

Outsourcing Community Service Delivery

Organisation: Local Government and Shires Associations of NSW

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Date Received: 3/05/2012



Our ref: R96/0126 Out-20441

3 May 2012

Mr Bjarne Nordin
Legislative Assembly Committee on Community Services
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Nordin

Outsourcing Community Service Delivery

Thank you for the opportunity to contribute to the Legislative Assembly Committee on Community Services' Inquiry into Outsourcing Community Service Delivery.

The Local Government Association and the Shires Association of NSW are pleased to make a written submission in response to your terms of reference.

Please note that our submission does not contain confidential information, however it is provided subject to endorsement by the Associations' Executives.

Yours sincerely

Noel Baum
Director, Policy



**DRAFT Submission Regarding NSW Legislative Assembly Committee on
Community Services Inquiry into Outsourcing Community Service Delivery**

DATE

4 May 2012

OPENING

The Local Government Association of NSW and Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government.

Together, the Local Government Association and the Shires Association represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community and the media.

The Associations thank the NSW Legislative Assembly Committee on Community Services for the invitation to make a submission concerning the Outsourcing Community Service Delivery.

The Associations have a long standing interest in this issue because Local Government plays a critical role in community services at the local level and in developing the capacity of providers to meet local needs.

EXECUTIVE SUMMARY

The role of Government in delivering services is an important part of Australia's social welfare system to improve the wellbeing of people and communities by supporting people's ability to participate in social and economic activities. Councils, often as the provider of information on local services, have seen many different methods used to deliver services to the community including delivering or providing the services directly; funding external providers through grants or the purchase of services; subsidising users to purchase services from external providers; imposing community service obligations on public and private providers or providing incentives to users and/or providers, such as reducing tax obligations in particular circumstances.

Councils are concerned that outsourcing Government services is often motivated by economic efficiency, and does not always achieve optimal outcomes for clients or community wellbeing. Efficiency from the Government funders' point of view often results in additional confusion and inefficiency for the services user, especially if they are forced to contact multiple providers individually in order to receive a service or be placed on a waiting list for a service. Integrated service delivery is therefore not achieved.

NSW Councils have a significant role in providing services to older people and people with a disability, with approximately two-thirds of NSW Councils providing Home & Community Care (HACC) services (Reference 1). In addition, Local Government in NSW supports locally based Non Government Organisations (NGOs) to establish a local presence through, the provision of administration and office premises for example. Building the capacity of local organisations to provide responsive services to ensure maximum community benefit, is also a key role for Local Government in NSW.

As an advocate for the local community, councils have witnessed changes in the provision of community services from numerous small providers to a predominance of larger more centrally located organisations. Similarly, councils have been called upon to shore up struggling services and to fill the gaps when services founder.

At the outset, it must be highlighted that Local Government has the capacity, more so than other spheres of government, to have impact on local service delivery because strategic decisions are made at the local level impacting on the delivery (or not) of services. In this case, Community Service delivery can differ significantly from one Local Government Area (LGA) to another and this needs to be considered in relation to any consultation process.

Key issues for a successful model of outsourcing Government services in disability, housing and home care are, from a Local Government perspective, the following:

- local presence;
- regionally equitable distribution of resources and services;
- collaboration;
- resourcing which accounts for the differing costs of delivery in rural and regional areas;
- value adding to local services; and
- local capacity building.

The Associations' recommendations for the outsourcing of Community Services in disability, home care and housing are:

Recommendation 1

Improved monitoring of service delivery is required to ensure that all Local Government Areas in a region are adequately serviced.

Recommendation 2

The needs of at risk groups within the community require special consideration in determining the allocation of funding to NGOs.

Recommendation 3

Information on new and existing services should be centrally updated and provided to councils to ensure access for clients and long term viability of services.

Recommendation 4

Local partnerships should be encouraged to improve local on the ground service delivery.

Recommendation 5

Local Government support for NGOs at the local level needs to be recognised and resourced.

Recommendation 6

Pressures on Local Government to increase mainstream services and facilities accessible to clients receiving disability services funding need to be recognised and resourced.

Recommendation 7

The proposed salary increases for Community Services staff must be funded to ensure the long term viability of the community services sector.

This submission will address these issues against the Terms of Reference of the Inquiry. The Associations note that the Terms of Reference of the NSW Legislative Assembly Community Services Committee of Inquiry into the contracting out of community service delivery refer specifically to the contracting of housing, disability and home care services. The Associations' response refers in general terms to community services, but acknowledges that there are specific issues relating to each of these service areas which deserve individual attention.

PURPOSE

The Associations note that this inquiry will report on the devolution and outsourcing of housing, disability and home care services, from the Government to the non-Government sector, with particular reference to:

- a) State Government processes, outcomes and impacts of transferring housing, disability and home care services from Government to non-Government agencies;
- b) The development of appropriate models to monitor and regulate service providers to ensure probity, accountability and funding mechanisms to provide quality assurance for clients;
- c) The development of appropriate levels of integration among service providers in rural and regional areas to ensure adequate levels of supply and delivery of services;

- d) Capability frameworks ensuring that community agencies are not overly burdened by regulatory constraints;
- e) Enhanced capacity building and social integration in the delivery of services by local providers;
- f) Future employment trends, expectations and pay equity for women employed in the non-Government sector;
- g) Incentives for private philanthropy in the funding of community services;
- h) The use of technology to improve service delivery and increase cost effectiveness;
- i) A comparison of the management and delivery of similar services in other jurisdictions; and
- j) Any other related matters.

The Associations will address these Terms of Reference from the perspective of Local Government in NSW. This submission is based on the input from councils as listed in Appendix 3.

Local Government recognises that people have a right to quality facilities, services and programs that enable them to remain living in their own homes and active in their communities. The views expressed here are based on the Associations' position, policy statements and conference resolutions, as well as the collective experiences of the contributing councils' community services staff. Individual councils' views do not necessarily reflect the views of their councils, which due to the tight consultation time frame could not be approached. Each council's experience will be different due to location, size and resources.

Comments relate to community service provision generally as Local Government is active in many areas of community services but also refers to specifics in ageing and disability and housing where examples are available. This submission raises issues that are relevant for the majority of councils in NSW.

We will address each of the individual parts of the Terms of Reference for the Inquiry in turn:

a) State Government processes, outcomes and impacts of transferring housing, disability and home care services from Government to non-Government agencies;

Local Government in NSW, as a key provider and auspice of community services, appreciates the issues facing Government and providers in the outsourcing of community services. The fundamental tenet of outsourcing is more effective and efficient delivery. One of the difficulties in the business of community services is that the organisations most likely to provide services are often not for profit based entities, which may not be able to offer the same competitive advantage or efficiencies as any commercial counterparts. This has implications for how well the service user's needs are met and whether returns to Government are value for money.

The Associations wish to clarify that the terms of reference of this inquiry do not apply to the outsourcing of Local Government services or the services that the Government currently contracts Local Government to provide. Local Government in NSW has a long history of providing services directly to the local community, for example in child care and seniors services. In order to ensure the sustainability of quality services in the LGA, many councils would not wish to outsource these services to NGOs. Local Government seeks to ensure that the local community has easy access to locally based services and sees that the successful outsourcing of community services is dependent on clarity about outcomes, services standards and reach, and monitoring.

Whilst we feel that the Non Government Organisation (NGO) sector understands the need to work together; has good will in relation to coming together and sees the value in integrated service delivery, there is still an underlying issue of the capacity of NGOs to deliver those services not only on a one on one basis, but also in an integrated way. Factors affecting the satisfactory delivery of services at the local level include: financial and administrative capacity of NGOs, lack of support for local based services from head office, and conversely, lack of a local presence. Government processes which impact on the quality of service delivery include contractual arrangements, regional boundary definitions and the costing of transport in rural and remote areas.

Capacity of NGOs to deliver services

In Local Government's experience, the capacity of NGOs to deliver services on behalf of state Government has varied depending on governance, financial viability and staffing.

One Illawarra council stated:

"Issues of governance, financial management and the availability of quality, skilled, board members to support the increasingly complex business of operating community based organisations, have led to some smaller organisations struggling to meet service goals and quality. In some instances organisations have over-extended themselves in terms of core organisational competence – chasing funding dollars in unfamiliar service delivery territory, in order to remain viable, without strong skills or experience to actually deliver quality services."

Governance

Local Government is concerned that at times the philosophical frameworks that underpin charities, religious organisations and "corporate" not for profit organisations may limit the ability of these organisations to deliver services in the value-neutral, equitable and evidence-based ethos that citizens expect of Government-funded programs.

Financial viability

Over the past 10-15 years Local Government has seen financial pressures cause a significant number of smaller organisations to leave the community services sector and their contracts/services picked up by larger organisations, including the traditional charities. Many of these organisations have their own fund raising or philanthropic sources of income and, with economies of scale can achieve low unit costs of service. The organisational costs of staff development, technology and human resource management are also usually lower in these organisations. With the introduction of personalised packages, large services may also be better equipped to manage funding uncertainty.

A significant impact of this change is that services that were once locally based are now run from a regional centre, with the result that smaller towns no longer have a local service. Another effect, noted by Local Government, is that services in the same areas may be competing for clients.

The primary consideration in relation to the further outsourcing of home care services to NGOs is whether the sector has the capacity to assume additional responsibility for service delivery. Outsourcing to NGOs does allow however, individual and innovative approaches, including the use of technology, increases competition and efficiency, and the development of local services, with local knowledge. There is a considerable cost benefit to Government of outsourcing however this should not be given more weight than the benefits to the clients that are derived from specialist services which are responsive to their needs.

There are additional concerns regarding availability of trained and/or suitable staff to delivery in-home services and the costs to organisations of ongoing management of service systems and staff support. Tendering of contracts for service delivery, assuming they follow the traditional 3 year funding format, will not be cost effective, for smaller organisations in particular, and will be disruptive from a continuity of service perspective. One Illawarra council commented:

"As with any contracted service, the aim of the contractor is, at worst, to ensure that they can deliver the service they are funded to deliver on a 100% cost recovery basis and, at best, to accumulate some additional benefit that pays for organisational overheads or increases organisational capacity."

Increasingly, funding bodies (NSW Government departments) are developing funding models that are based on quarterly or yearly payments which are best suited to larger organisations which have some financial surplus to cater for funding lags. Larger organisations often have the capacity to increase the range and efficiency of services delivered. Access to a large pool of volunteers contributes to lower service-delivery costs and makes their service more cost effective and attractive to funding bodies. The costs of maintaining a

corporate structure can also mean however, that service delivery dollars may be directed away from direct service outputs and into salaries and infrastructure.

Staffing

Smaller organisations, with short-term, “pilot” or insecure funding bases find it difficult to attract and retain quality staff and to plan strategically for the long-term future of their organisation. Organisations are also hard-pressed to identify the return on investment in training, mentoring and developing staff who are employed in a temporary or short-term capacity.

The impact of the recent pay equity case for employees under the SACS Award has significant implications for both community sector agencies and state/federal funding bodies, in ensuring that the increased salary costs for agencies that ensue from the ruling, are fully resourced by Government.

Some councils commented that Local Government is not able to offer staff the same salary sacrificing opportunities that many NGOs offer, which impacts on the ability of Local Government to attract staff. In Queanbeyan Local Government Area (LGA) where the council once held a monopoly on community services funds, there are now multiple NGOs competing in the market for these funds.

Local presence and service support

Centralisation of services in major centres

With the replacement of small providers by larger providers, Local Government has witnessed a growing disconnect between “central office” and service delivery outposts. Many councils have commented that this has adversely impacted on the ability of services to meet unique local needs and resulted in the disempowerment of local consumer voices in service planning and evaluation.

The application of metropolitan provision models to regional areas is not always effective. Both Coffs Harbour and Wagga Wagga councils’ experience has been that some services are much better at managing regional or remote sites than others. An organisation which is clearly committed to and focused on decentralised service provision, has usually been effective. Centralised services are not. There are a range of reasons for this including not understanding the integration opportunities at the local level and not understanding the local nature of delivery efficiencies (who is who) – which accordingly limit the scope for services to enhance outcomes because no local knowledge is present.

The centralisation of service providers has created pockets of “non-service” in many regions and remoter parts of some LGAs. The allocation of funding by region has meant that tenders may be allocated to a provider who professes to cover a particular region but who may only be located in one centre in that region, leaving other parts without services. Little effort is made to encourage local participation in service delivery by these providers and there is a noticeable lack of outreach services and the capacity to develop them.

One council in the Macarthur region commented that funding allocated to the region often results in services being concentrated in Campbelltown, leaving other LGAs in the region without services. Other LGAs in the region are unable to lobby for increased services because, from the funding bodies’ points of view, that region has been “covered”. Many regional initiatives for example, have not resulted in an ongoing commitment to ensure services are outreached across an entire region. As this council stated:

“About 6 or 7 years ago we were part of a Macarthur initiative that hosted a forum on outreach in the region. There were a number of agreements that came about following this forum, there is not much evidence that this is still in practice in the sector now.”

Accountability of contracts to service delivery is required to protect the interests of service users in outlying areas. Increasingly we are seeing that the provision of service seems to vary, alter and sometimes be somewhat different from the original agreement of service delivery. At times services have been duplicated in a major centre within a region while outlying areas receive no services, demonstrating little or no planning happening between services.

The importance of a local presence

A local physical presence is essential to ensuring local clients receive services and that services funded for the area actually develop a client base. A Disability Service in the Macarthur region was having trouble finding clients until it established a shop front in the Wingecarribee Shire. Councils have also noted that smaller organisations with locally based services are the most effective in outreaching to Aboriginal communities. Councillors favour locally-based NGOs over those with head offices located outside the LGA. This sometimes affects council grant assessments.

Smaller local organisations have demonstrated the ability to respond quickly to the needs of older people and people with a disability. Some councils have noted that smaller organisations have a better knowledge of mainstream services (often run by councils) which may be appropriate for their clients, and have developed innovative and flexible responses.

Local Government is in the unique position of understanding local needs and priorities and often advocates for equitable service provision and resource allocation across all LGAs in a region and to outlying areas within the LGA. Councils have commented that their local knowledge could greatly benefit funding bodies and could provide an insight into how well service providers are covering a region.

It is important to note that not all areas suffer from a disconnect from a centralised provider. Queanbeyan City Council is a regional provider of some grant funded programs. The majority of staff are located in Queanbeyan and travel out to remoter parts of the region to ensure good regional coverage.

Councils often well equipped to fill a gap in local service provision, especially in Home and Community Care (HACC), where there are no services meeting local needs. They employ local people, use local volunteers and are based in local premises. Some councils see Local Government as the preferred provider for community service provision, if funded adequately. As one large metropolitan council commented:

“The community intuitively goes to Local Government as the first stop when requiring access to community services and if services were standardised across the country it would eliminate confusion and ultimately cost.”

Recommendation 1

Improved monitoring of service delivery is required to ensure that all Local Government Areas in a region are adequately serviced.

Funding submissions should be evaluated using local knowledge about issues faced by communities and Local Government knowledge should be used to assist funding bodies through this process.

Government processes

Contractual arrangements

Councils have commented that there is confusion in the community services sector over transactional contracts, with a blurring of the distinction between public, for-profit and not-for-profit sectors.

Similarly, the length of funding periods should allow enough time for the benefits to be seen at a local level. If community organisations are to receive grants they should be funded for a project for at least a 3 - 5 year cycle. Short term projects (1 year) often do not have enough time to gain community awareness and result in unnecessary stress for workers and management.

“Funding for longer with clear performance indicators is a better system for service provision planning and for worker stability. It is hard to attract good workers for 1 year projects.”

Boundaries

Councils have yet again reported considerable issues relating to boundaries. There are Local Government boundaries, regional boundaries, service provision boundaries and state Government departmental boundaries. These cause confusion for communities that are on the fringe of one or more boundary. One South West Sydney council noted:

"In our LGA we deal with three Local Command areas (Police), two different Area Health Services, numerous educational boundaries. A good example of this is people who live in Warragamba are required to travel more than an hour to access area health services in Campbelltown when there are services located 15 minutes away in Penrith."

Cost of transport in rural areas

One of the concerns of delivering services in rural areas is about the use of the same unit costing as in urban areas. Councils in rural areas comment on the higher costing of delivering services to customers in rural area due to distance and minimal support services available, such as podiatry, allied health or family support services. One Southwest Sydney council commented that:

"people living in Tahmoor get less care for their package than those in more urban areas eg Punchbowl because of the cost of travelling to them."

At risk groups

Councils are concerned that certain groups within the community – those who are most disadvantaged and whose needs are greatest – will be overlooked if home care and disability services are fully outsourced to NGOs. There is a risk in contracting out, that services to these disadvantaged groups, such as Aboriginal people, people from Culturally and Linguistically Diverse (CALD) communities and people with high level care needs, will be compromised. There may not be sufficient incentive for locally based organisations to apply for funding to deliver to these groups and that only the big providers will be in a position to tender for these contracts.

The need for professional, quality care, delivered by skilled and well-supported care workers is a critical consideration in decision-making regarding the future delivery of home care services.

Contracting out of housing services

Affordable housing is a critical issue for Local Government in terms of community well being. There is limited scope for Local Government to provide for housing services, apart from a land use perspective. Proximity of housing to services, transport, education and employment opportunities are issues which Local Government face in the development of their 10 year Local Community Strategic Plans. Some councils have a specific view on the outsourcing of housing services to NGOs.

"Wollongong LGA hosts a high proportion of social housing and has experienced in recent years the shift of responsibility for management of social housing properties and management of social housing tenants from the auspices of Housing NSW to community housing providers."

"This shift has seen IHT assume responsibility for administering social housing allocations, maintaining a large number of properties formerly owned by Housing NSW, managing tenant issues – including arrears and also moving into the realms of developing affordable housing projects."

The involvement of NGOs in housing is an emerging area and will require considerable support and seed-funding from the NSW Government, to build NGO competence and confidence. The risk to NGOs is that they are inheriting aged social housing properties, with potentially high long-term maintenance costs, that they do not have the funding base to address. They are also assuming the risk for rental arrears, tenant damage to properties and the increasing level of challenging client behaviours, on behalf of the state Government.

Recommendation 2

The needs of at risk groups within the community require special consideration in determining the allocation of funding to NGOs.

b) The development of appropriate models to monitor and regulate service providers to ensure probity, accountability and funding mechanisms to provide quality assurance for clients;

Monitoring and regulation

Local Government plays a role in advocating on behalf of the LGA for service provision and may, from time to time, participate in reviewing and commenting on outcomes for services from an interagency, regional or even State consultation perspective. For example, in both Wagga Wagga and Coffs Harbour there have also been times in the past, when issues have arisen regarding service provision where council staff have had a pro-active role in responding on behalf of other spheres of Government. Council staff also play a role at times when community members are either dissatisfied with a service or have concerns about how a service is provided. There is a role for advocacy services to assist clients to action complaints about quality of services but often these are not available in rural or remote communities.

To clarify, Local Government does not see itself as the monitoring arm of State Government, rather it is a function of the position of Local Government to represent the views of the community back to the funding body. Members of the community are able to complain about the quality of services through each services' complaints handling process, direct to the funding department, to their local and federal member and or the Ombudsman. To be effective, this requires the service providers to implement the complaints process appropriately and all service users should receive a copy of the complaints policy and process when they are assessed as eligible for a service. This is a management and internal monitoring and audit process for all service providers.

Probity and Accountability

Local Government is concerned that there may be a conflict of interest where an organisation is contracted to perform an intake or assessment role and is also a service provider. Providers may make preferential referrals to their own services and skimming the 'less complex clients' to that provider. NGOs often assume councils will fill gaps in service provision and will refer clients to councils for services that they do not provide. In South West Sydney for example, Carelink and Beyond Blue have referred clients to council for services. Councils are then put in the invidious position of denying clients services that they were never funded to provide.

Where small local services assume responsibility there have been issues with roles and responsibilities, due diligence, service levels, complaints management and reporting and accountability. Councils have also commented on declining response times from NGOs. One Hunter council expressed concern that NGOs providing housing services are reducing their service provision and response times for urgent housing needs have increased from 2 to 8 weeks. Women and children's refuges have been adversely affected by this decline. One South West Sydney council commented that the Home Care service has become so bureaucratic and unresponsive that people don't want to "go through all the hoops" to get a service, so they turn to Home and Community Care (HACC) which is more responsive.

Outcomes of outsourcing need to be measured using a whole of community approach. A results based accountability approach to overall population outcomes is needed in the overarching planning frameworks (and co-ordination).

Funding mechanisms

Competitive tendering

Historically, the allocation of funding to NGOs to provide ageing and disability services has been on a regional competitive tendering basis. Councils see this process engendering secrecy and lack of sharing of successful approaches between providers and counter to Government processes which favour transparency. For example, at a local HACC planning forum in Bankstown-Fairfield, councils reported that providers were unwilling to share evidence of effective service practice, limiting the benefits of the planning process.

The competitive tender process is seen to create community disharmony by placing community organisations in positions of conflict with one another. For small country areas where they may only be one or two potential tenderers this is particularly the case.

Large providers have the resources to write grant submissions but do not necessarily have local knowledge about services and needs. A council in the Macarthur region gave the example of a provider who won a grant for respite based on using trains to transport people from a small village without knowing there was no public transport available on weekends.

There is some question for Local Government about whether the competitive tendering method results in better outcomes for clients. There is reliance on outputs rather than outcomes for clients. As one northern NSW council stated:

"Spending money without making a difference is a major risk in tendering out for short periods of time."

Quality Assurance for clients

As a key source of information on local services, councils witness the difficulties for clients of negotiating a complex service system in which there are multiple providers. In community based age care for example, a person needing a domestic assistance service may need to contact many service providers separately to apply for a service or go on a waiting list. There is no system of centralising waiting lists and services. Councils try to keep directories of services up to date but this is difficult to achieve when services are funded, often on an ad hoc basis out of the main funding cycle. Councils are often not informed when a new service is established in the area. Councils are the one organisation which is common to all areas of NSW and could provide better information to local residents if there was a consistent model of service information available.

Recommendation 3

Information on new and existing services should be centrally updated and provided to councils to ensure access for clients and long term viability of services.

c) The development of appropriate levels of integration among service providers in rural and regional areas to ensure adequate levels of supply and delivery of services;

In a regional setting, service provision can often be fairly limited so that integration is difficult. Similar to councils, regional NGOs are significantly varied in their scope of activity and support infrastructure. From a northern regional NSW standpoint, Coffs Harbour Council has commented that the service delivery network in that LGA is also fairly limited to one service type for most need areas and therefore the issue of supply is an ongoing one.

Local Government sees the need to create an embedded incentive for integration to not only ensure adequate service levels but also equity in service delivery across regions. There is a role for Local Government in the support of integration of services and many NSW councils have facilitated locally based partnerships which have resulted in enhanced service outcomes for users.

Partnerships

Genuine partnerships between Government and community organisations create viable local services. Local Government has been the catalyst in many partnerships, which are described below.

In South West Sydney, councils have mentored a successful partnership for social support between the Dementia Advisory Service and Interchange Wingecarribee to create a local referral pathway for clients. Other councils have managed consortia of neighbourhood centres and CALD specific organisations for project work

In Coffs Harbour, the council facilitated the new auspice of disability services through consultation with service users, families and staff, resulting in positive views regarding the process and the outcomes.

Wagga Wagga City Council have been working very closely with the NGO sector over a period of years to establish a working Memorandum of Understanding to deliver outreach services to a range of community centres located in social housing estates. Council has worked closely with Housing NSW, Police NSW, Indigenous Co-ordination Centre through the Housing NSW Building Stronger Communities Program and

the Regeneration Plan. Using a place-based approach to community renewal, effective outcomes across health, community development, crime, family violence and social housing needs can be achieved.

In 2009, Wollongong City Council and Shellharbour City Council successfully jointly tendered for the provision of community transport in the two LGAs, based on their 20 year experience in delivering community transport. The partnership operates as Consortium, with Wollongong Council as the leading agency.

Glen Innes Severn Council provides a good example of how a large range of community services can be provided through Local Government, across 13 LGAs, utilising the existing systems, procedures and infrastructure of a moderately sized organisation. Coordination of services within the Councils means that staffing, payroll, finance and procurement policies, processes and systems are already established and technology can be maintained and utilised to maximise efficiency. The Council has a commitment and program for community capacity building which can enhance service delivery and maximise use of mainstream resources, particularly in the Glen Innes Severn LGA where direct services are provided. The Council also has the capacity to partner with other councils in the region to maximise service delivery cooperation.

Recommendation 4

Local partnerships should be encouraged to improve local on the ground service delivery.

Local Integration Models

Local Government in rural and regional NSW supports an integrated approach to service delivery. In 2006, the Shires Association passed a resolution that the NSW Government adopt as a matter of policy a model for preferred co-location of HACC and related community services operating in rural and regional communities and that adequate project feasibility/planning funding is allocated, whenever redevelopment or upgrade of such services in a community is planned.

Flexibility and responsiveness in service delivery in rural and remote setting is critical to the success of services. Multi purpose services need to have activity based and block funding from relevant Government department for responsive service delivery. Importantly, flexibility within the funding components allows multi purpose centres to be responsive, relevant and efficient. Models that are flexible enough (or have a flexibility component) to respond at the local level, especially with reward/incentive given to leadership around integrated responses are most likely to succeed.

Successful integration models in rural and regional areas demonstrate benefits for clients. A few examples are provided below.

Recently a successful amalgamation of services between Integrated Living Australia and Port Stephens Community was driven by increased governance requirements and funding changes. The amalgamation model which included financial, legal, cultural due diligence reports will be used as a blue print in other amalgamations.

Upper Hunter Peer Link was another successful amalgamation of services into Integrated Living Australia. This disability service has developed a strong partnership with the local High school - St Josephs High school Aberdeen to provide a 'All Stars' concert, which aims to build the clients' skills in a fun environment and develop their confidence within the community. More than forty students from St Joseph's High School also volunteered their school holiday time to coordinate and manage the workshops in areas of drama, dance music and movement.

Another integration example is between Integrated Living Australia and Ungooroo Aboriginal Corporation, providing community care services to the Aboriginal community of Singleton and additional support to attend medical appointments, lawn mowing and domestic assistance. Ungooroo volunteers are registered with Integrated Living Australia and are subject to the required mandatory competencies such as Federal Police checks, copies of motor vehicle registration, insurance and current NSW Drivers License (if required to perform the role). Integrated Living Australia is co-located with the Medical Specialist Outreach

Assistance Program - Indigenous Chronic Disease as well as the Cardiology specialist clinics (Cardiologist, Cardiac Clinical Nurse Consultant & Echo Technician).

d) Capability frameworks ensuring that community agencies are not overly burdened by regulatory constraints;

As outlined in TOR b) above, Local Government experience with locally based NGOs is that those larger, metropolitan based organisations, particularly if they have a long history of service provision generally have effective systems and mechanisms in place to meet regulatory requirements. The key issue regarding regulation for community providers is the ability of the management committee to identify and act on issues. A lack of collaboration between providers and at times, an immature service, can mean that NGOs are seeking increased support from Government and councils to meet their service obligations.

e) Enhanced capacity building and social integration in the delivery of services by local providers;

From a Local Government perspective integration and capacity building must be both encouraged and measured. Council experience is that some service providers play a more active role than others in building capacity and integration, but because there is often no legislative or funding agreement requirement, it is not a priority.

Local Government is often placed in a position of supporting NGOs so they can continue to operate in an LGA. Support may be in the form of providing subsidised office space, administration or in facilitating local networks. Local Government takes on this role in order to ensure that local people have access to locally based services. By taking on some of the administrative costs, there is a belief that the quality of community services can be improved.

Local Government is also active in adding value to local service through capacity building. These issues are outlined further below.

Local Government support for NGOs

Councils have commented that there is an ongoing need for support for all NGOs due to the cost of office and other accommodation and also the issues of supply and demand and levels of funding and income. Whatever the auspicing arrangements and the location of head office, council is often asked to assist in relation to these matters. For example, Wagga Wagga Council's experience has been that they have injected significant effort to provide access to council infrastructure and to subsidise training and development of NGO staff. Council has also hosted education and information forums for other community service peak bodies and other levels of Government in order to facilitate the provision of outreach services and build local networks.

Similarly, Wollongong City Council provides a range of support to local organisations, including: reduced rental for accommodation in council-owned buildings, - licensed accommodation in community centres (where a NGO acts as the licensee and manager of a centre), facilitation of local interagency networks, partnerships with NGOs to deliver projects and services (some of which have resulted from joint applications for funding from Government), participation in steering committees for new, start-up organisations, ongoing resourcing, advice, support with funding applications and governance matters to local organisations, matching of volunteers and support for volunteer management committees, and contracting of not for profits to deliver aspects of council projects. Wollongong Council commented that:

"Wollongong City Council recognises the importance of the contribution of NGOs to maintaining social infrastructure, community connectedness and the city's livability. The advent of the Community Strategic Planning process for NSW Local Government, provides an opportunity for councils to be clear about their role and the interconnections between their activities and the work of local organisations in delivering outcomes for the city. At the same time, given concerns of Local Government about cost-shifting from state/federal Governments to local and about the increasing impost of infrastructure maintenance on Council

budgets, it is important that the NSW Government does not, in seeking to transfer greater responsibility to NGOs, at the same time transfer hidden costs (for example, in terms of staff time and resources to support NGOs) to Local Government."

This support by councils is outside of the community services funding that is directed to NGOs and is directing council's income away from its core business. As one southern council commented:

"To suggest provision of administration support or accommodation for NGOs by Council at less than full cost recovery is to condone cost shifting from either the Commonwealth or State Government to Local Government. The Commonwealth and State Governments need to provide sufficient funds for NGOs to cover their own administration and accommodation costs. Most Councils are struggling to accommodate their own staff and finance asset replacement and operational costs. Councils who currently auspice programs for Commonwealth and State Governments may be subsidising the grant funded programs through use of income from rate payers to fund management support, direct operational costs and indirect operational costs such as support from finance, IT and human resources section. To suggest that Councils financially support NGOs is not acceptable."

Local Government is also used as the local manager of State based funding. For example, Wollongong City Council was recently provided with a funding budget from the NSW Government that they administer to two local community organisations. This requires that Wollongong City Council assume the de facto role of managing this funding – and assuming the associated risks – on behalf of the state Government. While Local Government sees itself as having the best knowledge of an area, there is a need to ensure that Local Government is appropriately resourced to manage services on behalf of other spheres of Government. The Local Government Association passed a resolution in 2006 seeking State Government contribution to the accommodation costs of social and community services that are also funded by the State Government, and often housed in council facilities including neighbourhood and youth centres.

A further concern is the establishment of appropriate levels of support for NGOs from Local Government. Local Government has a clear capacity building role which should be, and often is, used to support fledgling NGOs to establish a local presence, for the benefit of the local community. This support may be in the form of accommodation, advice and resources. As the NGO matures, the level of Local Government support should ideally decline, however councils often will continue to support NGOs as long as they believe appropriate. Going beyond the incubation model of support for NGOs, Local Government will support genuine long term partnerships where there are benefits to the community, by allowing NGOs to occupy council-owned facilities at low rental costs or receive support and advice from council officers.

Recommendation 5

Local Government support for NGOs at the local level needs to be recognised and resourced.

Role of Local Government In Building the Local Capacity of NGOs

Local Government has a clear role in support, network facilitation and information provision. Councils' experience is that those organisations with a long history of service provision, with a structure which recognises the specific needs of their regions, require less direct assistance than smaller organisations. Services with strong networks, both in and across the community, are able to work more effectively. Smaller, more localised services often need more support both from a small business and community service perspective. They are often poorly placed to take competitive advantage in relation to their counterparts especially with needs which require the establishment of new services.

There is an understandable community expectation that council will act in the community's interest and 'pick up the slack' if services are foundering. Over the past century, Local Government in NSW has sought, and been given, legislative responsibility for service provision in significant community services areas e.g. Aged Services and Children's Services. Councils' key role in strategic planning for local services and in the

provision of community infrastructure has also supported the expectation that councils will fill the gaps. Communities are also able to lobby their local councillors to maintain and provide new services.

Networks need to be facilitated and this is a central role for Local Government. For example, Muswellbrook Shire Council actively attempts to address issues of networking and duplication of services by convening and facilitating the following networks, in partnership with Department of Family and Community Services, Community Services, HACC Development Officer and Upper Hunter Council: Upper Hunter Community Services Interagency; Child Protection Network; Early Intervention & School Readiness Network; and the Upper Hunter HACC Forum.

There is an additional challenge to Local Government in adding value to local services, in the operation of 'mainstream' services run by councils. Increasingly these services, such as social support groups, exercise programs and neighbourhood activities will be accessed by clients receiving funding under a person centred/directed care model. Councils may experience pressures on infrastructure, staff skills and supporting local services to respond to increasingly diverse client support requirements.

Recommendation 6

Pressures on Local Government to increase mainstream services and facilities accessible to clients receiving disability services funding need to be recognised and resourced.

f) Future employment trends, expectations and pay equity for women employed in the non-Government sector;

For Local Government, particularly in rural areas, staff retention is often an issue, both for council employment and in NGOs. Disparity in pay rates between Government and non-Government providers can make it difficult to retain staff in community services. Queanbeyan City Council being located on the border with the ACT, is in a position where it has to compete for staff with the Commonwealth and ACT Public Services and with a range of NGOs. As one metropolitan council comments:

"In NSW, high levels of labour turnover driven by low pay, high case loads, low preparation and training, and lack of organisational supports, making the work unattractive and workers susceptible to stress and burnout has occurred in the community services that have been outsourced. Inadequate levels of current funding, regulatory clauses in funding contracts that tie organisations to rigid service models, the shift towards quantifiable output targets in human services, and inconsistent and onerous accountability and reporting requirements have been regularly identified as impeding service efficiency and morale. Other factors affecting workforce sustainability include low pay, lack of pay equity with Government sectors, limited career progression and the impermanent nature of employment due to short term funding contracts. "

Recommendation 7

The proposed salary increases for Community Services staff must be funded to ensure the long term viability of the community services sector.

g) Incentives for private philanthropy in the funding of community services;

Local Government does not have a position on private philanthropy in the funding of community services. Some councils have commented that an organisation needs to have a "charitable" status in order to be eligible for philanthropic funding, and they need to be a legal entity to have this status. Some organisations provide an overarching legal entity for this purpose but can charge high fees to do so.

h) The use of technology to improve service delivery and increase cost effectiveness;

There is an expectation both within Government and within the community and business sector that the National Broadband Network (NBN) roll out will have an impact on the provision of services, especially in

regional areas. Without NBN technology, particularly broad band services in an area, technology is of limited use in service delivery and reducing cost.

It should be made clear that technology can not, nor should it, replace relationships. In cases of high complex needs the human factor is one of the critical elements to success. Technology can value add in relation to the types of communication mechanisms and formats available however should not replace them especially in more rural and remote locations.

i) A comparison of the management and delivery of similar services in other jurisdictions; and

NSW Local Government notes that one of the key success factors for improved models of rural health was the development of 7 different multi purpose centres (health/allied health mix) across Victoria. Their ability to have activity based and block funding from both health, allied health and ageing that was a key to responsive service delivery. However, importantly it was their flexibility within these components (when working within aged care funding as part of the funding mix) that allowed the multi purpose centres to be responsive, relevant and efficient.

j) Any other related matters.

The experience of different spheres of Government working together is that we are able to direct resources from multiple channels to respond to local issues as they arise, providing multiple benefits when utilising a place-based approach. A significant challenge for the non Government/not for profit sector is the competitive tendering process which favours larger organisations and rent-seeking behaviour with little incentive to integrate service delivery with a range of clients whose needs may be complex and cross many service boundaries i.e. child protection, mental health, social housing and education. Whilst legislative frameworks exist at the Governmental level, there are still problems with implementation at the local level around effective information sharing, differing definitions of case management and the transfer of responsibilities.

In addition, in a regional setting, many 'third sector' agencies are predominantly faith based. This works well however as communities change and needs become more complex, there is greater potential for conflicts between philosophical drivers and the community needs which may not translate effectively on the ground.

CONCLUSION & RECOMMENDATIONS

The Associations appreciate the opportunity to respond to the Terms of Reference of the Inquiry into Outsourcing Community Services in NSW. Local Government in NSW understands that community services outsourced to NGOs have the potential to create locally based, responsive solutions for many at risk groups in the community. The conditions for success of this approach include a local presence which is supported both by the NGOs central office and also, at a local level, through collaboration with other providers and by Local Government.

Outsourcing Government services is often motivated by economic efficiency, but must also consider the best method of achieving optimal outcomes for clients. As an advocate for the local community, councils have witnessed changes in the provision of community services from numerous small providers to a predominance of larger more centrally located organisations. Similarly, councils have been called upon to shore up struggling services and to fill the gaps when services founder.

Key issues for a successful model of outsourcing Government services in disability, housing and home care are, from a Local Government perspective, the following:

- local presence
- regionally equitable distribution of resources and services
- collaboration
- resourcing which accounts for the differing costs of delivery in rural and regional areas
- value adding to local services, and

- local capacity building.

The Associations recommendations are:

Recommendation 1

Improved monitoring of service delivery is required to ensure that all Local Government Areas in a region are adequately serviced.

Recommendation 2

The needs of at risk groups within the community require special consideration in determining the allocation of funding to NGOs.

Recommendation 3

Information on new and existing services should be centrally updated and provided to councils to ensure access for clients and long term viability of services.

Recommendation 4

Local partnerships should be encouraged to improve local on the ground service delivery.

Recommendation 5

Local Government support for NGOs at the local level needs to be recognised and resourced.

Recommendation 6

Pressures on Local Government to increase mainstream services and facilities accessible to clients receiving disability services funding need to be recognised and resourced.

Recommendation 7

The proposed salary increases for Community Services staff must be funded to ensure the long term viability of the community services sector.

REFERENCES:

1. NSW Department of Ageing, Disability and Home Care	Annual Report 2008-09
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APPENDIX 1: EXTRACTS FROM ASSOCIATIONS' POLICY STATEMENTS

The Associations' policy statements address issues relating to services for older people and people with disability as follows:

Older people

Local Government recognises that older people have a right to quality facilities, services and programs that enable them to remain living in their own homes and active in their communities.

Local Government:

- identifies, provides or facilitates the provision of facilities and services which meet the needs of older residents to maximise quality of life and well being
- assists older residents to remain in their local community by facilitating appropriate infrastructure and facilities, adequate support services and housing options
- recognises the importance of including older people in council's planning and other activities relating to infrastructure
- provides or facilitates the provision within the local community of services and programs relevant for all older people, regardless of their health status, gender, marital status, sexuality, language, culture, race, religion, disability or status.
- recognises and supports Seniors' Week as an important vehicle to recognise the valuable contribution older people make to their community through respect, inclusion and being sensitive to the needs of older people.
- recognises the important role Seniors' Centres play in local communities.
- supports initiatives which encourage Government, non-Government and private sector employers to develop more flexible work practices and attitudes that are supportive of the continued participation of mature workers in paid employment.

Local Government seeks:

- Commonwealth and State Government adequately resource residential, community care programs (such as Home and Community Care) and healthy ageing programs to meet the real and growing level of need amongst older people and their carers.
- Commonwealth and State Governments provide funding to Local Government to up-grade Seniors' Centres so that they are physically accessible to all residents and to provide for recruitment and employment of staff at Seniors' Centres.

People with a disability

Local Government recognises that people with a disability have a right to quality facilities and services that enable them to live and fully participate in their communities.

Local Government:

- Recognises the importance of including people with a disability in council planning and regulatory activities relating to infrastructure and council social/community planning
- develops local Disability Discrimination Act Action Plans and leads their implementation.
- seeks to improve access to existing Local Government infrastructure and facilities as resources permit and in accordance with the local Disability Discrimination Act Action Plan
- ensures physical access to all new council infrastructure and facilities
- encourages improved physical access to community and privately owned publicly accessible facilities
- ensures that local pedestrian networks are accessible to all people in the community
- identifies, provides or facilitates the provision of facilities services and housing options which meet the needs of people with a disability to maximise quality of life and wellbeing and remain in their local community
- provides or facilitates the provision of local support services and programs relevant for all people with a disability, irrespective of their gender, marital status, sexuality, language, culture, race, religion, or status.
- pursues work practices which do not discriminate against people with a disability

Local Government seeks:

- The Commonwealth and State Governments develop a framework for funding improvements to public infrastructure to comply with the requirements of the Disability Discrimination Act.
- The Commonwealth Government make available resources to enable Local Government to modify infrastructure to comply with the requirements of the Disability Discrimination Act.

APPENDIX 2: RECENT CONFERENCE RESOLUTIONS

Both Associations have passed resolutions which relate to the Terms of Reference of this inquiry.

The Local Government Association passed a resolution in 2006 seeking State Government contribution to the accommodation costs of social and community services that are also funded by the State Government, and often housed in council facilities including neighbourhood and youth centres.

The Shires Association passed a resolution in 2006 that the NSW Government adopt as a matter of policy a model for preferred co-location of HACC and related community services operating in rural and regional communities and that adequate project feasibility/planning funding is allocated, whenever redevelopment or upgrade of such services in a community is planned.

APPENDIX 3: COUNCILS CONTRIBUTING TO THE SUBMISSION

Bankstown City Council
Camden Council
Campbelltown City Council
Coffs Harbour City Council
Fairfield City Council
Glenn Innes Severn Shire Council
Ku ring gai Council
Liverpool City Council
Manly Council
Muswellbrook Shire Council
Queanbeyan City Council
Richmond Valley Council
Wagga Wagga City Council
Willoughby City Council
Wingecarribee Shire Council
Wollondilly Shire Council
Wollongong City Council