

**Submission**

**No 26**

## Outsourcing Community Service Delivery

**Organisation:** Sunshine  
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Anzac Day, 2012

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

Dear Manager

**Outsourcing Community Service Delivery (Inquiry)**

In my capacity as Chair of the Lorna Hodgkinson Sunshine Home and on behalf of our Board Directors and senior staff I provide this submission for the consideration of the Committee on Community Services that is inquiring into the outsourcing of community service delivery. The inquiry is being conducted against the backdrop of the Government's policy direction to enable both person centred care and person directed care in an environment where an expanded market of non-government providers deliver services instead of government delivering services itself. Sunshine supports this policy direction.

In summary, from the perspective of the Directors of Sunshine our evidence to the Inquiry is that:

- The current well established approach to non-government delivery of accommodation, respite accommodation, and day services is mostly working well.
- Service quality outcomes of both government and non-government service providers could be improved by the establishment of a quality improvement benchmarking framework that is initially enabled by government but ultimately managed independently of government.

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- Savings to the taxpayer could be achieved by Government outsourcing all those accommodation, respite accommodation, and day services it currently conducts to non-government organisations.
- Savings to the taxpayer could be achieved by incentivising non-government providers to adopt more efficient business practices, and in some cases, to consolidate service management.
- Request for tender process used by Government are costly and unnecessarily complicated, and could be simplified.
- Person directed care should be introduced, but done so in a phased manner to enable consumers, providers, and Government to monitor the maturity of the market in different parts of the State to embrace this new market approach to care services.
- Person directed care will require the Department to develop a new market regulation role, and system navigators/consumer advocates will need to be identified and resourced to enable consumers to be protected as they utilise their “entitlement vouchers” to access person directed care.
- For-profit providers should not be allowed entry into the government funded person directed care market in its initial establishment, and entry should be assessed at a point where both Government and non-government providers agree the market is sufficiently mature so as not to be disrupted by the presence of for-profit providers.
- A research agenda should be established, because the absence of a research and development agenda is resulting in service approaches of both government and non-government providers stagnating, and care recipients not benefiting from service innovation that would flow from research being translated into practice.

## Sunshine

Sunshine was established in 1924 by Miss Lorna Hodgkinson. 88 years on, it is a vastly different organisation. It today provides accommodation and care services to 526 people across 41 locations in the north and west of Sydney and up through the Central Coast. Our 371 staff provide these care services, with the support and encouragement of our voluntary board. The overwhelming majority of our services are provided on behalf of the NSW Government by way of both “block funding” and in more recent times “individualised funding.” We are both proud of and pleased with the strong working partnership we enjoy with the Department of Ageing, Disabilities, and Home Care.

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## Our experience as a provider of services on behalf of government

Sunshine has little complaint about its interaction with the Department of Ageing, Disabilities, and Home Care. Indeed, we believe the people and processes of the senior management of the Department are a valuable asset in caring for the aged and disabled. The Department is, from Sunshine's perspective, a well functioning one, and its service to the public is strong.

That said, the nature of the working relationship of the Department and non-government service providers has not changed substantially in many years. We argue that the relationship should change, and become one not just of the Department funding the delivery of services it identifies as needed to one of both government and non-government agencies alike working together to identify need and collectively develop the appropriate service responses.

As the shift to person directed care continues, the Department will need to change from being the service provider and contract manager it is today to that of a regulator of care services able to support and protect both consumer and provider participants in a new market. This shift to greater use of regulatory powers within the market to oversee service quality and financial performance will require the Department to substantially change its competencies and capabilities. Non-government providers will also be required to undertake significant change to enable person directed care; Government should not underestimate how significant this change for many providers will be.

Non-government providers of care to people with disabilities are very often well connected to the local communities within which they serve. They are able to gather intelligence, build networks, and respond quickly when circumstances warrant urgency. Our experience as a provider is that we are not always able to meet identified community service demand because Departmental programs may not be as responsive to new need as they could be.

Recommendation: *Ideally, the Department would establish a new engagement framework with non-government service providers to gather intelligence on community need and service responsiveness approaches.*

In delivering the range of services we provide on behalf of the Government, we have not in recent years been encouraged or required to improve our quality. We would like to think the absence of a focus on quality is because the quality of Sunshine services is high. We instead believe quality doesn't receive the attention it deserves because it is hard to assess, and that service outputs are more easily evaluated by calculation of the number of care hours actually delivered.

Recommendation: *Ideally, a new service quality benchmarking framework focused on care recipient outcomes would be agreed by the Department and non-government service providers, in part, to set expectations about just what person centred and person directed control might deliver.*

Recommendation: *Ideally, a disability care research agenda would be established by way of the creation of a Government and Non-Government funded research centre with a mandate to translate academic research into improved practices for care of people with disabilities.*

In delivering the range of services we provide on behalf of the Government, it is also rare for Sunshine as a service provider to be required to demonstrate cost efficiencies. Some tendering of services by Government does require the lodgement of commercially competitive pricing, but there are also occasions when commercially competitive pricing is not considered. Indeed, the actual NSW or Australian average efficient *cost*, as opposed to *price*, of delivering different disability care services is not publicly known. The result is that Government, providers, and consumers are not able to transparently determine if value for money is being achieved. The absence of a public debate and agreement of what components should constitute an efficient *cost* of delivering services will impede understanding of what the appropriate *price* of delivering services will be when consumer directed care commences.

Recommendation: *Ideally, a 'cost of care' study would be funded by the Department and conducted independently by or for non-government service providers to ascertain what the actual cost of delivering care within a contemporary care setting is to inform consumers, funders, and providers of care of the price benchmark for service delivery in advance of the establishment of the consumer directed care approach.*

Service size is important to quality and efficiency outcomes. Sunshine has interacted with other service providers of smaller size who are not able to deliver services as efficiently, and who face challenges in delivering quality services in circumstances where small staff numbers do not allow for quality to flourish. Many within disability services believe a solution would be consolidation of smaller non-government providers. We agree, but have observed circumstances where the merger of poorly suited organisations has resulted in service interruption and adverse impacts for care recipients.

Recommendation: *Ideally, the Department would offer incentives for business improvements of those organisation's who agree to consolidate or merge, informed by the approach taken by the Commonwealth in the late 1990s when funding for business improvement enabled the merger of several supported employment services for people with disabilities.*

Government continues to provide many services of care for the disabled itself. We argue it has come time for Government to remove itself entirely from direct service delivery. We argue the Department of Ageing, Disability, and Home Care should in the years ahead become a funding and regulatory agency, with all actual services delivered by non-government organisations. We make this argument on the basis of our views that:

- Non-government service providers deliver services at less than the cost of direct government service delivery.
- Many not-for-profit agencies, Sunshine included, have plans for the years ahead that would enable currently government run services to be delivered by non-government service providers in future years.

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- Clients anecdotally find interacting with a non-government service providers simpler than interacting with a government service provider.

Recommendation: *Ideally, the Department would oversee the outsourcing to non-government organisations of all service provision by 2016.*

## **Conclusion**

In making this submission, I and the staff of Sunshine would be pleased to assist the Inquiry by appearing at a hearing or providing more information on the matters we have detailed.

Yours sincerely



**Martin Laverty**  
Chair