

Submission

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Outsourcing Community Service Delivery

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Submission to the Community Services Committee of the NSW Legislative Assembly regarding the Inquiry into Outsourcing Community Service Delivery

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with Charmaine Jones, Chief Executive Officer

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About Inner Sydney Regional Council

Inner Sydney Regional Council for Social Development ("Regional Council") is a Regional Peak Body covering Inner Sydney and Eastern Suburbs. We support, advocate on behalf of community organisations and community members to government and other relevant organisations.

We assist communities, organisations and individuals to take action to address their issues and needs. The community development philosophy underpins all of our activities. We believe in Social Justice, Social Inclusion and the participation and empowerment of local people.

Regional Council auspices three community development projects; the Home and Community Care Development Project for Eastern Sydney, the Central Sydney North Tenant Participation Resource Service and Community Builders Project for Inner Sydney, Eastern Sydney and Inner West.

About the Home and Community Care Development Project

Home and Community Care (HACC) Program is a national service program that aims to provide basic, long-term services for frail older people, younger people with disabilities and the carers of both of these groups, so they can live safely and appropriately in the community in their own homes, rather than institutions, like nursing homes or hostels.

The HACC Program came into existence through the Home and Community Care (HACC) Act, 1985 and is funded in each State by the Commonwealth and State/Territory governments. In NSW, HACC is administered by the Ageing, Disability and Home Care Department.

The HACC Development Officer provides support to existing HACC services in the region and looks at bigger picture issues such as planning and development of services, identifying needs, liaising with other health and disability services, identifying training needs and coordinating training at regional level, promoting consumer involvement and advocating on behalf of consumers, reporting important issues to the funding body, producing promotional material about HACC funded services, informing and assisting HACC services in the Region to respond to and implement HACC program initiatives.

The HACC Development Officer interacts with HACC services in Eastern Sydney through the Eastern Sydney Area HACC Forum.



About the Central Sydney North Tenant Participation Resource Service

The Central Sydney North Tenant Participation Resource Service (CSNTPRS) is funded under the Human Services NSW - Housing's Community Renewal Program. The Service is operated by the Inner Sydney Regional Council. The CSNTPRS provides the following services:

- provide support and free training in tenant participation to tenants and tenant groups
- encourage opportunities for tenants to become involved in tenant participation and decision making processes
- resource new and existing tenant groups through Local Group Funding
- support Community Development activities
- provide information on social housing and other government and community issues and services
- referral to government and community based services
- advocacy for tenant groups regarding housing and other related concerns
- provide opportunities for community engagement

About the Community Builders Project

Regional Council is funded by the Community Services, Department of Family and Community Services to promote and assists the social development of the region by:

- holding meetings to address problems in the region
- advising government on the development of services in the region
- promoting co-operation between organisations and people
- carrying out research projects
- being involved in planning
- working to integrate social, economic, political and cultural development.
- assisting community organisations to function well
- promoting participation in social, community or economic issues
- forming working groups
- providing information, resources and advice
- promoting and assisting education and training



Comments on outsourcing of Home and Community Care Services

Funding allocation process

The prevailing ethos of Government policy in terms of contracting out community services to the non-government sector has been competitive tendering where funding contracts are allocated according to ability to service the greatest number of people at lowest cost. This is not necessarily the most efficient means of allocating public funds as competition undermines the relationships between non-government providers who see themselves as servicing one narrow section of the community (their clients), not the whole community.

One of the mechanisms of allocating funding is through direct allocations to pre-approved providers. This process precludes new service providers from entering the market. This approach is reasonable when allocating additional funding to services that are currently funded i.e. growth funding. The direct allocation process is reliant on the quality of the relationships between all service providers with the funding body. In Eastern Sydney alone there are eighty service providers who receive funding from the Home and Community Care (HACC) program.

The preferred model encourages organisations operating in the region to work cooperatively in order to meet the local community needs. The benefits of this model are two-fold. First, the services available in the local community are targeted to what the community identifies as necessary through a ground up local community planning process. Second, cooperative practices such as sharing staff and infrastructure, joint events and long term joint processes which are based on local community need bring about significant cost efficiencies in service delivery which ultimately means that the local community is better serviced.

Small and large non-government agencies

Most community services organisations have waiting lists and are also required to keep up with new service standards and good practice models based on their service. Traditionally services refer some of the people on their waiting lists to other services as they are not able to provide a timely service. It appears self-evident, however anecdotal evidence presented at the Eastern Sydney HACC Forum suggests that the longer people wait for a service the more likely they are to have made alternative arrangements. The waiting time for domestic assistance and personal care services in Eastern Sydney is anywhere between three weeks and two months.



Broadly speaking, large non-government organisations are able to influence government decision making more so than smaller non-government organisations whose resources are tied up solely with service delivery. Smaller non-government organisations do not have the funds to hire a consultant to draft funding applications and are discriminated against due to a perceived lack of knowledge in drafting the tender documentation.

Many smaller non-government organisations do not keep detailed data on their clients beyond what is required by their funding body and they are not able to access the information that they provide for reporting purposes at the same level of detail as what is held by the funding body. Therefore, smaller organisations which do not have their own evidence management systems are not able to demonstrate accurately the level of need in their community and are left out of the planning processes.

Provider of last resort

The largest service provider in NSW is the Home Care Service of NSW (Home Care). It is established by legislation as the provider of last resort. In rural and remote communities it is the only service provider. Furthermore, being the provider of last resort puts Home Care in the unusual but entirely justified position of not being able to refuse service even to clients who have very difficult behaviours.

It is important to retain service providers who are providers of last resort to ensure that people living in remote and rural communities and clients with complex care needs who have very difficult behaviours have access to services in their local community. We hold that the provider of last resort can be a government or a non-government agency so long as they are not able to refuse service and have locations throughout NSW.

The benefits of outsourcing service delivery of aging, disability & carer support services

Outsourcing to the community sector has a number of benefits including:

- Non-government agencies are connected to their local community as they are based in the community and staffed by local people and volunteers. As such they are aware of the issues affecting the community and are able to quickly respond to community needs.
- Non-government organisations have a different public face than the government which makes it easier for marginalised groups to access the supports they need. For example, people from refugee and asylum seeker backgrounds fear accessing supports from the government due to ill treatment in their country of birth.



- Non-government agencies seek out difficult to reach clients - vulnerable, socially isolated and economically disadvantaged people. This a highly specialised type of work which has gradually shifted away from government agencies.
- Non-government agencies partner with other non-government agencies, government and private sector organisations to deliver services at reduced average cost and to cross-promote their services.
- Wages in the community sector are significantly lower than the wages in government which allows the government to get a better return on investment when compared with the government delivering services itself. However, this is not a legitimate reason for outsourcing to the non-government sector. The Productivity Commission notes that in real terms government funds community services in the non-government sector at 70% of what it costs to deliver those services¹ If the government is to outsource community services to the non-government sector than it must be done at real cost of service delivery in order to ensure the viability of the sector given our rapidly increasing aging population.
- Non-government agencies, particularly smaller agencies tend to have low overheads allowing the majority of the funds to be spent on service delivery.
- Non-government agencies act as a buffer between the community and the government as a service provider by assisting member of the community in accessing information on government services, providing assistance with filling out forms and broadly acting as an advocate.

Accountability, transparency, access and equity reporting

Service providers in receipt of public funding are required to report on service delivered in accordance with the Common Community Care Standards. Reporting of funding allocation differs from one government office to another. There is a need for full transparency of how and to whom the funding was allocated for the purposes of planning and service coordination.

We in favour of transparency and accountability of funded organisations in advising the broader community of the services that they have been funded to provide. This is particularly important where the organisation/s is in receipt of funding targeting the Culturally and Linguistically Diverse (CALD) and Aboriginal Torres Strait Islander communities which have significant barriers to accessing community supports.



Comments on outsourcing of community and public housing services

The NSW government has already started the process of out-sourcing social housing provision to the NGO sector, with the transfer of public housing stock to small to medium Not-for-profit housing providers.

There have been proven benefits and downfalls to this arrangement. Not-for-profit housing providers often have a particular focus i.e women's housing and may, therefore have a better understanding of their tenants needs. But Tenancy Management is a complex beast, especially when those housed are the most vulnerable and disadvantaged in society.

The smaller organisations have become more sustainable through the stock transfer, which has allowed them to raise capital on the asset when titles were handed over. The smaller the organisation, the more responsive to tenants needs they are, providing maintenance quicker, with a more thorough quality assurance possible. Client service staff tend to have smaller portfolios than the government agencies, providing them the chance to know their tenants better and to track any issues earlier and more sympathetically.

Transfers though, can be a issue for the smaller NGO housing providers. With fewer properties, there are fewer options for tenants who may need to relocate.

The medium organisation have better capacity to take on more housing and to employ community development and tenant participation workers, unlike the smaller one. But this is a double edged sword, as is proven in NSW, by the providers who have taken over the majority of stock transfers being accused of becoming mini-bureaucracies- the lack of which, is the very benefit, most tenants claim to like about NGO housing providers.

ⁱ Australian Government Productivity Commission, *Contribution of the Not-for-Profit Sector*, Australian Government Productivity Commission, Canberra, 2010, http://www.pc.gov.au/data/assets/pdf_file/0003/94548/not-for-profit-report.pdf