OUTSOURCING COMMUNITY SERVICE DELIVERY

Interim Report

LEGISLATIVE ASSEMBLY

COMMITTEE ON COMMUNITY SERVICES

OUTSOURCING COMMUNITY SERVICE DELIVERY -
INTERIM REPORT

REPORT 1/55 – AUGUST 2013

The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "newly risen, how brightly you shine".

Contents

Membership

CHAIR	Mr Kevin Anderson MP, Member for Tamworth
DEPUTY CHAIR	Mr Kevin Conolly MP, Member for Riverstone
MEMBERS	Mr Tony Issa MP, Member for Granville
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Chair's Foreword

This interim report is the first report of the Community Services Committee, which was established at the commencement of the 55th Parliament.

After having received extensive portfolio briefings across the range of policy areas within the Committee's responsibilities, the Committee resolved to conduct an inquiry into outsourcing community service delivery.

The inquiry was initiated to examine the process of outsourcing the delivery of housing, disability and home care services from NSW Government to non-Government service providers. This change in service delivery has been ongoing for some time and the Committee considered it useful to investigate how it has proceeded to date and to provide guidance concerning its future evolution.

The Committee has received a substantial amount of evidence and has conducted several public hearings and discussions on the ground with a range of service providers and will be preparing a detailed report to be released at a later date.

Due to the speed with which human services outsourcing is evolving, the Committee considered that it would report on essential elements of the process ahead of its final report in order to guide future policy in a timely fashion.

This interim report canvasses two of the most significant aspects of the inquiry, namely the need for a centralised and open access database for all funders and service providers and a mechanism for coordinating all applications for service delivery provision.

More detailed discussion of the complexity of current arrangements and suggestions for further improvement will be canvassed in the final report.

I am pleased to present this interim report and thank my fellow Committee Members and the Committee Secretariat for their contributions and assistance.

Kevin Anderson MP
Chair

List of Findings and Recommendations

In order to streamline and standardise the collection and dissemination of community service delivery information and provide a baseline for currently allocated funding for services delivered by non-Government organisations, the Committee recommends that a database be established and developed by an appropriate NSW Government agency charged with responsibility for collecting information from all sources, classified by service category for all providers.

The Committee further recommends that this database map funded service providers in a format enabling open and direct access to information about where funds have been allocated and details of service provision and the management of projects.

The Committee recommends that a centralised processing system for funding applications for all housing, disability and home care delivery services be developed by the NSW Government. The system would be coordinated through an application Gateway, which would manage the accreditation of suitable non-Government service providers, assign appropriate service category levels and reduce administrative burdens for providers and funders.

The Committee further recommends that the NSW Government develops the operational parameters for the application Gateway, ensuring that it has the capacity to conduct compliance checks for applicants and the ability to undertake appropriate auditing of contracts awarded.

In order to address concerns about inconsistencies and confusion in the content of contract documents, the Committee recommends that specifications, contracts and applications should be expressed in clear language and employ standardised terms and conditions.

In response to criticisms regarding the lack of consultation when planning the parameters for funding, the Committee also recommends that organisations operating in the same service delivery area be consulted at the early stage of determining the scope and targeting of specific applications to ensure optimal service delivery for clients.

Chapter One – Background

ESTABLISHMENT OF COMMITTEE AND TERMS OF REFERENCE

1.1   The Standing Committee on Community Services was established as a portfolio standing committee of the Legislative Assembly on 22 June 2011. Its oversight responsibilities encompass the portfolio areas of Health; Medical Research; Education; Mental Health; Healthy Lifestyles; Ageing; Aboriginal Affairs; Disability Services; Family and Community Services; Women; Citizenship and Communities; Western New South Wales; and Sport and Recreation.

1.2   After having requested and received a series of background briefings by relevant Departments and agencies within its ambit, the Committee resolved, on 22 February 2012, to instigate an inquiry into the outsourcing of service delivery from the Government to the non-Government sector. The terms of reference for the Committee's inquiry are as follows:

That the Committee inquire into and report on the devolution and outsourcing of housing, disability and home care service delivery 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.

1.3   The resolution initiating the inquiry was made against the background that the
         Independent Commission Against Corruption (ICAC) had commenced its own
         investigation into the outsourcing of Government services to the non-
         Government sector, focussing specifically on the corruption risks in funding
         arrangements for human services agencies.

1.4   On the basis that the tandem ICAC investigation was concentrating on the
         corruption risks of outsourcing, the Committee monitored progress on the
         Commission's activities and invited Dr Robert Waldersee, Executive Director,
         Corruption Prevention Division to give evidence at its final public hearing held on
         2 April 2013. The Committee therefore did not seek to duplicate the ICAC
         investigation, but has taken the conclusions of the corruption investigation into
         account as part of its own inquiry.

CONDUCT OF INQUIRY

1.5   After calling for submissions by advertising in the *Sydney Morning Herald* on 10
         March 2012, the Committee announced the inquiry on its website and promoted
         the terms of reference via public media channels. In addition, the Chair of the
         Committee wrote to key stakeholders inviting them to make submissions and
         encouraging them to include information about the inquiry in mail outs and
         newsletters to their broader membership base.

1.6   The Committee received 83 submissions from a wide cross-section of the
         community including individuals, Government departments, non-Government
         service providers, the legal profession, the NSW Ombudsman, hospitals, and
         consumer advocacy groups.

1.7   Based on the submissions received, the Committee conducted four days of public
         hearings and undertook inspections of a number of service providers in Sydney
         metropolitan locations, as well as at Walgett and Narrabri, where meetings were
         conducted with staff and clients of non-Government organisations. The visits to
         regional areas reflected the Committee's wish to ensure that issues directly
         affecting service providers in rural and regional areas were taken into account as
         part of its investigations.

INTERIM REPORT

1.8   The extensive nature of the Committee's inquiry has resulted in a substantial
         volume of evidence and associated material, which has been published on the
         Committee's website and will be reflected in greater detail in a final report to be
         tabled later in the year. This final report will also incorporate a complete list of all
         submissions, witnesses and details concerning organisations who participated in
         the inspections conducted in metropolitan Sydney and regional areas.

1.9   The decision to table a preliminary interim report reflects the Committee's
         intention to highlight major conclusions and recommendations arising from its
         inquiry, in order to guide future policy in a timely fashion. In this way, the
         Committee can provide constructive advice about an improved model of service

delivery and integrated data collection as the contracting and outsourcing process continues to evolve in a rapidly changing policy environment.

Chapter Two – Current Outsourcing Arrangements

OVERVIEW

2.1 Outsourcing and the contracting out of Government services to the non-Government sector has been proceeding apace across a range of service delivery areas for over two decades. This development has been guided by a series of national reviews such as the Hilmer Report on National Competition Policy and the Industry Commissions' Report on Charitable Institutions conducted in the late 1990s, to the more recent Productivity Commission Report on the not-for-profit sector in 2010.

2.2 These reviews have been complemented by Parliamentary and State agency based inquiries conducted across Australia and in comparable international jurisdictions and reflect the reality that this is an area which is undergoing major policy reform in most jurisdictions. A more detailed description of these reviews will be covered in the Committee's final report.

2.3 While service standards and monitoring requirements applying in NSW and elsewhere are not directly comparable, a common theme expressed in all previous reviews is that service provision should be flexible enough to guarantee that clients are not disadvantaged in any changes to existing service delivery arrangements. Additionally, previous reports have stressed that there should be sufficient safeguards to ensure compliance with service agreements, along with adequate scope to promote social innovation.

2.4 It is important to recognise that any community service delivery system must balance the competing priorities of accountability, transparency, efficiency and effectiveness. This requires funders and service agencies to work within streamlined application and monitoring processes to achieve optimal outcomes for individuals and the community as a whole.

2.5 Devising a comprehensive system of service delivery with mechanisms to achieve access and equity presents policy makers with a set of confounding variables. These include: geographical remoteness and variability in the size of the client population; adequacy of client choice of providers; and management and compliance burdens, favouring larger providers.

2.6 In line with the continuing evolution of contracted service delivery and the increasing expansion of such arrangements based on the goals of improved efficiencies and more flexible arrangements, the Committee has reached a series of conclusions to improve current practices and, as far as practicable, protect the interests of service recipients.

2.7 While the Committee's terms of reference specifically target housing, disability and home care service delivery program areas, the Committee's final report will also make more general comments about the underlying philosophy of devolving service delivery to the non-Government human services sector.

FUNDING DIVERSITY AND DATA COLLECTION

2.8   In evidence to the Committee's inquiry, the Director General of the Department of Family and Community Services (FACS) indicated that as part of the longstanding trend to direct funding to the non-Government sector, this has resulted in a 150% increase of such funding for family and community services from $800M in 2000-2001 to$2.3B in 2011-2012. [1] This represented 45% of the portfolio's total budgeted expenditure for 2011-2012. [2]

2.9   While ageing, disability and home care service delivery constitutes the bulk of funding provided, grants funding is also provided through the Health Ministry, as well as joint venture partnership funding between the Department of Housing and non-Government community housing providers.

2.10   A 2009 report prepared by the NSW Department of Premier and Cabinet reviewing the red tape burden faced by non-Government organisations highlighted a range of unresolved coordination issues. [3] These have been reinforced in the Committee's current inquiry and include: unnecessary duplication of information requested as part of the application process; the costs of multiple external audits of small programs; and geographical disparities in application processes.

2.11   The lack of a streamlined application process, along with the absence of a centralised database to collect information about allocated funding from multiple funding sources available, means that it is not possible to ascertain the extent of duplication or lack of funding for specific services in any one geographical area. While it is possible to provide an overall picture of the total quantum of funding provided, individually contracted projects may be funded from multiple program sources within or between individual agencies, without the knowledge of one or other funders.

2.12   The establishment of a centralised data collection system has been investigated and recommended in the recently completed report of the Grants Management Improvement Program Taskforce established by the Ministry of Health to review the portfolio's NGO Grants Program. [4] The report supports a new approach to grants management with increased service delivery by the non-Government sector, improved funding mechanisms to ensure greater transparency and a simplified, uniform contract system.

2.13   In order to expedite the establishment of a centralised and up-to-date database, the Taskforce report makes specific recommendations including the publication of a clear set of program objectives for management and evaluation purposes, the development of an electronically based contracts management system and the standardisation and coordination of NGO funding on a whole of Government basis.

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[1] Transcript of evidence, 3 September 2012, p2

[2] Ibid, p3

[3] Non-Government Organisation Red Tape Reduction, NSW Department of Premier and Cabinet, December 2009

[4] Grants Management Improvement Program Taskforce Report, Ministry of Health, November 2012

2.14   The response to the Taskforce report by the Ministry of Health in March 2013 provided support for the development of robust data collection to assist future planning, without specifying how this was to be achieved. The Ministry also noted that such a redesigned database should encompass all Government agencies providing funding to non-Government organisations.

2.15   As well as supporting the Taskforce recommendation relating to improved data collection by the Ministry of Health, the Committee agrees that any such mechanism should include all Government agencies contracting out services to the non-Government sector. This will also require all participants, that is Government funding agencies and non-Government service providers, to have access to comparable computer hardware and software management systems to enable information to be collected and shared on the same platform.

2.16   The goal should be to collect funding information from all local, State and Federal sources, classified by service category for all providers and allow immediate capture of all funding streams within a defined provider class. Mapping service providers in an easily accessible format would allow funders and service providers to access financial information, identify service gaps and interrogate the data to obtain an overview of where funds have been allocated and how services are being provided. The aim would be to make the system as open and transparent as possible and allow access to information by all affected and interested parties.

2.17   Easily accessible and shared information about funding and service provision should create the conditions for collaborative approaches to managing contracts and allow clients to be better informed about the services provided in their own area. In this way, a greater level of choice is potentially created and innovative approaches fostered. The conditions for capacity building within smaller providers should also be enhanced as NGOs share information about their own programs, projects and capabilities.

2.18   A more detailed description of the operation and benefits of this approach will be developed in the Committee's final report.

CONTRACTING ARRANGEMENTS

2.19   As previously stated, the overall aim of this interim report is to preview the Committee's final conclusions and recommendations in relation to streamlined application processes and improved data collection. Therefore, in tandem with the establishment of a centralised database for funding is the related issue of how non-Government organisations currently apply for funding and how administrative systems can be improved to assist organisations in making applications for funding the projects and services they deliver.

2.20   Many of the issues raised in submissions and in evidence to the inquiry have common themes related to simplifying the initial application process and reducing the administrative burdens placed on service providers, particularly smaller organisations working in rural and remote areas. Rural and remote service providers are currently particularly disadvantaged due to: the dispersed and relatively inaccessible nature of their client groups; a lack of infrastructure

and a lack of capacity to pool resources; and an inability to participate in available training and professional development programs.

2.21   Two major hurdles faced by organisations applying for Government contracts identified in evidence provided to the Committee are unnecessary repetition and redundancy in the baseline content requirements in applications and the high compliance burdens associated with contract monitoring.

2.22   The 2010 report of the Productivity Commission into the not-for-profit sector, cited earlier, identifies one of the key areas of dissatisfaction expressed by NGO providers delivering community services across Australia to be the significant compliance burdens hampering service quality. High levels of frustration with the existing system were reported across the sector.[5]

SIMPLIFYING THE APPLICATION PROCESS

2.23   Most of the submissions addressing the inquiry's terms of reference reiterate the view that the application process is unnecessarily onerous and counterproductive in drawing time and resources away from core service delivery functions.

2.24   According to many NGOs, the compliance burden also reinforces the asymmetrical power relationship between funders and providers, whereby information is retained at the top of the funding hierarchy and directives issued without due consultation with organisations on the ground. This arrangement compromises notions of partnership and undermines efforts to innovate within the sector.

2.25   In its visit to Anglicare community services providers in Western Sydney, the Committee was told that the cumbersome and repetitive application process was a major drain on organisational resources and only resulted in a 25% success rate in awarded contracts. The point was made that there should be greater consistency in reporting requirements.

2.26   This view has been reinforced in other evidence received as part of the inquiry, where there is overwhelming support for a simplified and more transparent application process.

CONTRACT VARIABILITY

2.27   A consistent theme of submissions and evidence provided at public hearings is that the variability of terms and conditions across contracts designed to deliver common objectives is problematic. This variability, combined with the lack of clarity regarding the benefits to clients and providers, increases the complexity of the already burdensome system and imposes additional constraints on smaller organisations.

2.28   Arguments have been advanced that there should be a system of accreditation with differential standards, based on organisational size. A variety of models has been proposed, including that of rating agencies by size and a demonstrated capacity to deliver specific services. Although the Committee will make

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[5] Contribution of the Not-for-Profit Sector, Productivity Commission Research Report, January 2010

preliminary observations and recommendations about how such a model would work, the overall scope and shape of this proposal will be developed in greater detail in the Committee's final report.

CONTRACT PERIOD AND REMOTE AND REGIONAL ISSUES

2.29   Another difficulty relating to current contractual arrangements concerns the longevity of contracts. In its inspections of remote and rural service delivery at Walgett and Narrabri in March 2013, the Committee was alerted to practical recruitment impediments limiting the ability of local organisations to meet the needs of their clients. These include the uncertainty of contract continuity creating issues for staff about longer term employment opportunities and the difficulties of attracting appropriately qualified and specialist staff to relocate to non-metropolitan areas.

2.30   The point was made by service providers in Walgett that limited three year funding cycles for programs in remote and rural areas militate against the ability to engender trust between individual service providers and clients and undermines staff commitment. It was stressed that this is a particularly important issue for indigenous workers, who already have a significant stake in their local community and depend on continuity of employment to legitimise their role.

2.31   Aligned with this concern is the expressed view by the Narrabri and District Community Aid Service that reporting deadlines and funding cycles make it difficult to make modifications to service delivery to reflect changing priorities and meet new contract obligations, thus limiting flexibility and innovation.

COMPLAINTS MECHANISMS

2.32   An important component of service provision is the ability to meet client needs in a responsive and timely fashion. Most witnesses and submission writers have stressed the necessity for comprehensive and easily accessible complaints processes and mechanisms to address shortcomings and to safeguard service quality. Whereas this will be explored in more depth in the final report, it does raise the issue of greater ongoing consultation with service recipients in the planning and rollout of services.

PARTNERSHIPS

2.33   The Committee considers that the partnership between funders, providers and clients should be strengthened by implementing more collaborative arrangements in relation to the design, administration and delivery of services. To that end, greater involvement of clients in the early stages of the funding process should be instigated. Users and carers should be consulted about the design of services, which need to be individualised to promote independence, choice and greater personal control.

2.34   The ability to design individual delivery packages allowing clients increased choice of providers in the disability support area will become operationalised as a result of the changes to disability care services, recently enacted by the Federal Parliament. However, this does not apply across all housing and home care

services. The Committee's final report will provide more commentary on how recent developments have affected each of these service areas respectively.

OTHER ISSUES

2.35   Other aspects of contract design, documentation and coverage will also be covered in greater detail in the final report, including provisions to ensure that NGO services meet agreed care standards, have established codes of practice, ensure adequate training for staff and have the appropriate technology and infrastructure to operate effectively.

2.36   As previously discussed, the Independent Commission Against Corruption (ICAC) has completed a corruption prevention review of NGO service delivery in NSW. The ICAC position paper discusses improved systems of information management, increased accountability of NGOs, reducing complexity of service agreements, bundling of services and increasing organisational capacity and performance.

2.37   This will also be elaborated on in the final report, as well as other issues related to service integration, capability frameworks, workforce trends and the role of volunteers and private philanthropy. Another issue which requires more attention is the establishment of a baseline for the actual cost of service delivery to ensure that smaller organisations are not disadvantaged by relative economies of scale.

2.38   The Committee would like to stress the importance of client centred approaches underpinning any future service delivery framework and to reinforce the need to ensure that the continuing well-being of every individual in receipt of services must be the primary consideration in any proposed new reforms.

2.39   This report will now focus on the two areas previously highlighted, namely data collection and the application process. The purpose of emphasising these aspects of the Committee's inquiry is to anticipate and reinforce the importance of expediting reforms in these areas to guide Government policy as legislative and regulatory changes continue to evolve.

Chapter Three – Future Outsourcing Arrangements

3.1   The inquiry's terms of reference encompass many aspects of outsourced service delivery and these will all be considered in the Committee's final report. The Committee is of the view, however, that at the heart of this evolving process are two significant factors which will underpin the successful further devolution of service provision from Government to non-Government organisations. The overarching recommendations set out in this chapter provide a framework for the future direction of outsourcing and underpin the more detailed recommendations to be contained in the final report.

INFORMATION SHARING AND DATA COLLECTION

3.2   The inability of service providers and funding agencies to access consolidated and clearly defined information about allocated levels of funding, details of service provision and the management of projects is a major impediment to the current administration of substantial amounts of Government funded resources. As previously described, the delivery of family and community services represented $2.3B, or 45% of the FACS portfolio's total budgeted expenditure in 2011-2012.

3.3   Lack of detailed information acts as an impediment to the planning and coordination of services, the ability to identify gaps in service provision and to provide the scope to encourage collaboration and innovation on the ground. The ability to access detailed and tailored data would greatly assist smaller and more geographically isolated community providers to see where other equivalent service providers are operating and create the potential for improved outcomes for clients by fostering more integrated approaches to clients with the same needs.

3.4   A streamlined and consolidated database would provide the basis for a consistent and transparent compliance regime which, when combined with standardised performance reporting parameters and quality assurance guarantees, would greatly assist funders, service providers and clients.

RECOMMENDATION 1

In order to streamline and standardise the collection and dissemination of community service delivery information and provide a baseline for currently allocated funding for services delivered by non-Government organisations, the Committee recommends that a database be established and developed by an appropriate NSW Government agency charged with responsibility for collecting information from all sources, classified by service category for all providers.

RECOMMENDATION 2

The Committee further recommends that this database map funded service providers in a format enabling open and direct access to information about

**where funds have been allocated and details of service provision and the management of projects.**

PROPOSED APPLICATION MODEL

3.5   Evidence to the inquiry has overwhelmingly supported improvements to the current process of applying for project funding, whether such applications are made by way of tenders or grants. Whereas larger providers may have the technical and manpower capacity to negotiate complex and idiosyncratic requirements to bid for projects, smaller providers are at a considerable disadvantage in terms of human resources, infrastructure sophistication, isolation and lack of social integration.

3.6   The plight of smaller providers is manifest in all areas of their operations including additional transport costs, reduced staff training and professional development opportunities, lack of technical support and infrastructure. This disadvantage is compounded by an inability to access information and broader networks of support to the same degree as providers in larger urban or regional settings.

3.7   After having assessed the evidence gathered, the Committee has arrived at a proposed model which aims to overcome these challenges and to reflect the many views of stakeholders consulted as part of the inquiry. The application process will be guided by a centralised Gateway, which will sit between the funder and provider but will provide a repository of information about the operational capacity and history of all providers. This will enable the NGO sector in this area to operate in a more open and equitable playing field.

3.8   The operational effectiveness of this model will depend on the rigour with which the application process is adhered to and adopted by all providers and by the sector generally. In general terms, the Gateway model will be based on an accreditation process, whereby all service providers will submit standardised information, such as their size, scope of operations, client base, previous service delivery history, workforce capacity, including the qualifications of employees and associated training programs, technological readiness to participate and governance processes.

3.9   In the Gateway model, the following steps will be followed to enable participation in service delivery in the sector:

(a)   NGOs prepare standard documentation for accreditation and submit for registration to a central Gateway agency. Such accreditation should be subject to periodic review.

(b)   The Gateway agency assigns a competency category to each NGO based on the documentation submitted, taking account of size, capacity to deliver services and demonstrated governance processes. Categories range from 1 (small organisations with more limited capacity) to 4 (large organisations with diverse client base, as well as specialist service providers for complex needs).

(c)   Depending on the competency level assigned, an NGO is then able to apply for service delivery contracts within that assigned category.

(d)   When a contract is issued by a funding body, the Gateway agency forwards the document to registered NGOs with demonstrated competency at that level.

(e)   A completed application addressing specific criteria is then submitted by the NGO to the Gateway agency.

(f)   The Gateway agency vets the application for compliance and forwards to the funding body for final determination.

(g)   The funding body then reports the successful application to the Gateway agency for auditing purposes.

3.10   A schematic overview of the Gateway model, setting out the relationship between the non-Government service providers and the funding agencies, is set out below:
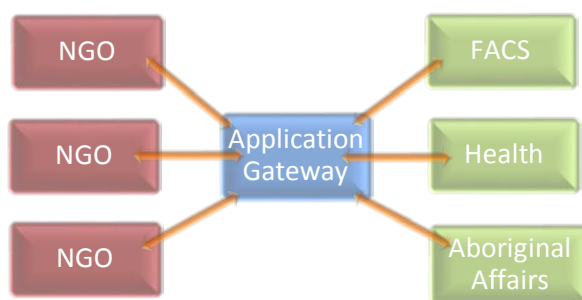
3.11   The advantages of this model include standardising the application process, reducing duplication and undue reporting and providing greater transparency in auditing overall sources of funding. Improved efficiencies should result in awarding contracts, with lower administration costs for NGOs and Government agencies and increased accountability and greater consistency in decision making.

3.12   The Gateway model also complements the information database repository recommended earlier in this chapter, which will allow information submitted by service providers to be integrated and openly shared. Such a centralised database, combined with standardised accreditation and classification of providers across all services will allow established organisations with proven track records to have more flexibility, reduce repetitive application processes and result in improved efficiencies and better targeting of services to improve client outcomes.

RECOMMENDATION 3

The Committee recommends that a centralised processing system for funding applications for all housing, disability and home care delivery services be developed by the NSW Government. The system would be coordinated through an application Gateway, which would manage the accreditation of suitable non-Government service providers, assign appropriate service category levels and reduce administrative burdens for providers and funders.

RECOMMENDATION 4

The Committee further recommends that the NSW Government develops the operational parameters for the application Gateway, ensuring that it has the capacity to conduct compliance checks for applicants and the ability to undertake appropriate auditing of contracts awarded.

3.13   The Committee has also been told that application, auditing and reporting requirements are too complex and should be standardised. Service providers have stressed the need for a uniform approach across NSW, with an increased emphasis on plain English and a reduction of jargon.

RECOMMENDATION 5

In order to address concerns about inconsistencies and confusion in the content of contract documents, the Committee recommends that specifications, contracts and applications should be expressed in clear language and employ standardised terms and conditions.

3.14   Lack of consultation in the preliminary stages of project design and planning has also been raised as a major impediment to targeted client centred service delivery. Many smaller organisations have told the Committee that this lack of consultation has contributed to fragmented services in some areas and unidentified gaps in delivery across the sector.

RECOMMENDATION 6

In response to criticisms regarding the lack of consultation when planning the parameters for funding, the Committee also recommends that organisations operating in the same service delivery area be consulted at the early stage of determining the scope and targeting of specific applications to ensure optimal service delivery for clients.

LIMITS TO OUTSOURCING

3.15   The Gateway model recommended by the Committee has general applicability across the human services sector. Its implementation should assist the majority of clients by documenting the range of available services by category and identifying the names of proximate providers based on geographic location, thus enabling more individually tailored bundling of services based on specific levels of need.

3.16   Additionally, service providers, by accessing the proposed database, will be able to gauge the existing level of services available to a specified client population,

thereby encouraging collaborative approaches between providers in the same category and encouraging innovative approaches to service delivery. The Gateway model will also reduce unnecessary duplication of information provision when applying for service contracts, once the baseline information has been supplied and the organisation has been assigned to a provider category.

3.17   The Committee does recognise, however, that situations exist where Government agencies may have to be the provider of last resort. In very remote and isolated locations, the client population may be so disparate that it would not be viable for a non-Government organisation to deliver specialist services. This will also apply where it is not possible to attract specialists to provide regular service, due to a lack of such specialists on the ground or because of the case complexity or high dependency needs of particular clients in such locations.

3.18   The NSW Government's submission to the inquiry recognises this actuality and acknowledges the expectation that it will continue to provide direct services where there is a significant risk of service failure to individuals or communities due to the lack of economies of scale or where no provider is available. Special arrangements will have to be made in some remote areas and for particularly disadvantaged client groups.

3.19   These potential limits to the contracting model and suggestions for increased incentives to ensure equity in service delivery for remote communities will be described in greater detail in the final report. The issue of for-profit versus not-for-profit providers, competition pressures and the potential creation of large institutional non-Government delivery systems at the expense of smaller providers will also be explored as part of the Committee's final considerations to be tabled later in the year.

Appendix One – Extracts from Minutes

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 7)

9.33 am, Wednesday, 22 February 2012
Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry and Ms Watson.

1. Confirmation of Minutes

Resolved, on the motion of Mr Issa that the minutes of the deliberative meeting conducted on 24 August 2011 and records of portfolio briefings conducted on 12 and 19 October and 9 and 23 November 2011 be confirmed.

2. Inquiry into Outsourcing Service Delivery

The Committee deliberated on proposed terms of reference for an inquiry into Outsourcing Housing, Disability and Home Care Service Delivery from the Government to the non-Government Sector.

Resolved, on the motion of Mr Issa:

"That the Committee adopts the inquiry with amended terms of reference."

Resolved, on the motion of Mr Conolly:

"That the Inquiry be advertised calling for submissions by 27 April 2012."

The Committee adjourned at 9.58am until 9.30am Wednesday, 14 March 2012.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 21)

Tuesday 23 July 2013
10:00 am, Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Ms Watson.

Apology

An apology was received from Mrs Perry.

1. Confirmation of Minutes

Resolved, on the motion of Ms Watson, that the minutes of the meeting conducted on 1 May 2013 be confirmed.

2. Inquiry into Outsourcing Community Service Delivery – Consideration of Draft Interim Report

The Committee agreed to consider the draft interim report, previously distributed by email, recommendation by recommendation.

Resolved, on the motion of Mr Conolly:

"That Recommendation 1 be agreed to."

Resolved, on the motion of Mr Issa:

"That Recommendation 2 be agreed to."

Resolved, on the motion of Ms Watson:

"That Recommendations 3 and 4 be amended by omitting the word 'tender' and inserting the word 'application'."

Resolved, on the motion of Mr Conolly:

"That Recommendations 3 and 4, as amended, be agreed to."

Resolved, on the motion of Mr Conolly:

"That Recommendation 5 be amended by omitting the words 'tender specifications and contracts' and inserting the words 'specifications, contracts and applications'."

Resolved, on the motion of Ms Watson:

"That Recommendation 5, as amended, be agreed to."

Resolved, on the motion of Ms Watson:

"That recommendation 6 be amended by omitting the word 'non-government', omitting the word 'tenders' and inserting the word 'applications', and omitting the words 'adequate coverage' and inserting the words 'optimal service delivery'."

Resolved, on the motion of Mr Conolly:

"That the Committee adopts the draft interim report, as amended and signed by the Chair for presentation to the House and authorises the Secretariat to make appropriate final editing and stylistic changes, as required."

3. General Business

There being no general business, the Committee adjourned at 10.20 a.m. until a date to be fixed.