

Submission

No 36

Outsourcing Community Service Delivery

Organisation: Social Ventures Australia

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Kevin Anderson MP
Chair
Legislative Assembly Committee on Community Services
Parliament of New South Wales
Macquarie Street
Sydney
NSW 2000

Dear Mr Anderson

In response to your letter of 6 March 2012 requesting submissions for an Inquiry into Outsourcing Government Community Service Delivery, Social Ventures Australia is grateful for the opportunity to provide the following response.

Social Ventures Australia (SVA) was established in 2002 as an independent non-profit organisation investing in social change. Over the past decade it has worked with over 100 of Australia's most promising and innovative ventures in the social sector, helping to increase their impact and build their sustainability. SVA is dedicated to promoting innovative approaches to delivery of services with a focus on lifting education and employment participation levels in the most disadvantaged communities as the most effective way of making a real difference to people's lives and breaking the cycle of entrenched disadvantage. SVA has significant experience in identifying such innovative approaches to tackling some of Australia's most pressing issues. Examples include SVA's investment and support into the development of Social Firms Australia (SoFA), a non-profit organisation focused on creating accessible employment for people with a disability or mental illness through the development of social firms and the transfer of the support strategies to other workplace environments. In Queensland, SVA provided investment and support to a number of organisations providing innovative approaches to employment for people with mental illness and/ or disability - including Tasty Fresh and SEED Parks and Property Maintenance (SEEDPPM).

Through this work, SVA has identified key issues that need to be addressed to enhance the ability of the sector to deliver services:

1. Limited access to capital - it is SVA's belief that social capital markets are inadequate to support a critical sector of Australian society. There is limited continuous funding available to the social sector to help grow proven programs, particularly to support the building of quality innovative organisations through provision of appropriate administration and capacity funding. With traditional avenues for capital raising not available to social sector organisations and lack of incentive for co-investment with philanthropy, new social investment models are needed if we are to improve the efficiency and volume of capital flow to the sector. SVA applauds the NSW Government's pioneering work in the area of Social Benefit Bonds as an innovative solution to injecting significant investment into tackling the issues of recidivism and out of home care. SVA would welcome further exploration into these types of innovative approaches to financing the not for profit sector including

social benefit bonds and other innovative methods of procurement within disability, housing and home care service delivery.

2. Restricted access to talent - non-profit organisations often can't access the kind of strategic support and big ideas that comes through the input of a range of talented individuals, from all walks of life. SVA believes that a significant barrier to the creation of real, enduring social change are the difficulties faced by non-profit organisations in attracting talent. And this situation is only exacerbated by the resistance across the community to work together on cross-collaborative approaches, which draw on each sector's unique strengths and capabilities. SVA works with the sector to help connect organisations and identify talent to develop the sector.

3. Inadequate evidence of what works - core to SVA's approach has always been a commitment to conducting rigorous evaluation and providing insightful reporting to articulate the results of our work. Investment should be targeted at those organisations that are developing a strong evidence base – whether that be in broader public policy design, the development of new programs, or for those social services delivery agencies at the coalface, who are looking to increase their impact. SVA is also committed to encouraging increased transparency and improved accountability in the sector and over the past decade has promoted the need to measure the social impact of projects, programs, organisations, businesses and policies. Social Return on Investment (SROI) has emerged as an approach to meet this need and should be considered as a way measure the impact of service providers.

As a non-profit organisation at the forefront of sector development and innovation, SVA works in collaboration with sector partners, government, business, and some of Australia's leading philanthropists. Over the last six years, SVA has worked closely with the Federal Government, Queensland, ACT and Western Australia State Governments who have provided significant investment into providing progressive solutions to creating employment opportunities for disadvantaged job seekers and the long term unemployed.

The Government of Western Australia has recently established two funding programs, firstly the Social Innovation grants Program to promote innovation in the delivery of social and community services and secondly the Social Enterprise Fund – Grants Program (SEF) which aims to increase the number, effectiveness and efficiency of social enterprises in Western Australia by supporting not-for-profit community sector organisations to establish new or strengthen existing social enterprises. This provides a good example of how service delivery can be successfully contracted out to the non-Government sector and are interesting examples of the way the WA Government is both outsourcing and modernising the sector.

A report produced in Collaborative Commissioning – Thinking differently about commissioning public services¹ (co-authored by SVA's Director of Employment and Victoria, Kevin Robbie and Emma Hutton) provides valuable insights into the potential for public sector agencies to think differently about how to commission services, based on the principle of collaboration, and focuses on getting the best possible outcomes for the people directly affected by services. One of which is

¹ Commissioned by commissioned by EQUAL Social Economy Scotland Development Partnership in partnership with the Scottish Government Third Sector Division
http://www.forthsectordevelopment.org.uk/documents/Collaborative_Commissioning_Guide.pdf

looking at Public Social Partnerships -

'which recognise and value the contribution that third sector organisations can make to the service design process through their close relationships with service users. By giving the third sector an equal role in planning, alongside the public sector commissioner, services can be designed with the needs of service users at the forefront of the process. Pilot services are then trialled with a consortium of third sector providers, with a view to identifying how the service works in practice and how much it costs. The service that emerges from this process is then commissioned for the longer term using a competitive tendering process.'

With experience in identifying innovative high potential organisations and understanding of the non-Government sector, SVA would welcome the opportunity to work with Government to explore innovative ways to contract out service delivery, such as housing, disability and home care services.

If you require any further information in relation to this submission please do not hesitate in contacting me.

Yours sincerely



Michael Traill
CEO