

## Outsourcing Community Service Delivery

**Organisation:** Homelessness NSW

**Name:** Mr Gary Moore

**Position:** Chief Executive Officer

**Date Received:** 4/05/2012

The logo for Homelessness NSW, featuring the text "Homelessness NSW" in a bold, black, sans-serif font. To the right of the text is a red graphic element consisting of a thick, curved line that starts horizontally and then curves upwards and to the right, resembling a stylized checkmark or a swoosh.

**Homelessness NSW**

# Submission to Legislative Assembly Committee on Community Services - Outsourcing Community Service Delivery

## Applicant Details

<b>Name and contact details:</b>
<b>Individual/Group/Organisation: Homelessness NSW</b>
<b>Name of contact person: Gary Moore</b>
<b>Which stakeholder(s) do you represent: Homeless people and homeless service providers</b>

## Background

Homelessness NSW is a peak body representing individuals and services with an interest in homelessness in NSW. Our mission is to work towards the prevention and elimination of homelessness.

We work collaboratively with Governments, other peak bodies, community organisations and the private sector to advocate for homeless people and services that support them. Homelessness NSW plays a coordination, advocacy, policy development, leadership and information dissemination role for the homelessness sector in New South Wales.

At the time of the 2006 Census it was estimated that there were 27,374 people homeless in NSW.

It is the mark of a healthy community how it protects its most vulnerable and disenfranchised. Being homeless is a complex issue, created by the failure of a variety of service systems. Homeless people and those at risk of becoming homeless are affected by common themes that include social exclusion, an ineffective service system, lack of access to housing that is affordable to people on low incomes and a lack of support and supported accommodation services.

Homelessness NSW believes that the right to adequate safe housing is a fundamental human right. This right to housing is set out in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and a number of other widely adhered to international declarations. Article 25 of the Universal Declaration of Human Rights states:

*Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.*

## Submission

Outsourcing of government services has been in vogue for many years. Evidence of this can be seen from a survey of contracting in NSW between 1993 and 1996 that indicates that between 1994/95 and 1995/96, expenditure on contracting in the budget sector increased from \$966 million to \$1762 million and the number of contracts more than doubled from 13,852 to 28,479.<sup>i</sup>

The Commonwealth Government has also clearly articulated in its social justice policies that the key to public administration reform can only be achieved by placing 'a premium on efficiency and effectiveness in the delivery of services including social programs'.<sup>ii</sup>

Its practice comes from a belief that 'non-government' will inevitably provide similar goods at a cheaper price, or more goods at a similar price than 'government'. According to Abelson 'there is considerable evidence that the private sector generally supplies services at lower cost than the public.'<sup>iii</sup> This is supported by numerous other studies relating to the supply of services such as road maintenance, cleaning and cleansing. Homelessness NSW believes that governments should ensure that there is a good return on their investment

Abelson argues that a better return is made on investment as the services are being competed for.<sup>iv</sup> Homelessness NSW would generally support this causal statement, but believe that when the issue of the supply of community services it may not provide the optimal outcomes if a competitive model of tendering are pursued.

As a signatory to the NSW Community Sector Charter Homelessness NSW believes that we work best when we work together with other organisations across our sector and beyond to develop and deliver the best results for people in our communities, and that working together means we can utilise specialist and different skills to resolve issues and address needs.

Broadly Homelessness NSW supports the 2006 NCOSS paper 'Working together for NSW: good funding policy and practice'.

We believe that

- Seeking value for money should not be the only overriding principle. The focus should be on the best possible outcomes for people and communities.
- Stability for people and communities accessing services must also be taken into account.
- 'Community sector assets' such as access to networks, expertise, an ability to promote equality and social inclusion, local knowledge and long-term collaboration should be acknowledged and valued.
- The ability of the NGO sector to respond quickly to community needs and to have flexibility should be valued.
- The costs of funding applications need to be taken into account, as well as the costs of short-term funding arrangements.

Long-term investment in prevention and early intervention, including universal services, can reduce over time the future need for more costly crisis intervention responses. However, while investment in prevention and early intervention must be enhanced, this should not be at the expense of crisis services which must also be adequately funded.

To ensure the best results

- It is important to involve stakeholders upfront in local, regional and state-wide integrated planning. A need to share information and data may need to be addressed.
- Planning of services should be separated from procurement.
- A clear communication strategy should be utilised upfront:
- What is the program about, what is its purpose and how does it fit with other programs?

Good funding policy and practice is a key component of a robust and effective relationship between government and the non-government sector. It is a prerequisite for:

- Supporting and recognising the community services industry as viable and essential to support the people of this state.
- Supporting strategies that strengthen the community services industry workforce to support disadvantaged people and communities, and as a vital contributor to the NSW economy.
- Reducing red tape and assisting the community services industry to enhance planning, financial management and service development to meet their own needs and objectives.
- There is, however, a need to recognise the fundamental difference between human services provided by the non-government community sector and commercial services. Failure to recognise and take into account this difference in determining funding policy and practice will lead to poor and potentially perverse outcomes for vulnerable and disadvantaged people and communities. Guarantee of service and better outcomes for clients must be the priority consideration underpinning all stages of the funding process.

In considering planning and procurement, non-monetary factors need to be acknowledged and valued. Measures for assessing these factors need to be developed. The community sector has been calling for these to be developed for a number of years; unfortunately we are yet to see movement on this issue from Government.

Competitive tendering is just one funding method. It should not be the default position.

Homelessness NSW believes there are other options including:

- Renewable funding (grants)
- One-off or time-limited project funding
- Direct negotiation/allocation, and
- Individualised funding (for clients)

We would encourage government to use each of these methods depending on the needs.

Homelessness NSW would also support the use of 'pre-qualification', accreditation or registration processes as they can reduce the need to provide organisational and governance details on every occasion, allowing the actual funding or procurement process to focus on the specifics of service delivery. To also ensure best outcomes for communities Homelessness NSW would support adequate induction and ongoing training for Government staff whose role it is to consider and manage funding processes in the human and community services field.

The provision of quality community services is vital to the wellbeing of NSW. Without this provision NSW as a state would be poorer. Homelessness NSW believes that funding for these services should

not be hostage to any political dogma, but must ensure the highest quality service for individuals and communities.

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<sup>i</sup> Domberger, S. and Hall, C. 1996, *Contracting for Public Services: a Review of Antipodean Experience*, Public Administration Vol. 74 Spring 1996, 129-147.

<sup>ii</sup> Commonwealth of Australia 1992, *Towards a Fairer Australia: Social Justice Strategy 1992-93*, AGPS, Canberra, 3

<sup>iii</sup> Abelson P, Outsourcing of public services in Australia: seven case studies, <http://www.clg.uts.edu.au/library/onlinelibraries/ipresources/OutsourcingPublicServices.pdf>, 4.

<sup>iv</sup> Ibid, 5