities are linked through transport.

Community Transport enhances people's ability to access other services. It is critical when considering outsourcing of service that the funding model considers transport as an essential part of the tender model and subsequent costs are built into the outsourcing structure.

There are existing funding mechanisms to provide quality assurance for clients, accountability and probity which are administered through Transport for New South Wales (TfNSW). The Community Transport Organisation believes that this is the most appropriate method and TfNSW should continue to play a major role in compliance, monitoring and assessment.

This process can be further strengthened by the Accreditation of Community Transport organisations and the Authorisation of Drivers. Community Transport needs to be recognised in the *NSW Passenger Transport Act (1991)* and achieve the same standing as other transport modes throughout the State. This is crucial to the ongoing quality assurance of service provision to clients.

c) The development of appropriate levels of integration among service providers in rural and regional areas to ensure adequate levels of supply and delivery of services

The Community Services Committee must ensure that the needs of the clients are placed at the centre of the planning and decision-making to provide quality assurance for clients. Furthermore the Committee must acknowledge that the clients' needs are diverse and that the evolution of these models must support those needs.

The Committee should recognise the existing complexity of prevailing service models and commit to improving the client experience by working with the community to ensure that services in metropolitan, rural and regional NSW focus on access to essential services such as housing, home care and disability services. It should understand that the quality and availability of these primary services affects people's social and economic opportunities and their quality of life.

Service provision must remain accessible, equitable and affordable to all people in NSW. Especially for people with special needs or those who are disadvantaged. Within the target population there are a number of special needs groups including Aboriginal and Torres Strait Islanders, people from non-English speaking backgrounds, people with mental health issues, financially disadvantaged persons and people living in rural and remote areas.

In rural and remote communities services are sparse and fair distribution of service provision may be highly problematic in some areas. The NSW Government's priorities for improving processes, outcomes and impacts in NSW must include strengthening and integrating Community Transport into the Government's vision. Thereby ensuring that different service modes work together and that the interests of clients are put first. Future sustainability should be a priority for the NSW Government.

The Committee should recognise that in some rural and remote communities the only transport available to these service types is Community Transport. The outsourcing of housing, disability and home care services from Government to non-Government agencies must ensure that suitable and appropriate mechanisms of regulation are implemented to guarantee the continuum of care to people who will be disadvantaged by the process.

Community Transport operates in areas where access to services is difficult. To ensure adequate levels of supply and delivery of services to these areas attention to the integration of transport modes needs to be monitored and evaluated. As needs change constantly within these areas planning should be commensurate to these changes.

Health Related Transport (HRT) in rural and regional areas is essential for wellbeing. Transport to hospitals, clinics, specialists and other allied health services remains haphazard and unsustainable. Community Transport provides much of the HRT in NSW however in the Report '*No Transport No Treatment*' by the New South Wales Council of Social Services (NCOSS), the NSW Cancer Council and the Community Transport Organisation there were 90,000 incidents of unmet need throughout the State in relation to HRT.

There needs to be increased funding, planning and integration of service provision across the State to ensure people with the greatest needs are not relegated.

d) Capability frameworks ensuring that community agencies are not overly burdened by regulatory constraints

Some of the issues ensuring the reduction of regulatory constraints and compliance in the not for profit sector that need to be considered are:

- Tendering is complex and byzantine – there needs to a simplification of process.
- Disparity in tenders across funding streams and regions – there needs to be a uniform planned approach across the State.
- Costly, cumbersome and intrusive audits – there needs to be a streamlining of compliance regimes and a recognition of similar processes.
- Convoluted wording and repetitive paperwork – there needs to be a reduction in jargon and increase in the use of plain English.
- Timeframes are unachievable and unrealistic – the deadlines for submissions and notification of tenders need to be standardised and tenders need to be offered at times that are "off-peak". No tenders should be tabled at Christmas, New Year, Easter or end of financial year.
- Multiple contracts and reporting – there needs to be standardisation and simplification of contracts and reporting mechanisms.

Larger not for profits find it easier to deliver tenders and achieve compliance than smaller not for profits. These rigorous tender and compliance processes are weighted against smaller services and favour larger services. Smaller services do not have the corporate structure, human resources or the ability to compete with larger services in the application for tenders. It should be recognised by the Committee that bigger is not always better.

In 2009, the Department of Premier and Cabinet (DPC) conducted a review of red tape issues facing the NGO human services sector. The resulting Report, "*Non-Government Organisation Red Tape Reduction (Red Tape Review)",* identified opportunities to reduce red tape and recommended various actions to achieve these.

The Review identified opportunities for improvement in selecting, contracting and monitoring, acquittal and reporting

Opportunities for streamlining selection processes involved in allocating funding identified in the report included using electronic lodgement systems, reducing the amount of information provided by using information already available to the funder, and consistency in processes.

Opportunities for streamlining contracting, particularly for those NGOs funded across a range of programs and / or agencies identified in the report included standardising common terms and conditions, using a form of contracts proportionate to funding risk and standardising insurance requirements.

Opportunities for improvements to monitoring, acquittal and reporting practices identified in the report included standardise quality management and accreditation systems across agencies, standardise financial thresholds for audited statements and sharing of financial information within and across agencies.

e) Enhanced capacity building and social integration in the delivery of services by local providers

Building and strengthening the Community Transport Program would provide practical and realistic solutions in New South Wales for many small and remote communities where there are no taxis, buses or trains. However not all transport isolation occurs in remote and rural regions. Increasing populations of people, many of whom are retired or reaching retirement, live in satellite areas outside of Sydney or in coastal towns where land and housing is affordable.

As our populace ages the demand for transport will inevitably increase placing severe pressure on the existing system which 'offload' high need clients to Community Transport as it has done in the past. Conventional transport is also prohibitively expensive and logistically inflexible whilst Community Transport's door to door assisted service is more appropriate and accessible.

Community Transport augments other transport systems and provides transport reciprocity between modes as well as being innovative, flexible and responsive to clients and accountable to funding providers. Social Justice is deeply embedded into the ideology of Community Transport. Access and equity are fundamental principles that determine Community Transport's concept of social inclusion. Community Transport is a foundation enabler of the 'Wellness Model'.

Numerous 'Wellness Model' research projects have repeatedly demonstrated that people generally remain better-off and healthier for longer if they are able to remain at home as functional members of their own communities. Community Transport enhances people's connectedness and reduces social isolation. There is clear evidence that Community Transport contributes to more sustainable communities. Equitable access to mobility improves social well-being for regional and rural customers. Community Transport enables people to maintain their health and independence for as long as possible.

Community Transport's provides appropriate, flexible and targeted services that are capable of maximising the customers' independence which are essential elements of the wellness equation. Customer centred service provision is the overall aim and they improve functional independence, quality of life and social participation.

The World Health Organization defines: "Active ageing as the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age." This is core belief of Community Transport and it should be adopted by TfNSW as a central tenant in the NSW Government's vision for an integrated transport system.

It should also be recognised by TfNSW that there will always be people for whom public transport is not an option, and will never be an option due to frailty, disability or other special care needs. These people constitute the core target group of HACC funded transport services and remain the priority for Community Transport services.

TfNSW should establish permanent advisory and planning groups for people with special needs and accept that conventional mass transport will not be the solution for all clients.

f) Future employment trends, expectations and pay equity for women employed in the non-Government sector

Traditionally women have been paid less than men. This is evident in the community sector that encompasses housing, disability and home care. Achieving equity for women's pay and conditions has been a long held belief in the community sector - Equal Pay for Equal Work.

The interim decision released by Fair Work Australia (FWA) on 16 May 2011 ruled the Australian Service Union (ASU) had proved that social and community services workers in the not for profit sector are underpaid and that at least part of the reason for that underpayment is gender.

Women due to caring responsibilities are more disadvantaged than men; women are often under employed and relegated to the part time and casual workforce. As such women have diminished opportunity of earnings. The impact of this creates a gender divide in retirement as women have less superannuation and therefore will be worse off financially than their male counterparts.

Women make up 87 per cent of social and community sector workers and there are more than 30,000 employees in the not for profit sector and other non-Government organisations. Yet women are under represented in top leadership roles.

However there is an unsubstantiated and incorrect belief in certain sectors that a fully funded pay rise for women could lead to cuts in Government services, budget shortfalls, unemployment and higher taxes. This is simply not true.

Equal pay for women must be factored into all future tenders as a standard.

The benefits of this standardisation will attract more women into the sector, retain women in the sector for longer, guarantee a career path for women and enhance the opportunity for women to return to the workforce.

g) Incentives for private philanthropy in the funding of community services

The incentive for private philanthropy in the funding of community services has two major issues:

1. Australia has one of the lowest private philanthropy rates in the world; and
2. Only community organisations that have Public Benevolent Institution (PBI) status are legible to accept funds and provide a rebate; many organisations are not PBIs.

It is widely acknowledged that Australians are bighearted and give generously however the number of charities has increased dramatically over the past few years and competition in the market place for philanthropic donations is fierce. Redistribution of wealth and resources from the well-off to the less-well off-in Australia is a contentious issue.

High profile large charities get large donations. They spend large amounts of money obtaining and soliciting donations from the general public and other sources. They have professional teams of tender writers, fundraisers, corporate giving strategies and advertising campaigns to raise awareness of their organisation and their cause. These perceived 'aggressive' fundraising techniques are losing favour with the community and the donor.

Smaller, localised community based organisations which are not high profile are often overlooked. In a system where profile is everything, donations and giving does not trickle down. Many smaller organisations receive little or no donations at all. Sustaining organisations through these methods creates numerous problems. It also diverts energies away from service delivery, the core business, to fundraising activities.

There are many ethical considerations on the distribution of funds equitably across a broad range of services to ensure that a 'fair share' of monies are received by a number of services and not just a select few.

Community Transport is an extremely 'worthy cause' and provides essential services to thousands of people but traditionally has had a low profile and has little impact on attracting media attention. Community Transport is a quiet achiever.

The Government needs to increase incentives for philanthropy in Australia.

h) The use of technology to improve service delivery and increase cost effectiveness

The use of technology to improve service delivery and increase cost effectiveness, especially in the community sector is justifiable. Citing the use of existing technology in referrals, information sharing and reducing duplication are commonplace and relevant.

Numerous organisations are already engaged in the use of information and communications technologies (ICTs) to enhance their ability to deliver services. However limited financial resources and skills gaps have led to many organisations struggling to remain current with developments and keep up with innovations.

Communication and collaboration is essential for community services to maintain their efficacy in the face of fast moving change. Maintaining existing systems and updating those systems is financially stressful and requires ongoing allocation of funding and redirection of other resources.

Productivity is inextricably linked to ICTs in all sectors. The community sector is vulnerable to technology lag or gapping, especially around data and information management. There is a gap between the introduction of technology and adoption of technology in the community sector due to a variety of reasons. Primarily the reasons are cost and affordability, education and skilling up workers and technology suitability in rural and remote areas.

Major concerns have also arisen around privacy and confidentiality of records for clients due to the fact that service organisations may be funded from multiple sources which require multiple compliances and reporting mechanisms. Questions arise regarding the continuity of methodologies, access and reporting. The use of personal information, storage, security and disposal are of paramount concern to clients and organisations.

The Committee should recognise that to achieve devolution and outsourcing of community servicing specific funding has to be allocated for ICT in the community sector. Especially in relation to Community Transport requirements for On Board Vehicle Technology (OBVT), data management systems, vehicle booking capabilities and assessment of clients. These technologies increase efficacies across the sector and reduce duplication. They also allow a greater interface with housing, disability and home care services and a direct increase service delivery.

At present there a varying levels of ICT in the sector with disparate technologies. Technologies tend to be city centric in operation. Until technologies are available and sustainable across all of New South Wales and not just primarily coastal areas, there remains major issues with the roll out and adoption of these technologies in rural and regional communities.

For Community Transport to proactively deliver services a comprehensive ICT system needs to be implemented. This process needs to include current operational systems and future developments in the sector. Best practice benchmarks need to be established, protocols for both information sharing and data management, with strict controls around privacy and confidentiality.

i) A comparison of the management and delivery of similar services in other jurisdictions

There is comprehensive evidence of the management and delivery of similar services in other jurisdictions that are successful. Inversely there are clear examples of this process failing. The Committee needs to ensure that any devolution or outsourcing of Government services to the Non-Government sector is managed, monitored and rigorously assessed for the best possible outcomes for all stakeholders.

Housing, disability and home care services are communitarian principles of Australian society. There are long held beliefs within our society that the Government provides a safety net for those who are disadvantaged. The Government's role is to ensure that people and communities are strengthened through the development of social capital and social justice.

The development of the community housing model in NSW, the outsourcing of disability services to community organisations and the provision of home care services by not for profits exemplifies the resilience of communities to adapt to new models, deliver high quality client focus care and ensure viability.

The **advantages** of contracting out include the potential for: cost savings; increased accountability of service providers through contract specifications and performance measurement; better work and management practices; access to greater skills, knowledge or technology; better use of capital and equipment; better service quality; greater flexibility in services; local industry development; and fewer industrial relations issues (pp 16-22).

The **disadvantages** of contracting out include the potential for: reduced accountability of Government for contracted services; loss of privacy and confidentiality of personal information; collusive tendering and other tendering problems; loss of control by the Government over the contracted services; reductions in quality of services; the costs of outsourcing; savings to Government resulting from losses to other groups, rather than from increases in efficiency; and the effects on levels of employment and on the wages and conditions of employees of contractors (pp 22-29).

Outsourcing in the Public Sector by Honor Figgis and Gareth Griffith
Briefing Paper No 22/97 – 1997

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j) Any Other Related Matters

Volunteers

Community Transport recognises the importance of more than 2,500 volunteer drivers in NSW. The CTO understands that the Government and the sector both want to develop service delivery to clients by encouraging participation by volunteers.

According to the ABS, older people volunteer more than younger people. 38% of the adult population (6.4 million people) volunteer. The estimated number of volunteers in Australia doubled from 1995 to 2010, with volunteers contributing more than $10 billion annually.

This is of particular relevance to Community Transport due to the fact that some operators rely heavily on volunteers to deliver services. The Committee should recognise the importance of volunteers in relation to community services and ensure that strategies are developed and implemented to enhance volunteer opportunities in those areas to be outsourced and in organisations that deliver those services.

Demographics

By 2031, 20 per cent of the NSW population will be over 65.

As the population of NSW ages there will be a greater pressure on mainstream services to address the needs of those clients who find it increasingly difficult to obtain and maintain transport access. Community Transport will become increasingly more important as the demographics shift. The transport system of the future will need to be multi-modal, serving the needs of all clients wherever their journey takes them.

Due to these gerontological factors, conventional forms of transport will be problematic for both the clients and the providers. Community Transport will become a critically important nexus. Community Transport will be able to supply transport in the space between conventional public transport and private transport. There is a need for additional requirements beyond mainstream transport as the clients will require specialised services encompassing the principles of Duty of Care and Dignity of Risk. The safety of the clients and the general public should be embedded within legislation and planning so that there is a framework of protection that will not be in conflict with the long term vision of the Government.

Community Transport recognises that the effective movement of clients is a challenge. Meeting this challenge requires specialist knowledge, ability and resources. This specialisation will define Community Transport in the future. It will differentiate the service from other transport modes. The planning framework needs to recognise that different clients require different types of transport.

The Committee must acknowledge the ageing populace of NSW as major present and future issue and recognise the importance of Community Transport as a key connector for clients who will have distinct mobility needs.

Recommendations

Recommendation 1

The Government needs to ensure stringent control of both quality of care and practice by guaranteeing that tendered agencies adhere to high standards of service.

Recommendation 2

Development of models to monitor and regulate service providers should include mandatory performance indicators. An independent body is recommended to oversee contractual arrangements.

Recommendation 3

All planning of service models should be done in consultation with relevant client groups, it must be recognised that differing clients have differing needs and all planning should encompass this.

Recommendation 4

Tendering should be an equal playing field for both large and small organisations. Tenderers should acknowledge that smaller organisations are disadvantaged in competing with larger organisations. Smaller not for profit organisations are just as valuable at providing services as larger organisations.

Recommendation 5

The aging population requires further investment of government resources in Community Transport to ensure the wellbeing of aging Australians. Wellness planning needs to be inclusive of ageing in place strategies.

Recommendation 6

TfNSW should establish permanent advisory and planning groups for people with special needs and accept that conventional mass transport will not be the solution for all clients.

Recommendation 7

Women in the social and community sectors should receive equal pay; this must be reflected in all future tenders. Tenders should create opportunities for women to be involved in the workforce.

Recommendation 8

The Government needs to support private philanthropy in Australia, and encourage donations to be made to smaller organisations that do not have the resources to secure donations themselves.

Recommendation 9

Provisions should be given to Community Transport providers in order to upgrade ICT systems to ensure that this sector remains current. Best practice benchmarks should be utilised to ensure client confidentiality.

Recommendation 10

All devolution and outsourcing of Government services must be managed, monitored and assessed to ensure best possible outcomes for all stakeholders.

Recommendation 11

The committee should ensure continued involvement of volunteers in the community sector. Strategies for enhanced volunteer participation should be included in all areas of devolution and outsourcing.