



Legislative Assembly Committee
on Community Services Inquiry
into Outsourcing Service Delivery

NSW Government Response to
Questions on Notice

September 2012

QUESTION 1: The Productivity Commission reported on the Contribution of the Not for Profit Sector in January 2010 (p6).

Since the release of the Productivity Commission report in 2010, has there been any major change in the design of community service delivery programs in NSW to date?

How are the recommendations in the report guiding your current thinking and design of delivery systems on the ground?

The 2010 Productivity Commission Report on the Contribution of the Not for Profit Sector included a number of recommendations around the themes of:

- Smarter regulation of the not-for-profit sector;
- Building knowledge systems;
- Improving arrangements for effective sector development;
- Stimulating social innovation;
- Improving the effectiveness of direct government funding; and
- Removing impediments to better value government funded services.

Since its release in 2010, this report has been used by the Department of Family and Community Services (FACS) to guide its work program in sector development. This includes a focus on NGO capacity building; supporting innovation and service delivery flexibility; improving reporting and the evidence base; reducing the regulatory burden whilst also improving monitoring and compliance; and implementing and improving quality standards and frameworks.

All FACS reforms being undertaken in partnership with the NGO sector are being guided by the recommendations of this report. The NSW Government submission to the Legislative Assembly Community Services Committee Inquiry Into Outsourcing Community Services outlines in detail the achievements thus far and the future directions being undertaken by the NSW Government that will support implementation of the report's recommendations.

QUESTION 2: the NSW Government submission refers to the NSW Health NGO Review Recommendations Report, released in 2012 (p6). This report echoes the main recommendations in the Productivity Commission report, namely the reduction of complexity, improved accountability, strengthened NGO partnerships and improving effectiveness of service delivery.

- a) Are there major differences in the way health services are delivered which distinguish these from other community based services when looking at transferring these to the NGO sector?**
- b) How do the commissioning and contracting methodologies referred to in the submission (p6) differ between Education, Health and FACS portfolios?**

a) Are there major differences in the way health services are delivered which distinguish these from other community based services when looking at transferring these to the NGO sector?

The majority of NSW Health services are delivered within a clinical governance framework. Clinical Governance is the term used to describe a systematic approach to maintaining and improving the quality of patient care within a health system. It reflects the fact that the relationship between patients in the health system is a different one to that of clients of community based services. The concept of clinical governance integrates clinical decision-making in a management and organisational framework and requires clinicians and administrators to take joint responsibility for the quality of clinical care delivered by the organisation. The services commissioned by the NSW Health from the NGO sector are required to take this approach and are accountable for this in the reporting against funding received.

More information on the Clinical Governance Framework can be found here:

<http://www.health.nsw.gov.au/resources/quality/pdf/cgudirstat.pdf>

b) How do the commissioning and contracting methodologies referred to in the submission (p6) differ between Education, Health and FACS portfolios?

Government agencies are required to operate within the Government's procurement policy and guidelines. The Government's procurement policy provides the framework for agencies to achieve value for money from their procurement whilst being fair, ethical and transparent. The Policy applies on a whole-of-government basis to all government departments, statutory authorities, trusts and other government entities.

However, there is flexibility within the procurement system due to different service delivery and client needs and, hence, differences in the way in which funding agreements are designed both within and between individual government agencies.

For example, individual agencies within the FACS portfolio have recently implemented a range of reforms to their funding agreements:

- From 1 July 2012 *ADHC* introduced a streamlined Funding Agreement which includes flexibility in managing any changes to services; a focus on person centredness to support the move towards individualised funding arrangements; and a simpler explanation of providers' performance obligations and compliance requirements.
- *Community Services* is developing a Sign Once Agreement process in consultation with the Crown Solicitor to remove the necessity for regular renewal and signing to reduce the time intensiveness and complexity of the current system.
- In 2011, *Housing NSW* introduced a new streamlined contractual framework for registered community housing providers that receive assistance (in the form of funding, land, property or a partnership arrangement).

The Department of Education and Communities (DEC) processes for commissioning and contracting early childhood services currently mirror those of FACS. The processes involved in the contracting of these services will essentially remain the same as the full transition of these functions from FACS to DEC is finalised over the next 12 months. Upon the finalisation of the transition the funding and contracting will be managed by DEC using a new purpose-built database system.

The NSW Health has recently introduced the Grants Management Improvement Program (GMIP), which will introduce changes to current funding processes. The GMIP will achieve greater transparency in funding and resource allocation decisions by introducing contestability. In addition the historically based triennial granting process will be replaced with a new granting policy including changes to the NSW Health's approach to requests for ad hoc funding and sponsorship funding.

The GMIP will provide a framework for Local Health Districts to purchase new approaches to out-of-hospital care to be delivered by NGOs and community based service providers. This will allow the NGO sector and other community providers to take on new roles in the direct provision of care to the community. GMIP will build better partnerships between the NSW Health and the NGO sector to improve healthcare for the people of NSW.

QUESTION 3: The NSW Council of Social Service has referred to a NSW Community Sector Charter, developed by the Forum of Non Government Agencies and NCOSS (sub 80, p4)

Are you aware of the Community Sector Charter? If so, what is your opinion on its usefulness in strengthening the relationship between the Government and the community sector?

Have you had any discussions with NCOSS about the Charter?

The Community Sector Charter is a high level statement which reflects the composition of the Forum of Non Government Agencies and the community services sector more broadly. It is a useful tool for Government to understand how the community services sector understands itself, how it will work with its own organisations and with others. It is a useful context to build the relationship between government and the community services sector.

The Charter has been discussed in meetings between NCOSS and the Director-General of the Department of Premier and Cabinet and with NSW Government Ministers.

The NSW Government recognises the Charter as a positive contribution to the ongoing development and strengthening of the partnership between NSW Government and the community services sector, many of whom are small to medium NGOs who do not have representation through other sectors such as disability.

QUESTION 4: The submission from the Community Transport Organisation argues that access to community transport is a critical component of community care and should be factored into any outsourcing of Government services (sub 35, p3).

To what extent does the provision of community transport play a part in the development and design of current models of transport services to the NGO sector?

From 1 July 2012, the Australian Government assumed responsibility for Home and Community Care (HACC) services for older people (people over 65 and over 50 for Indigenous Australians).

Following this transition, Ageing, Disability and Home Care (ADHC) is responsible for \$9.4 million funding for transport services for younger people. The budget pre-transition was \$52.2 million – the Commonwealth Department of Health and Ageing (DoHA) holds the contract and has responsibility for the majority of this service type.

The \$9.4 million remaining with ADHC includes community transport and some transport to centre based day care services.

The community transport funding is administered by Transport for NSW (TFN) on behalf of both ADHC and DoHA. TFN has shared policy and funding responsibility for this service type in NSW, as it also holds the broader transport portfolio and expertise.

With very minor exceptions, predominantly in rural and remote areas, community transport services are delivered by non-government organisations.

Community transport under the HACC program provides medical transport, shopping and group outings. It does not provide transport to and from employment or day programs. Other transport services, such as those funded through NSW Ministry of Health and TFN, provide additional transport service for people with a disability and frail, aged people.

Planning for all HACC services, including transport, is done at a local level. Non-government providers are actively involved in this and frequently provide a coordinating role. A local needs approach is taken, where needs are identified and prioritised by the local area prior to being submitted for consideration.

Community transport has been identified consistently as an area of need across NSW. This service type has received the following growth funding in recent years:

2010/11 - \$2.6 million

2011/12 - \$2.9 million

These were the largest amount of recurrent growth funds to any HACC service type in both years. This funding was allocated prior to the HACC transition and provided under the jointly funded program.

Several innovative transport models, such as travel training, corridor buses and enablement models were funded in 2011/12 in response to community need.

QUESTION 5: The Department of Family and Community Services is the largest funder of NGO services in NSW, representing 47% of its budget. The submission makes the point that funding growth is increasing and that various engagement approaches are used to fund a diversity of non-Government organisations (p 19).

- a) Can you provide the Committee with an estimate of how large the NGO contribution to community service delivery will be in the next decade and whether the current rate of growth will be maintained at the same level?**
- b) Is it the intention to reduce Government direct involvement in service delivery over time to cover selective clients only? If so, who are these clients?**

Based on current Government policy settings the funding to the NGO sector will be over \$3 billion by the end of the next decade.

Over the forward estimates (2012/13 to 2015/16) the growth in funding to the Non Government Organisation (NGO) sector is forecast to reach \$2.7 billion or 53% of the FACS Budget. The primary growth is in disability services following the roll out of *Stronger Together*, a new direction for Disability Services in NSW – the second phase 2011-2016.

FACS will continue to deliver services in areas where community capacity through NGOs is limited or non-existent and where the risk of providing those services through an alternative provider is considered to be too great, other providers are non-existent, or are not willing to deliver the services.

In these circumstances FACS-delivered services also provide infrastructure across NSW which cannot be readily replicated by NGO providers.

FACS is adopting a partnership approach to NGO service delivery and there is a role for ongoing Government service delivery to clients.

QUESTION 6: The submission refers to a range of State and Commonwealth taxation measures and concessions to assist NGOs financially (pp7 – 9).

- a) Are the taxation incentives listed in the submission designed mainly to assist not for profit agencies or are they also able to be accessed by for profit providers?**
- b) Has there been any impact of the proposed changes in charitable status for organizations to be implemented over the next year and do you think this will influence the work of any currently funded agencies?**

a) Are the taxation incentives listed in the submission designed mainly to assist not-for-profit agencies or are they also able to be accessed by for profit providers?

The submission contained a sample of the types of tax concessions available to NGOs. For each of these specific taxes there are a range of concessions and exemptions, some of which may be applicable to for profit organisations depending on the purposes for which the exemption is claimed. For example, the discussion paper cites Commonwealth income tax concessions which may apply to the profits generated by the unrelated commercial activities of an NGO but only if those profits are directed to the NGO's altruistic purpose (p8).

b) Has there been any impact of the proposed changes in charitable status for organizations to be implemented over the next year and do you think this will influence the work of any currently funded agencies?

The changes to the legislative definition of what constitutes a "charity" are still under discussion between the Commonwealth and the States as part of a wider reform of the not for profit and charities sector. As the definition has yet to be settled or implemented through legislation, it is not possible to determine what impacts might flow from these changes at this time.

QUESTION 7: In describing the reforms driving the shift towards NGO based service delivery, the submission lists the main programs guiding this process, namely Stronger Together 2, Out of Home Care, Community Housing, Community Care Transition and Keep them Safe (pp10 – 13).

- a) How are the reform programs cited in the submission being evaluated to chart progress and measure outcomes?**
- b) Can you explain how the recently announced Ability Links program, referred to in the NDS submission (sub 67, p12) operates?**
- c) The submission also states that agreements with NGOs will be harmonised where benefits to the NGO sector become clear (p13). What kinds of benefits are being referred to and how will these be measured?**

a) How are the reform programs cited in the submission being evaluated to chart progress and measure outcomes?

FACS has established a robust program management framework for all reforms that will track, manage and report progress and measurement of related outcomes.

In order to oversee this work, FACS has established a central evaluation unit that will drive planning, collaboration and capacity development for evaluation across the department. This unit will coordinate the evaluation of the reform programs cited in the submission with the exception of Keep Them Safe.

In relation to Keep Them Safe, the Government has established a separate Evaluation Steering Committee, composed of representatives from relevant Government agencies and the NGO sector. This is in line with Justice Wood's recommendation that "assessments and interventions should be evidence based, monitored and evaluated". This committee has three responsibilities:

- (1) to oversee the Interim Review of Keep Them Safe (due to conclude by late 2012);
- (2) to oversee the Strategic Impact and Outcomes Evaluation (due to be conducted over 2013, and to conclude by June 2014); and
- (3) to advise individual agencies on reviews and evaluations of individual initiatives undertaken as part of Keep Them Safe.

b) Can you explain how the recently announced Ability Links program, referred to in the NDS submission (sub 67, p12) operates?

Ability Links NSW is one of the NSW Government's first steps in reorienting the disability system to one which is person-centred and builds on people's strengths with a focus on community inclusion and participation. A tender conducted earlier this year for providers to deliver this new initiative was unsuccessful. A Taskforce has been established to provide advice on the establishment of an entity to deliver Ability Links NSW so that it is fully operational in the Hunter region by 1 July 2013 and the remainder of the state by 1 July 2014.

c) The submission also states that agreements with NGOs will be harmonised where benefits to the NGO sector become clear (p13). What kinds of benefits are being referred to and how will these be measured?

The NSW Government submission reference to harmonising arrangements refers to arrangements between the Australian Government and the NSW Government, rather than between the NSW Government and NGOs (pp8 -13).

The submission was referring in particular to the National Not for Profit Reforms which are being considered over the next 12 – 24 months in four key areas including:

- advancement of nationally consistent regulation of charities as determined by the Australian Charities and Not-for-profit Commission (ACNC);
- harmonisation of legal, governance and reporting regulation for the Not-For-Profit sector;
- harmonisation of tax-treatment for non-charitable activities of charities; and
- advancement of a nationally consistent approach to fundraising regulation.

NSW is engaged in this process and will consider harmonising arrangements where they provide appropriate levels of accountability, do not impose overly burdensome regulatory requirements, and generate genuine benefits for NGOs operating in NSW.

QUESTION 8: The submission states that the increasing client base continues to outpace service supply, particularly in rural and remote areas directly impacting on Indigenous communities (p20).

- a) In the design of service models, how much priority is being given to the continuing increase in demand for services and how is this factored into the systems being developed?**
- b) How are the particular needs of Indigenous people and communities being taken into account?**

a) In the design of service models, how much priority is being given to the continuing increase in demand for services and how is this factored into the systems being developed?

Family and community service delivery is impacted by demand growth, workforce constraints, and fiscal pressures.

Demand for these services comes from a diverse client base that includes some of the most vulnerable and disadvantaged people in NSW and continues to outpace the supply of services in this area.

NSW Government expenditure by FACS is budgeted to be around \$5.4 billion in 2012/13, with average growth of the budget in recent years exceeding 8% per annum.

All FACS reform areas are focused on managing the ongoing demand for services. All reforms have a focus on building the capacity of the existing service system (Government and NGO) and in applying an early interventionist lens on services to reduce further escalation of need.

Community housing and homelessness

Planning for the future: new directions for community housing in NSW emphasises the importance of the growth and ongoing viability of the community housing sector to meet the needs of people in the greatest housing need. It also acknowledges the ability of the community housing sector to provide diverse and flexible responses to meet individual and local housing needs.

The strategy is based on an understanding that the community housing sector can deliver more housing than Government alone, as well as a high level of service delivery and enhanced social benefits.

The *Going Home, Staying Home* reforms to the specialist homelessness sector aim to achieve a better balance between prevention, early intervention and crisis support to assist in meeting the *NSW 2021* commitments:

- A 7% reduction in the number of homeless people
- reducing the number of Aboriginal people who are homeless by one third, and
- reducing the number of rough sleepers by 25%.

Keep them Safe/Out of Home Care reforms

Through *Keep them Safe* it has been acknowledged that outcomes for children are better, and services are more effective, if families are supported earlier and problems are addressed before they escalate. *Keep them Safe* has focused on not only strengthening child protection and out of home care services but also prevention and early intervention initiatives.

Demand for out-of-home care has historically increased by 5% per annum, however recent reforms have started to reduce this rate¹.

Stronger Together 2

Actuarial modelling to determine demand for disability services was undertaken by ADHC in developing both Stronger Together 1 and 2. Stronger Together 2 was determined based on a growth rate of funding of 5.8% per year. This rate was determined in order to avoid a return to a crisis driven approach to the supply of disability services.

This rate takes account of:

- the increasing numbers of people with a disability;
- the reduced capacity of carers as they age;
- the reduced capacity of carers due to the increase in workforce participation and reduction in family size.

The focus of Stronger Together 2 aims to manage this increase in demand and the delivery of appropriate services, particularly through the implementation of:

- person-centred approaches
- a lifespan approach; and
- a service system with the right capacity.

b) How are the particular needs of Indigenous people and communities being taken into account?

In NSW, there is an over-representation of Aboriginal people across the family and community service system. For example, Aboriginal people are over-represented in the child protection system. As at 30 June 2011, 33.9 per cent of children and young people in NSW's out-of-home care system were Aboriginal, yet less than four per cent of the total population of children and young people in NSW under 17 years are Aboriginal or Torres Strait Islander.

Nine Aboriginal Child and Family Centres are being established in NSW to bring together a range of integrated early childhood, health and family support services to improve the overall health and wellbeing of children and provide support for their families.

The Centres will consult local Aboriginal families to ensure services meet local priorities and needs, and they will work in partnership with existing local services to avoid duplication.

FACS is also responding to Aboriginal child sexual assault by:

¹ NSW Commission of Audit, Government Expenditure Final Report

- mentoring, supporting and recruiting more Aboriginal staff;
- working with the Joint Investigation Response Teams to improve response times and processes; and
- implementing the Safe Families Program in conjunction with Aboriginal Affairs, the Ministry of Health and the NSW Police.

Our Strengthening Families program provides priority of access to Aboriginal families, focusing on improving the long term safety and wellbeing of children aged under nine years (or unborn) who are assessed as being at the highest risk of future abuse or neglect.

Examples of FACS reforms targeting Aboriginal people

Aboriginal Housing

The *Build and Grow Aboriginal Community Housing Strategy* has been developed to ensure that the Aboriginal community housing sector in NSW can better meet the needs of tenants and communities, and become sustainable and financially independent.

Key features of the *Build and Grow Strategy* are removing the backlog of maintenance in community-owned homes, developing a new Aboriginal housing provider registration system, introducing a new rent policy and providing time-limited subsidies for registered providers.

The *Build and Grow Strategy* is supporting Aboriginal community housing providers to become a vibrant and professional sector that is independent of government grants.

Since July 2011, the Aboriginal Housing Office has:

- delivered 38 new homes for families in remote areas under the *Remote Indigenous Housing National Partnership Agreement*; and
- added 13 properties to the *Employment Related Accommodation Program* that provides housing for Aboriginal people from remote areas who are relocating to regional centres for work or study.

Aboriginal Homelessness

Aboriginal people experience homelessness at a much higher rate compared to non-Aboriginal people - a rate of 134 per 10,000 people, compared to 39 per 10,000 people in the non-Aboriginal population.

NSW 2021- A Plan to make NSW Number 1 targets a 33 per cent reduction in the number of Aboriginal people who are homeless by 2013 (consistent with Commonwealth targets).

A range of projects have therefore been established to specifically assist Aboriginal people under the National Partnership Agreement on Homelessness through Regional Homelessness Action Plans.

The Remote Indigenous Housing National Partnership (2009/10 - 2017/18), managed by Housing NSW and the Aboriginal Housing Office, provides funding of \$396.8 million for housing for Indigenous people in remote communities to address overcrowding, poor housing conditions and severe housing shortage.

Going Home Staying Home, will also deliver system-wide changes to improve client outcomes, including Aboriginal people who are homeless or at risk of homelessness.

Services to older Aboriginal people

Aboriginal Home Care, part of the Home Care Service of NSW, is the NSW Government's flagship program for older Aboriginal people. Aboriginal Home Care provides flexible and culturally responsive home and community care services to enable older Aboriginal people, and younger Aboriginal people with a disability to lead independent lives, and participate in their communities.

Aboriginal Home Care is the largest provider of community care services to Aboriginal people in NSW, operating out of eight Aboriginal branches and 23 service outlets throughout NSW. It is the safety-net of community care services to Aboriginal people throughout the state.

In 2012/13, an estimated 2,500 Aboriginal clients will receive 390,000 hours of Home and Community Care services.

Services to Aboriginal people with a disability

Aboriginal people are two and a half times more likely to have a disability and are far less likely to access formal disability services.

Services Our Way, Aboriginal Intensive Support Packages Program is a new flexible and innovative model of disability services to Aboriginal people, based on person centred approaches.

Services Our Way assists Aboriginal people with a disability and their carers to plan and prepare current and future living arrangements and supports.

Services Our Way has been implemented in the Southern Region of Ageing, Disability and Home Care since 2011 and is being expanded to the Northern and Metro North Regions in 2012.

Services Our Way represents a \$24 million investment from Stronger Together 2 over five years.

Health Services to Aboriginal People

The need to ensure access of Aboriginal people to coordinated, culturally competent mainstream health services is a priority. This need is being addressed through a number of initiatives which include:

- The development by the NSW Health of a 10 year Aboriginal Health Plan which will provide an opportunity to re-examine the best ways to achieve Aboriginal health equity, find new ways of working together, and to design the services Aboriginal people need and want to use.
- Implementation of the *NSW Health Aboriginal Health Impact Statement* (AHIS) which aims to ensure the needs and interests of Aboriginal people are embedded into the development, implementation and evaluation of all NSW Health initiatives. Refer http://www.health.nsw.gov.au/policies/pd/2007/PD2007_082.html. The

AHIS highlights the need for meaningful consultation and negotiation with Aboriginal people and the value of partnership approaches.

- Funding of initiatives under the *National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes* has supported a number of initiatives which aim to build the capacity of Aboriginal Community Controlled Health Services. This has occurred in relation to the capacity of the organisation as well as individual workers through the implementation of best practice, evidence based approaches and continuous quality improvement processes.
- Models of care for service delivery increasingly focus on the cultural competency of non Aboriginal service providers. The *Aboriginal Cultural Training Framework: Respecting the Difference*, which is mandatory cultural competency training for all NSW Health employees, aims to promote greater understanding of the processes and protocols for delivering health services to Aboriginal people and more respectful, responsive and culturally sensitive services. Refer http://www.health.nsw.gov.au/policies/pd/2011/PD2011_069.html

QUESTION 9: In the submission, reference is made to the dual roles of Government as funder and provider of services (p20).

If the Government retains a more limited role in the delivery of specialist services, what kind of service model will this involve?

Does this apply across all Government agencies currently providing community services?

The NSW Government currently delivers services in areas where community capacity through NGOs is limited or non-existent and where the risk of providing those services through an alternative provider is considered to be too great, other providers are non-existent, or are not willing to deliver the services.

In these circumstances, FACS-delivered services also provide infrastructure across NSW which cannot be readily replicated by NGO providers, for example the Home Care Service of NSW.

The NSW Government is adopting a partnership approach to NGO service delivery and there is a role for ongoing Government service delivery to clients.

Any changes to the role of NSW Government delivered services is dependent on decisions made by the NSW Government. At this stage the only reform of this kind is the Out of Home Care (OOHC) reform.

A description of the OOHC service model and reforms is outlined in the NSW Government's OOHC Transition Implementation Framework.

(Refer to the NSW Department of Family and Community Services (FACS), Ministerial advisory group (MAG) Transition Planning Unit 2011, *Ministerial advisory group (MAG) on transition of out-of-home-care (OOHC) service provision in NSW to the non-government sector, OOHC Transition Implementation framework*, FACS, Sydney

http://www.community.nsw.gov.au/docswr/assets/main/documents/oohc_transition_implementation_framework.pdf).

QUESTION 10: NCOSS has developed a set of Funding Policy Principles, which it recommends be used as a basis for negotiations between the NSW community sector and the NSW Government.

Have there been any discussions of the details of this Funding Policy Principles document with the NSW Government?

If so, what is your response to its possible adoption?

NCOSS has raised the issue of consistent funding approaches with the NSW Government and this was part of their 2011 NSW State Election Platform.

Many of the principles outlined by NCOSS such as reducing red tape, improved performance monitoring, sector planning, pre-qualification procurement approaches and a commitment to sector capacity building are already being implemented across FACS and NSW Health.

Some areas of FACS, particularly disability, are in the process of moving away from a program based or procurement model to an individual funding environment.

This person-centred approach to service delivery will mean a progressive shift from government determining the nature and composition of the market to it being almost completely consumer driven.

Within this context, the NGO sector will need to ensure that their fee for services incorporates adequate funding for their workforce, infrastructure requirements and service delivery.

It will also mean that many of the NCOSS funding policy principles are no longer applicable within the disability service system, as funding will be provided directly to clients.

QUESTION 11: One of the key priorities in the development of appropriate service models is the need to ensure financial accountability and effectiveness for Government funds expended. The submission outlines a set of parameters for funding agreements, specifically for the Department of Family and Community Services (p30).

- a) What have been the main issues identified to date in ensuring compliance with current funding arrangements?**
- b) Are there proposals to change the way these agreements are currently operating?**

a) What have been the main issues identified to date in ensuring compliance with current funding arrangements?

Financial accountability is assessed through an acquittals process that verifies the funding provided to organisations has been expended against the funding agreement. The NSW Government manages compliance through the monitoring and regulation of its funding agreements with NGOs and has robust processes and monitoring systems in place at a regional and statewide level to ensure funding agreement compliance.

FACS agencies have recently implemented a range of reforms to their funding agreements:

- From 1 July 2012 *ADHC* introduced a streamlined Funding Agreement which includes flexibility in managing any changes to services; a focus on person centredness to support the move towards individualised funding arrangements; and a simpler explanation of providers' performance obligations and compliance requirements.
- *Community Services* is developing a Sign Once Agreement process in consultation with the Crown Solicitor to remove the necessity for regular renewal and signing to reduce the time intensiveness and complexity of the current system.
- In 2011, *Housing NSW* introduced a new streamlined contractual framework for registered community housing providers that receive assistance (in the form of funding, land, property or a partnership arrangement).

b) Are there proposals to change the way these agreements are currently operating?

As a result of these recent changes to FACS funding agreements, there are no proposals to change the way these agreements are currently operating.

QUESTION 12: The submission states that some areas of FACS are moving away from a procurement model to an investment model informed by regulation (p32)

- a) Can you expand on the move away from procurement to an investment model of funding and how far this has progressed to date?**
- b) Can you also discuss other changes to funding arrangements involving output based acquittal and other assurance requirements relating to fraud and risk management controls?**
- c) Can these systems be applied across all agencies?**

a) Can you expand on the move away from procurement to an investment model of funding and how far this has progressed to date?

Through Stronger Together 2, the funding of disability services is in the process of moving away from a program based or procurement model to an investment model informed by regulation and individual client choice and purchase of services (person-centred approaches).

This person-centred approach to service delivery will mean a progressive shift from government determining the nature and composition of the market to it being almost completely consumer driven.

This will require a change in funding arrangements that balances individual funding with the need for service viability. FACS is exploring ways of 'underwriting' or investing in levels of service capacity to ensure adequate supply of services to meet people's needs.

In implementing the OOHC reforms, FACS has established a panel of providers from which OOHC services are contracted. Rather than requiring repeated testing of the market to transfer placement of OOHC places to NGOs, the NSW Government has 'vested' a notional number of places with NGOs as part of their contracts. This is also an investment model approach.

b) Can you also discuss other changes to funding arrangements involving output based acquittal and other assurance requirements relating to fraud and risk management controls?

An output based acquittals process links financial expenditure to output units delivered as per the service specifications set out in funding agreements with organisations. This is a performance monitoring process that focuses on outcomes achieved and not on funding inputs to service delivery.

c) Can these systems be applied across all agencies?

Procurement models used by Government should always seek to deliver the best possible quality and value, and the most effective outcomes, both for service users and taxpayers.

QUESTION 13: The Law Society of NSW, in its submission, believes there is greater need to clarify certain aspects of the outsourcing process to provide greater certainty. These include: the authority to exercise approval of the delegation; the legal basis of outsourcing to procure services; the ability of the public to access means of redress and oversight; and privacy issues (sub 62, pp 1-2).

Have the proposed outsourcing arrangements been the subject of any legal challenges to date? If so, what is the nature of such challenges?

The NSW Government is not aware of any legal challenges, current or proposed.

QUESTION 14: Other submissions have made reference to the nature of the funding pool, comprising specific and fully funded service agreements, as opposed to “grant contributions” (sub 2, p4)

a) Can you elaborate on the range of funding sources provided in accordance with current arrangements and how this impacts on the full costs of service delivery for organisations?

b) Is it expected that organisations supplement shortfalls by relying on fundraising and client contributions?

a) Can you elaborate on the range of funding sources provided in accordance with current arrangements and how this impacts on the full costs of service delivery for organisations?

NSW Government Departments have a range of different funding arrangements with NGOs, such as:

- funding of a specific service as part of a broad range of activities delivered by the NGO;
- a general contribution to an NGO's activities;
- funding contributions to align with services funded by other agencies and jurisdictions; and
- the full funding of an organisation by FACS.

These arrangements recognise that the funding provided is not a direct fee for service payment. The funding is also used to meet overheads and other non direct costs to support service delivery. Client contributions, for example contributions towards the costs of accommodation, are also an essential part of the model.

The NSW Government is currently reviewing its program funding in the family and community service system to streamline and integrate funding arrangements and contractual requirements to mitigate against duplication and inefficiencies for the small number of providers that have multiple funding arrangements.

b) Is it expected that organisations supplement shortfalls by relying on fundraising and client contributions?

There is an expectation that NGOs are responsible for their business and are able to maintain a viable business model to meet the full cost of service delivery.

FACS performance monitoring and relationship management processes work in partnership with NGOs to ensure that ongoing service delivery is being managed.

QUESTION 15: According to the NSW Government submission, empowering local communities is a priority for the NSW Government to ensure adequate support for vulnerable clients at risk of social isolation where services are non-existent or badly connected (p21).

- a) When meeting the needs of rural and remote areas, you cite the One Place One Plan initiatives as a mechanism to link communities with relevant agencies. Can you explain how this works?**
- b) How else do you propose to address the issues around lack of access and social isolation for people living in areas where there is either a paucity or complete lack of service provision?**
- c) How can you guarantee the quality of service provision and rights of clients in cases where a limited number of organisations may dominate the sector?**

a) When meeting the needs of rural and remote areas, you cite the One Place One Plan initiatives as a mechanism to link communities with relevant agencies. Can you explain how this works?

The 'One Place, One Plan' program has been developed to deliver regional, place-based planning for selected geographic communities, recognising the Regional Governance Framework and Regional Action Planning process instituted by the Department of Premier and Cabinet. The key objective of the One Place, One Plan program is the implementation of an integrated and responsive FACS service delivery system which assists in resolving community priorities and contributes to a self-reliant community.

The program seeks, where appropriate, to engage local government authorities, non-government organisations and Australian Government agencies to participate in responding collectively to community priorities around FACS' business. However, addressing the key coordination issues within FACS' Divisions is the primary focus.

b) How else do you propose to address the issues around lack of access and social isolation for people living in areas where there is either a paucity or complete lack of service provision?

A priority for the NSW Government is to establish concrete mechanisms that empower local communities to make decisions and directly influence what happens in those communities.

Making decisions at the local level, reflecting the real needs of a community, is fundamental to ensuring that vulnerable people are supported, risks to their safety and wellbeing are minimised, and social isolation is reduced. These issues can be exacerbated in rural and remote areas where services may be limited.

Non-Government service providers in rural and remote areas tend to be locally connected and often operate only within that community.

FACS has developed a range of approaches to support and connect local communities, particularly through planning. This includes *NSW 2021, Regional Homelessness Action Plans*, the *Disability and Home Care Sector Planning Framework* and *Keep them Safe joint planning approaches*.

Increasingly, the relative physical location of the client and the service provider is less of a barrier than it was. Services can increasingly be accessed by telephone and the internet. In locations where there is not a dedicated FACS office, services are also provided from offices shared with other State and Australian Government offices, such as Centrelink offices.

The provision and quality of services in regional and remote areas has been a focus of the Ministerial Taskforce on Aboriginal Affairs. During consultations held by the Taskforce in early 2012, more than 1700 people attended forums across the state, and more than 200 written submissions were received. Many of these submissions focussed on the issue of service delivery.

In response to these submissions, the Taskforce is giving consideration to a number of proposals to improve service delivery and outcomes in Aboriginal communities.

Another clear message that came through from consultations was the need to continue to support Aboriginal non-government organisations to deliver services in communities, and improve their governance and accountability.

The benefit of such a strategy is that most Aboriginal NGOs are locally-focused and employ local people. Improving their capacity not only raises the service delivery capacity in a community, but also generates employment and local pride. This would assist in overcoming problems encountered by other NGOs with regard to skills shortages and staff turnover.

c) How can you guarantee the quality of service provision and rights of clients in cases where a limited number of organisations may dominate the sector?

NSW Government Departments monitor how providers meet standards.

The regulatory approach that FACS applies to funded services varies across program areas due to the different nature of services delivered, the risks these services present, and the legislative and national reform context:

- *Ageing, Disability and Home Care's* approach to quality reform is built on the National Quality Framework (NQF) and the revision of the National Standards for Disability Services (National Standards) and is underpinned by the NSW Disability Services Standards (NSW Standards);
- *Out of Home Care* service provision is regulated by the Children's Guardian, an independent statutory office established to promote the best interests and rights of children and young people in out of home care in NSW; and
- *Community housing providers* are regulated through The Registrar of Community Housing, an independent statutory officer responsible for administering the regulatory system and Regulatory Code for community housing providers under the *Housing Act 2001* (NSW).

QUESTION 16: Aboriginal disadvantage is stated to be a significant issue, particularly since Indigenous children and young people are overrepresented in family and community services. The submission states that initiatives are underway to improve the supply of Aboriginal services (p 22).

How is overrepresentation of Indigenous people in the community services client population referred to in the submission being specifically addressed?

Detail of the current services targeted to the needs of Aboriginal communities can be found in the response to Question 8.

The Ministerial Taskforce on Aboriginal Affairs has been tasked with developing solutions which address the issue of service delivery to Aboriginal people. The guiding principle behind the work of the Taskforce has been that through addressing issues relating to service delivery and accountability, education, and employment, government can have a broader impact on the many other social and economic issues that Aboriginal people confront.

The Taskforce has sought to ensure that the voice of Aboriginal people be heard at the centre of Government decision making.

The Taskforce undertook extensive community consultation during December 2011 to March 2012. This community consultation comprised of fourteen community forums held across the State and a written submission process in response to three Community Discussion Papers. Following the consultation a report was released providing a summary of the information and data that arose out of the community consultation process. The report can be found at <http://www.daa.nsw.gov.au/data/files/Community%20Consultation%20Report%20-%20Final.doc>.

As noted above, following these consultations the Taskforce is giving consideration to a number of proposals to improve service delivery and outcomes in Aboriginal communities.

QUESTION 17: The NSW Government recognises its responsibility to invest in capacity building and support to enable community based organisations to operate efficiently, attract resources, improve services and respond to emerging issues.

Can you expand on the scope of the Government's Keep Them Safe Workforce Development and Capacity Building Plan, referred to in the submission, and how this is working?

The scope of the Keep Them Safe (KTS) Workforce Development and Capacity Building Plan is to support NGOs involved in the delivery of services and support to children and their families. The majority of these services focus on early intervention and prevention for children and families, specialist child protection services, and other support services such as domestic and family violence services, drug, alcohol and mental health services and crisis accommodation and support.

The Plan aims to build NGO capacity and capability within five key areas. These are:

- i. Developing a shared approach to service delivery
- ii. Collaboration and partnership
- iii. Aboriginal cultural proficiency
- iv. Culturally and Linguistically diverse cultural proficiency
- v. Rural and remote area focus

Implementation of the Plan has included the establishment of a KTS NGO Workforce Development and Capacity Building Steering Committee with representatives from government agencies and NGO peaks who are jointly responsible for coordination and implementation.

In terms of how the Plan is working, there are several elements to note:

Out of Home Care Transition

In January 2012, the transfer of statutory (court ordered) OOHC and statutory relative/kinship care from Community Services to NGOs commenced.

The successful transition of all children and young people in Statutory Foster and Relative/Kinship Care from Community Services will require a strong, vibrant and flexible NGO sector. There are a number of capacity building initiatives to assist in the transition of OOHC to the NGO sector, including the transfer of management of Fostering NSW to the Association of Children's Welfare Agencies (ACWA).

Aboriginal Initiatives

Community Services' Aboriginal OOHC Service Capacity Building Initiative Phase 2 commenced in July 2010. Four Aboriginal organisations have been funded to develop support services and strengthen their position to become accredited OOHC service providers.

During 2011/12, AbSec was funded to lead further work in building Aboriginal NGO Capacity by developing Aboriginal agencies so that they can meet

demands for Aboriginal placements as the OOHC transition progresses. AbSec will partner with a number of agencies across the state to increase the number of Aboriginal accredited community controlled OOHC agencies to provide services across NSW over the next two to five years.

The AbSec Peer Support Program has been set up to establish and maintain foster and kinship carer peer support groups, with a focus on carers in remote and rural locations.

The AbSec/ACWA Growth Partnership Project aims to assist Aboriginal and non-Aboriginal agency partnerships to build Aboriginal NGO capacity. In 2011/12, additional funding was provided to enable these organisations to assist members to build their capacity.

The Armidale Project

NSW Family Services has been funded to work in the Armidale area to strengthen the capacity of small and medium service providers to deliver better service outcomes for clients by improving communication between agencies and increase understanding of the service network.

To date, this pilot service has resulted in more family referrals between agencies to better support and promote early intervention principles to assist families and their children. Improving collaboration between Aboriginal and non-Aboriginal service providers is a key target of the project.

Regional initiatives

NSW Family Services and the Youth Action Policy Association (YAPA) have been funded to provide local support and capacity building for ten place-based NGO interagency networks in NSW. The aim of this project is to improve collaboration, streamline information sharing and build a local service system that is responsive and cooperative.

The Keep Them Safe Regional Project Managers are delivering a suite of initiatives which have been locally developed in response to real, on the ground issues within communities. In 2012/13, more than \$500,000 is earmarked in funding for local, placed based capacity and change management work.

Examples of initiatives include:

- Supporting Communities of Practice (Coastal Sydney).
- Collaborative Practice and Engaging Community project (Illawarra).
- Better Responding to Domestic Violence (Hunter).
- Open House at our Agency (Northern NSW).
- Engaging Aboriginal Communities in Keep Them Safe (Western NSW)
- The Better Engaging Schools & Services Expos (South East NSW).

QUESTION 18: According to the submission, the capacity of NGO boards of management is an important issue and requires substantial investment on the part of the sector and the Government to ensure that the correct capabilities are in place (p26).

Can you elaborate on Government led initiatives to improve current management strategies on NGO boards?

What additional measures can be taken to bolster the strength of NGO boards of management?

The NSW Government's support to build the NGO sector's capacity is delivered through a number of channels, including \$17 million through the Disability Industry Development Fund, as well as initiatives under *Keep them Safe*, the Out of Home Care Transition, Home and Community Care, and Community Housing.

Ageing, Disability and Home Care is implementing a range of sector capacity initiatives in partnership with the National Disability Services (NDS) through the \$17 million Industry Development Fund (IDF). Three million dollars of this has been directed towards phase two of the Good Governance Program which is providing resources and initiatives to build the capacity of NGO corporate governing bodies and senior managers, including:

- extending the It's Your Business resource manual for corporate governing bodies to include chapters on Fraud Prevention and Control, Probity in Employment, Partnerships and Quality Management with associated tools and resources and comprehensive sector training;
- The extension and expansion of the existing Disability Safe project to raise awareness of risk in the workplace and reducing workers compensation claims;
- a conference focusing on good governance for NGO corporate governing bodies - held in February 2012;
- leadership development for board members and senior managers within the sector;
- workforce and industry development initiatives so there is a skilled and sustainable workforce comprised of staff with the right mix of skills, attitudes and experience capable of responding flexibly to the needs of people with a disability.

Housing NSW initiated a project in 2011 under the Community Housing Industry Development Strategy to review the recruitment and induction of new skills into housing organisations at both senior management and board levels and has commissioned the Registrar of Community Housing to undertake a strategic stewardship research project: an analysis of governance, risk management and strategic planning practices across registered Class 1, 2 and 3 community housing providers.

Community Services is supporting NGO providers through the Keep them Safe Workforce and Capacity Plan developed by KPMG in consultation with the NGO sector.

NSW Health is working collaboratively with funding partners such as the Commonwealth Office of Aboriginal and Torres Strait Islander Health (OATSIH) to support leadership development and strengthening of organisational capacity and governance of Aboriginal Community Controlled Health Services. This includes training through the Office of the Registrar of Indigenous Corporations (ORIC) which provides training about the [Corporations \(Aboriginal and Torres Strait Islander\) Act 2006](#) (CATSI Act), the corporation's rule book and other aspects of good corporate governance.

QUESTION 19: The submission from the Network of Alcohol and Drug Agencies refers to the disproportionate impact of compliance costs and administrative burdens on small to medium NGOs and argues that they should receive special consideration as part of the transfer of functions to the sector (sub 2, p2)

Do you think there is an argument for differentiated approaches to contracting out, based on the size of the organisation concerned?

A differentiated approach already exists and is based on the relative risk of the services that are provided for the funding. A differentiated approach based on organisational size would also need to take account of the value of the funding and other controls to ensure the safety and wellbeing of clients.

QUESTION 20: In addition to receiving Government funding, the NGO sector has the ability to build revenue and access contributions independently. The submission includes an appendix (Appendix A) listing a range of various investment models (pp 44-45)

- a) In addition to maximising volunteer contributions, how else are you proposing to encourage the NGO sector to attract social investment?**
- b) Can you also discuss how government assets may be used to generate revenue for infrastructure and service delivery? How would this be managed?**

a) In addition to maximising volunteer contributions, how else are you proposing to encourage the NGO sector to attract social investment?

In 2011, research was commissioned on forms of social investment: *Potential contribution of the NGO sector to deliver more and better services to people with a disability*. This paper is being used as the basis of consultations with the sector on future investment approaches. The paper includes an analysis of NGO funding sources, snapshots of various models and approaches utilised by NGOs within Australia and overseas to attract funds and resources, an analysis and exploration of their potential application; and an exploration of the potential role of government in supporting the sector to build its resource base to maximise sector capacity.

Examples in practice include:

- *Ageing, Disability and Home Care's* support of the sector through the Good Governance Program, which is a component of the Industry Development Fund (IDF). This project features a panel of expert consultants who can advise NGOs on a wide range of subjects, including the formation of partnerships and strategic alliances, both to leverage social capital between NGOs and also with the broader business community.
- *Community Services'* implementation of two Social Benefit Bonds pilots. Two organisations have been selected to develop social benefit bond pilots in the area of Out of Home Care. The first is a consortium of the Benevolent Society, Westpac Corporation and the Commonwealth Bank of Australia in a proposed bond of approximately \$10 million to support 550 families over five years. The second is UnitingCare Burnside who will work directly with children aged 0-5 years and their parents across 10 locations, as part of a proposed bond of around \$10 million over seven years. These two pilots, as well as one on recidivism being run by Juvenile Justice, are being supported by the NSW Social Investment Expert Advisory Group, chaired by Professor Peter Shergold.

b) Can you also discuss how government assets may be used to generate revenue for infrastructure and service delivery? How would this be managed?

Since 2006, the NSW Government has granted capital funding to not-for-profit community housing providers to deliver affordable housing, which is provided as

below market rental housing at affordable rents to very low to moderate income households, including social housing eligible households.

Under various capital funding programs, community housing providers combine grant funding with their own equity generated from their operating surplus and private sector finance to build or buy housing for use as affordable rental housing. Using this approach, more than 1,500 affordable homes will be delivered under a range of capital funding programs, such as the Affordable Housing Innovations Fund, Social Housing Growth Fund and the National Rental Affordability Scheme.

To date, community housing providers have combined Government funding of \$240 million with close to \$40 million of their own equity contributions and \$150 million in debt finance to deliver 500 more homes that could have been delivered by Government funding alone.

Separately, the sector has committed to delivering 1,200 new homes over ten years off the back of the transfer of title to over 6,000 social housing dwellings, using the surplus rental income from those properties and title as security. To date, 3,099 property titles have been transferred and a further 2,920 will be transferred, subject to final sign-off of business cases submitted by the respective community housing providers.

Recent modelling conducted by Deloitte (*Deloitte Social Housing Financial Model 2012*) on behalf of Housing NSW suggested that the social housing portfolio could attract close to \$3 billion in private finance over 10 years, if all social housing were to be leveraged using the operating surpluses generated by providers to service debt, and the portfolio as partial security. This assumes all tenants are social housing eligible. This shows the potential of the social housing portfolio to assist in leveraging new housing supply and supporting broader goals such as greater social mix in social housing developments.

QUESTION 21: The submission from the Deaf Society of NSW draws a distinction between philanthropy and charitable approaches to funding and argues that incentives to philanthropy and charitable approaches should not compromise the dignity of service users, perpetuate patronizing attitudes or impose a sense of obligation.

- a) What is your view of the difference between philanthropic and charitable approaches to funding?**
- b) Do you think there are inherent risks in relying on external sources of funds for organisations?**
- c) The Sydney Children's Hospitals Network argues that the race to acquire donations can impact negatively on service provision and a reduction in the quality of care (sub 81. pg.4). How would you respond to this?**

a) What is your view of the difference between philanthropic and charitable approaches to funding?

Charitable approaches to funding traditionally aimed to improve people's lives regardless of economic benefits. However, charities and not for profit organisations are increasingly moving towards seeking time, expertise and funding from the philanthropic sector. This trend is growing in Australia and overseas because there is an acknowledgment that governments cannot solve the many issues faced by society alone.

b) Do you think there are inherent risks in relying on external sources of funds for organisations?

As outlined in the Productivity Commission Report *Contribution of the Not-for-Profit Sector*, it is estimated that in 2006-07 the sector contributed around \$43 billion to Australia's GDP. The sector has a long tradition of generating and innovatively utilising external sources of funds.

In order to acknowledge this, funding models are being developed that take account of the whole of the business of NGOs, not just the component that is being funded by the NSW Government. This includes supporting NGOs to take up opportunities for extending the value of that funding through private and social investment approaches, philanthropy and volunteering strategies.

The priority is to assist NGOs to develop a sustainable and viable business model. Risk related to the reliance on external sources of funds is a matter and decision for NGO boards.

c) The Sydney Children's Hospitals Network argues that the race to acquire donations can impact negatively on service provision and a reduction in the quality of care (sub 81. pg.4). How would you respond to this?

It is the responsibility of NGOs to ensure a balance between providing quality services and maintaining independent or external sources of income. This balance should always take into account the needs of clients both in terms of providing services but also the opportunities that donations and other sources of income can also ultimately provide to clients.

QUESTION 22: Appendix B in the submission provides examples of related reforms in other jurisdictions (pp46-48)

- a) Is there a consultative forum, other than COAG, to share experiences and collaborate with other jurisdictions in the outsourcing of equivalent services to the NGO sector?**
- b) Are there aspects of reforms undertaken in other States and Territories which have direct applicability to the process being undertaken in NSW?**
- c) How do you think the NGO sector could learn and benefit from the work undertaken in other jurisdictions?**

a) Is there a consultative forum, other than COAG, to share experiences and collaborate with other jurisdictions in the outsourcing of equivalent services to the NGO sector?

The Standing Council on Community, Housing and Disability Services (SCCHDS); and the Community and Disability Services Ministers' Advisory Council (CDSMAC) consider these issues in the context of national reforms. These are supported by numerous subcommittees.

In addition to these arrangements, there is regular engagement between jurisdictions on implementation of National Agreements, many of which involve NGO capacity building.

b) Are there aspects of reforms undertaken in other States and Territories which have direct applicability to the process being undertaken in NSW?

Developments in other jurisdictions are monitored for their applicability to NSW.

Where ideas and innovations from other jurisdictions are relevant and support the strategic direction of FACS, they are considered for implementation. For example, the NSW Commission of Audit final report, which outlines ways to improve public sector management and service delivery in NSW, recommended that the NSW Government reach agreement with not for profit community organisations on the establishment of a community partnership forum along the lines of that in Western Australia. The NSW Government has given in-principle support for this idea.

NSW Government Departments also look internationally for good practice that might be successfully adopted in the NSW context.

c) How do you think the NGO sector could learn and benefit from the work undertaken in other jurisdictions?

Many NGOs in NSW have rich networks that facilitate support and information-sharing between organisations within NSW and nationally. Many FACS-funded organisations operate Australia-wide and therefore have a good understanding of work in other jurisdictions.

Peak bodies also assist in the dissemination of information and best practice across jurisdictions. For example, National Disability Services is the national peak for disability services. With support from the NSW Government, NDS has established a national policy research capacity which will enable it to foster

policy and service innovation and form research partnerships across jurisdictions. With the National Disability Insurance Scheme being launched in July 2013, opportunities for communication, collaboration and identification of best-practice across jurisdictions will increase further.

The NGO sector can take advantage of these existing networks and the information provided through peak bodies.

QUESTION 23: The NSW Council of Social Service submission recommends that the NSW Government and community services sector should model its relationship on the Western Australian Partnership Forum to meet the needs of the disadvantaged and vulnerable (sub 80, p6).

What is your response to the suggestion that the Government should model its relationship with the community services sector on the WA Partnership Forum, referred to in your submission at Appendix B (p48)?

The NSW Commission of Audit Final Report on Government Expenditure was released in August 2012. The Report focuses on six themes regarding Government expenditure including partnerships and outsourcing.

The Report makes four recommendations in the Family and Community Services cluster including the establishment of a community partnership forum (based on the Western Australia model) (Recommendation 40).

The NSW Government has considered the Commission of Audit Report and has provided in principle support to the establishment of a community partnership forum, subject to detailed further consideration.

FACS is currently considering issues related to the establishment of a community partnership forum including ensuring input from the broader NGO sector (beyond Family and Community Services), the roles of forum members (government and NGO) so that it is an active partnership approach and understanding what the functions of representation might mean for the NGO sector.

Q1 What is an approximate percentage of the community sector or community services work that is currently undertaken by Local Government?

The following extract outlines councils' activities in community services:

"Councils provide facilities such as community centres and halls, senior citizen centres, aged care centres, childcare centres and youth centres. They employ community development staff and provide services for groups in the community with specific needs eg the aged, people with disabilities, Aboriginal and Torres Strait Islanders, and people from diverse cultural and linguistic backgrounds.

Councils with smaller populations will generally have higher costs per capita than councils with larger populations, due to economies of scale, i.e. the decrease in unit cost of a product or service resulting from large-scale operations.

Comparative performance for 2007/08, 2008/09 and 2009/10

The total community services expenses were \$409.4 million for 2007/08, \$447.5 million for 2008/09 and \$478.8 million for 2009/10."

(Source: *Snapshot of NSW Local Government Comparative Information on NSW Local Government Councils 2009/10*, DLG Dept of Premier and Cabinet)

There are few sources available which identify the proportion of community services work that is undertaken by Local Government on a state basis.

"*Community Services Australia, 2008-09* (ABS 2010) provides data on community services expenditure incurred by governments and non-government organisations (for-profit and not-for-profit) in providing services to assist members of the community with special needs, including personal and social support, residential care and other social assistance services. These data apply to organisations engaged in providing a wide variety of social support services directly to clients including (but not limited to), welfare services, disabilities assistance and adult day care centre operation.

It estimates that during 2008-09 \$25.2 billion was spent on direct community services activities and a further \$4.0 billion on non-direct and related community services activities. The majority of services are provided by the not-for-profit sector which receives most of its funding from government. Total expenditure on direct activities comprised \$13.8 billion by not-for-profit organisations, \$6.7 billion by for-profit organisations, \$3.8 billion by Australian, State and Territory governments and \$0.9 billion by Local Government. In addition, Australian, State and Territory governments provided funding of \$9.5 billion to other private organisations and self-employed contractors for the direct provision of community services."

(Source: *Productivity Commission Report on Government Services 2012*).

Further analysis of the ABS publication *Community Services Australia, 2008-09* reveals that, for Australia as a whole, 3.4% of Expenditure on direct community services activities is undertaken by Local Government and 5.7% of Expenditure on non-direct community services activities, refer to Table 1 below.

Table 1
ABS Community Services, 2008-09
Expenditure by profit status, Businesses/organisations with community services activity

	For profit organisations \$m	Not-for-profit organisations \$m	Commwlth /state govt \$m	Local Govt \$m	Total \$m	Local Govt %
Expenditure on direct community services activities						
Personal and social support	520.7	4,262.1	735.8	411.8	5,930.4	
Child care	2,545.3	942.2			3,803.8	
Training and employment	254.1	970.5			1,224.6	

	For profit organisations \$m	Not-for-profit organisations \$m	Commwlth /state govt \$m	Local Govt \$m	Total \$m	Local Govt %
for persons with disabilities						
Financial and material assistance	9.3	104.0	25.0		138.4	
Residential care	3,349.0	7,199.9	1,894.1	118.7	12,561.7	
Foster care placement		180.8				
Accommodation placement and support						
Statutory protection and placement	0.7	44.5				
Juvenile/disability detention and corrective services		12.8				
<i>Total</i>	<i>6,691.1</i>	<i>13,811.8</i>	<i>3,831.8</i>	<i>850.2</i>	<i>25,184.9</i>	<i>3.4</i>
Expenditure on non-direct community services activities						
Social planning and social policy development	19.7	132.2	204.2	55.3	411.3	
Group advocacy and social action		102.3				
Community & community group development & support		389.2			683.9	
Service delivery development and support provided to other organisations	58.5	331.9	168.3	27.5	586.2	
Administration of funding and monitoring, licensing and regulation of service providers			426.5		426.5	
Welfare fundraising	16.0	349.5			365.4	
Activities for overseas purposes (including payments made to overseas organisations and associated fundraising)		71.9				
Retirement village self-care units	324.1	353.2			695.0	
Other			552.2	55.8	608.0	
<i>Total</i>	<i>553.2</i>	<i>1,730.1</i>	<i>1,479.8</i>	<i>228.6</i>	<i>3,991.7</i>	<i>5.7</i>
Funding and payments to other private organisations and self-employed contractors for the direct provision of community services	362.7	560.8	9,469.9	133.4	10,526.8	

	For profit organisations \$m	Not-for-profit organisations \$m	Commwlth /state govt \$m	Local Govt \$m	Total \$m	Local Govt %
Expenditure on the provision of training for persons working on community services related activities	130.5	318.1	308.9	25.4	782.9	

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Q2 Do you know how widespread their practice is? Do we have a sense of how many councils do that? [refers to hosting NGOs in buildings within the community]

The LGSA's Social Policy and Community services Survey 2009 did not specifically collect data on council support for NGOs, however 7 councils did identify providing auspicing support for services provided by NGOs. In addition the 17 councils who contributed to the submission also indicated that this was a common practice.

The LGSA's 1999 Community Planning and Services Audit found that councils provided building or office space for the following services provided by other organisations:

- Family Day Care, (17% of councils)
- Long Day Care (35.7% of councils)
- Occasional Care (26% of councils)
- Out of School Hours Care (16.2% of councils)
- Meals on Wheels (31.7% of councils)
- Home Modifications and Maintenance (15.4% of councils)
- HACC centres (25.2% of councils)

Q3 How could Local Government's support role be accommodated within the funding models. I am interested in whether you believe the funding model should look different in rural and regional areas as opposed to metropolitan areas.

The Associations suggest that a funding model for NGOs should have a separate component for distance travelled, which recognises that in rural and remote areas, large travel distances will impinge on the time available for a service to be provided and the number of service outputs that are able to be provided within a given budget.

Similarly, there could be a mechanism for councils to seek reimbursement from the NSW government if they are providing office space and other administrative supports to NGOs.

1. **Examples of partnerships between local service providers facilitated by local councils are provided in the submission (pp10-11).**

- **Would you like to expand on your examples of local partnerships building to create integration between service providers in local council areas? How can these serve to provide a more generalised approach to improve on the ground service delivery?**

The Associations' *Social Policy and Community Service Survey 2009* found that 19% of councils had formal partnerships with NGOs, and 34% had informal partnerships. These included partnerships with local employment agencies, service providers and cultural and social groups providing support for older people and people with a disability.

The examples provided in our submission were based on input from our members. They highlight the important role of Local Government in drawing on its knowledge of local needs and matching them with local services.

Glen Innes Severn Council provides an exceptionally large amount and range of community services, and these are provided across 13 LGAs, which makes it a unique provider. The advantages of having this range of services within Local Government means that:

- Policies, processes and systems are already embedded in the Local Government framework for many aspects of community services provision; eg WHS, HR, Payroll, Finance, procurement.
- Expertise is available at minimal cost for such things as procurement, WHS, HR; fleet management and maintenance;
- Technology at an optimum level can be maintained and utilized to maximize efficiency;
- Glen Innes Severn Council has a commitment and program for community capacity building which can enhance service delivery and maximize use of mainstream resources, particularly in the Glen Innes Severn LGA where direct services are provided;
- Glen Innes Severn Council has the capacity to partner with other councils in the region to maximize service delivery cooperation.

As a generalized approach to on the ground service delivery, the LGSA supports the development of regional partnerships which respond to the needs identified in the Local Government Areas involved. The effectiveness of such partnerships depends on the capacity of the service providers to develop and sustain cooperative and open relationships with councils and other organisations in the region.

- **Since the 2006 proposal relating to HACC services (p11), have you had discussions with the NSW government to adopt any of your local integration models? If so, what has been the result of such discussions?**

In 2012, the Associations made a submission to the Ability links Taskforce outlining the benefits of Local Government taking on the Ability Links Coordinator roles. At this stage we have had no feedback to our submission.

Our submission stated that broadening Local Government's responsibilities to include the provision of locally based support for people with a disability fits well with councils' capacity building role. We understand that Ability Links would be a new role for Local Government and would require appropriate negotiation and resource allocation.

Local Government is possibly the only existing entity which is able to ensure locally based coverage across virtually all of NSW (excluding the unincorporated area). It is also, in most cases,

independent from disability service provision, and a natural starting point for the community when they are seeking information about local services.

The Associations see that Local Government is the best location for ALNCs to be located due to:

- its understanding of local communities, organisations, services and business;
- its ability to provide independent advice and referrals (as evidenced by the success of the Aged and Disability Workers funding in the HACC program);
- its adherence to the rigors of the Local Government Act 1993 and the appropriate governance arrangements required; and
- the capacity of councils to support the Ability Links program through existing marketing, infrastructure and expertise.

2. The submission stresses that technology should not replace relationships, particularly in rural and remote locations (p15). Other submissions have highlighted the benefits of technology in meeting accountability obligations and streamlining services, sharing information and delivering training. Additionally, applications of remote teleconferencing can greatly assist isolated clients in rural and remote areas.

- **Can you see any benefits in providing specific funding for computer packages to assist organisations in meeting contractual obligations and improving service delivery, particularly in more isolated locations?**

The Associations agree that technology can be harnessed to reduce resources required to meet contractual obligations and therefore release staff for more personal service delivery. In isolated locations, funding for computer packages could achieve this result, as long as adequate technical support was available and there are effective networks, i.e. the NBN. The Shires Association view the provision of the NBN to regional, rural and remote communities as key enabling infrastructure that is critical to the economic, social and environmental development of the Australian Regions and should not be subject to the nine year rollout timetable delay.

The 2011 Shires Conference resolved that:

That the Shires Association supports and lobbies the Commonwealth Government and NBN Co for an accelerated rollout of the NBN to regional, rural and remote areas notwithstanding NBN Co's pre-determined rollout timetable.

Whilst the Associations see that there is an important role for technology in supporting people to live at home, there is still a real need for personalised support and service delivery. In rural and remote locations, this need is arguably greater than in more populated areas due to the generally sparse level of services available in these locations.

- **Do you think that integrated software can also assist in reducing compliance burden for smaller organisations?**

As stated above, the Associations see that integrated software has the potential to reduce administrative burdens if it is adequately supported by technical staff and training for the organisations involved.